

Key trends and issues: ACC claims

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4 December 2009

Outline

- Trends in road claims to ACC
- Perception of road risk - study
- Impact of the petrol prices
- Look at some data
- Integrated with CAS to determine severity

Maybe we need to make
behaviour change fun....



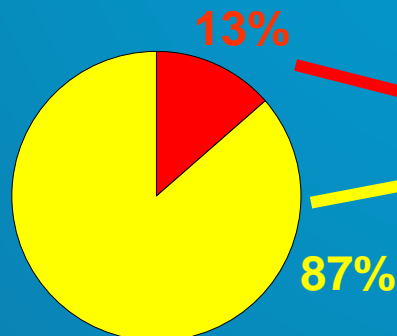
Background

- In 2008/09 4.2 million population = 1.8 million claims (annually). 43,000 road claims = \$400 million (487,788 sport claims = \$446 million)

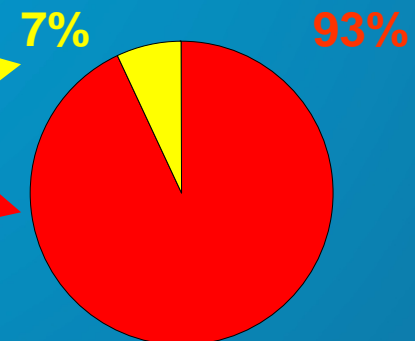
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- Claims updated monthly and on average 14 day delay between crash and ACC claims being registered.

Percentage of MV claims by number



Percentage of MV claims by cost



Example of ACC coverage

PETER'S CAR is a wreck — and so is he. He's collided with a logging truck after reaching speeds of 120km/h.

His mates both died after being thrown out of the vehicle. His sister, Jenny, 16, was luckier. She escaped with just a knee injury.

But apart from the pain and endless suffering resulting from this crash, there are the seemingly endless costs. ACC estimates a fictional accident like this would cost it — and indirectly motorists — \$384,644. And that's not counting the social cost. The Ministry of Transport calculates the cost to society of a teenager dying in a car crash is almost \$3 million. For a teenager — or anyone else — who is seriously injured, the country suffers a social and economic cost of \$490,000.

These stark averages may seem clinical, but each teenage road death causes an average of \$5400 in emergency services and medical bills, \$7700 in legal and court costs, and \$4400 in property damage.

Ministry of Transport economist Joanne Leung said the social-cost formula was established to allow transport officials to work out how much people would pay to reduce the chances of death, serious and minor injury, pain, grief and suffering resulting from road crashes.

On that basis, the ministry estimated crashes caused by 15- to 24-year-olds cost just over \$1 billion in the year to June — almost a quarter of the social costs of all car accidents. And ACC, the Government agency that covers the cost of road carnage, says more than a fifth of its \$354 million bill for car accidents covered crashes involving young drivers.

Ms Leung estimates the deaths of four Hawke's Bay teenagers three weeks ago, and the serious injuries of two of their friends, would carry a social cost of around \$12 million.

In its latest report on the social cost of road crashes, the ministry has broken down the cost of crashes, depending on whether they occur on rural or urban roads, and the type of accident. If a teenager is seriously injured on a Gisborne or Northland road, that will cost more in medical bills and emergency services, for example, than if the crash happened on a stretch of road in Auckland, Otago or Southland.

The fictional crash ACC created for the *Herald on Sunday* involved four teenagers on a remote central North Island road and was based on costs typically incurred. Gary, 19, who was killed, left his partner and baby daughter. His death brought other costs — his partner received a \$4815 funeral grant, a \$5162 survivor's grant, \$168,000 in Gary's wages paid in

weekly instalments, and, for his young daughter, \$35,000 in childcare, a \$2581 survivor's grant and \$78,000 of his wages until she turned 18.

Emergency-service costs for Gary's workmate, Peter, 19, were nearly \$3000 — and Peter spent 12 nights in hospital at a cost of \$4560.

Once discharged, there was ongoing medical care — wound dressings, \$4000; physiotherapy, \$1300; pain therapy, \$1440; transport for treatment, \$800; equipment and splints, \$1300; and an artificial lower limb, \$4500; along with a variety of other medical costs covered by ACC.

Peter was also given a \$13,740 lump-sum payment for his impairment, and 40 weeks' compensation of \$19,720 for being off work.

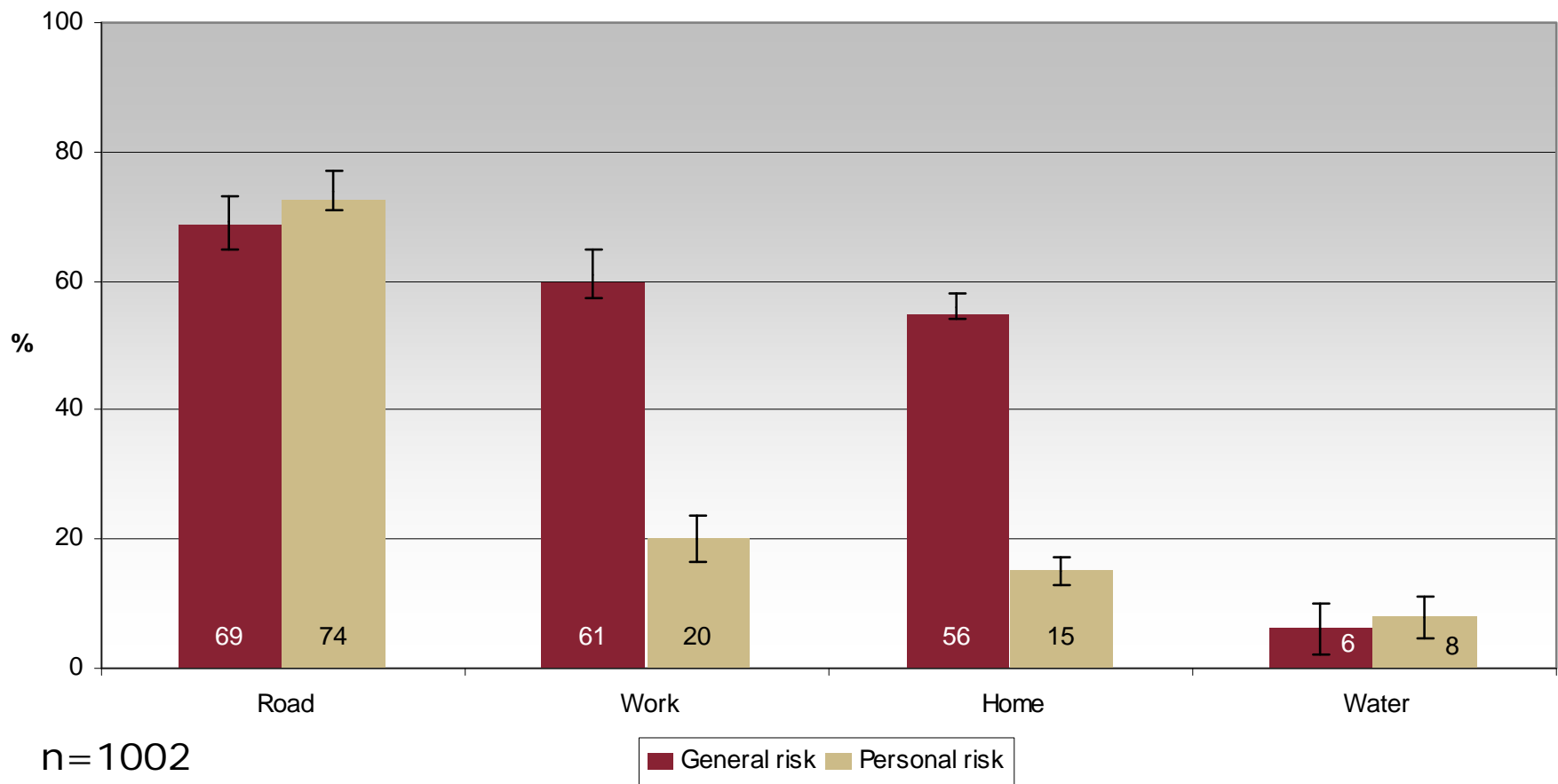
The total to ACC is \$75,830.

Friend Paul is also killed and his grieving family is entitled to a funeral grant. Jenny, 16, eventually needs knee surgery, but her bills are at the lower end of the scale at just \$9640.

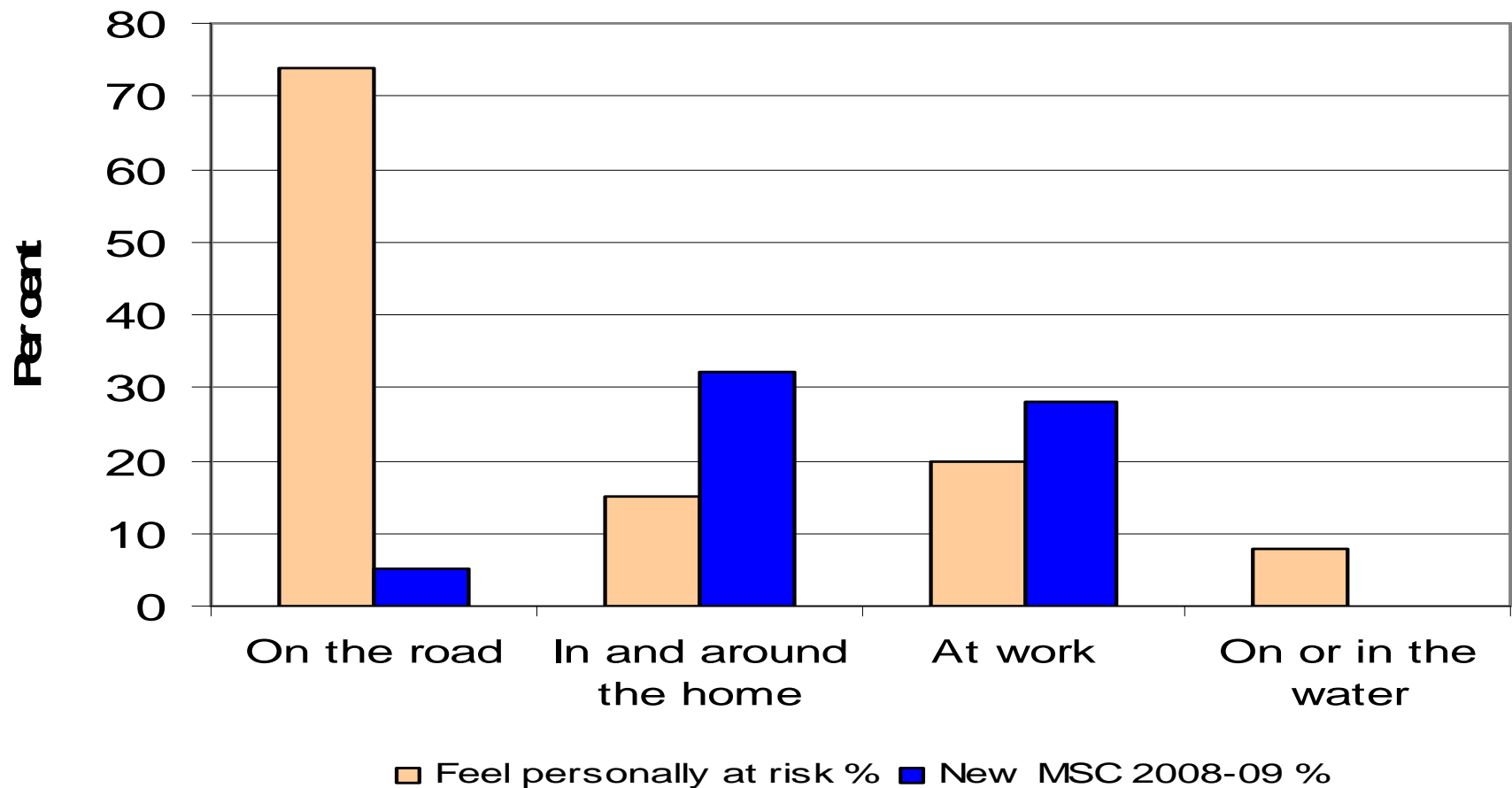
Transport Safety Minister Harry Duynhoven said he did not believe New Zealanders truly understood the financial cost of car crashes.

"Obviously everyone appreciates the costs in terms of carnage, but people aren't thinking about the hospital costs, emergency service costs and disruption."

Where do we believe injuries are happening most frequently?



How do our beliefs compare with ACC statistics?

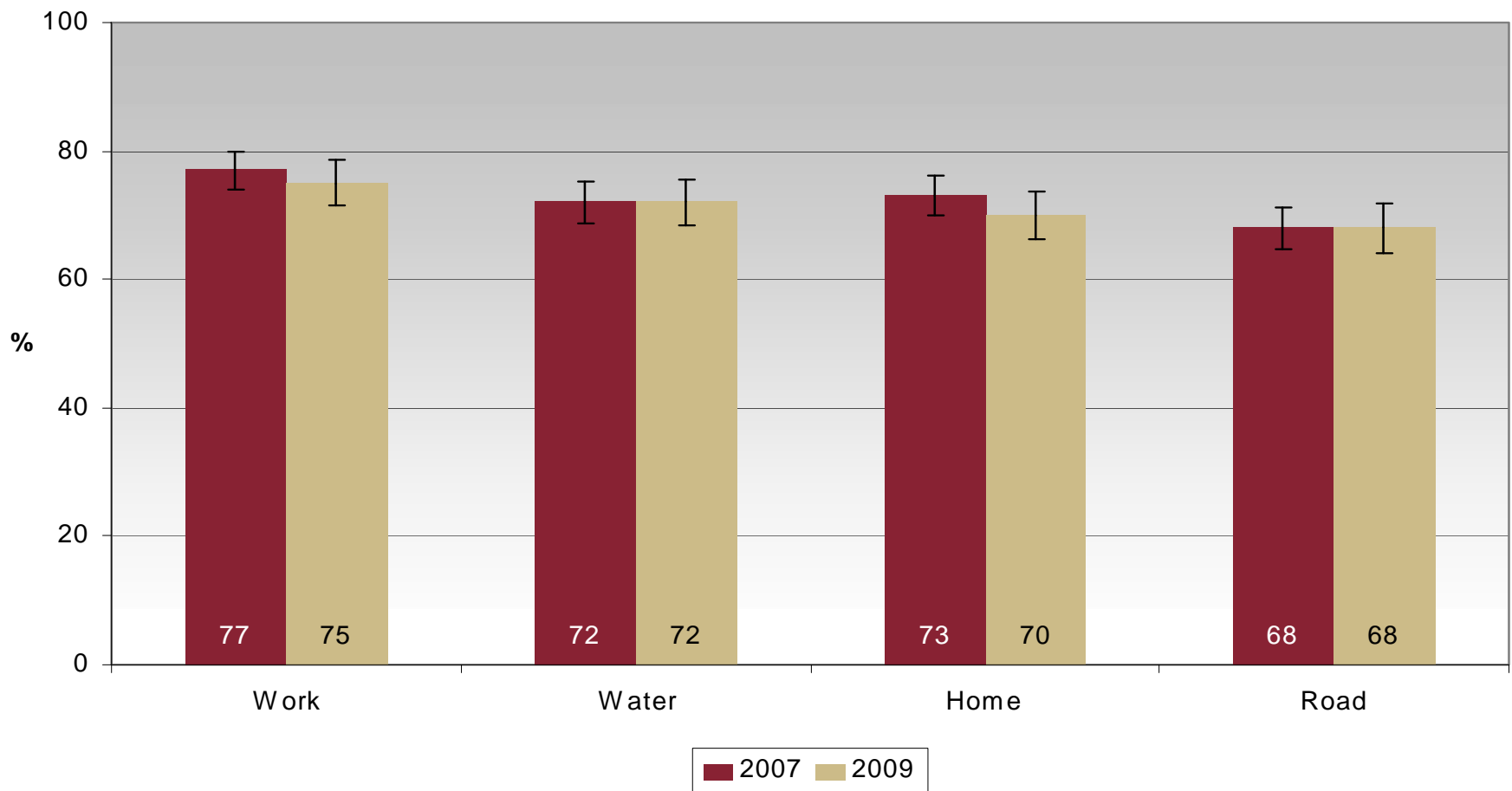


Where do people believe New Zealanders are most at risk of accident or injury?

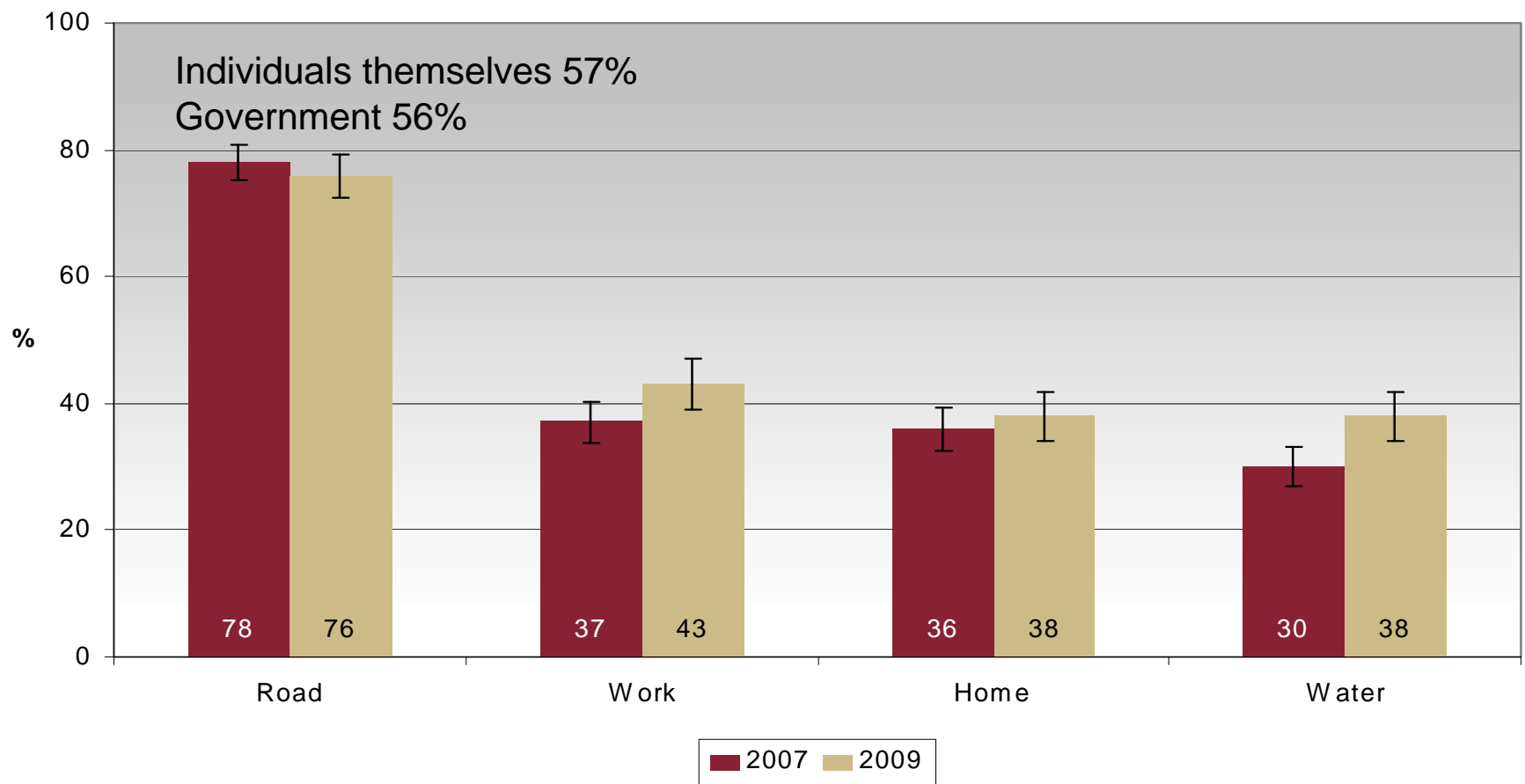
Road

- On the open road (58%)
- At intersections (32%)
- In cities or towns (25%)

We believe accidents and their injuries are preventable

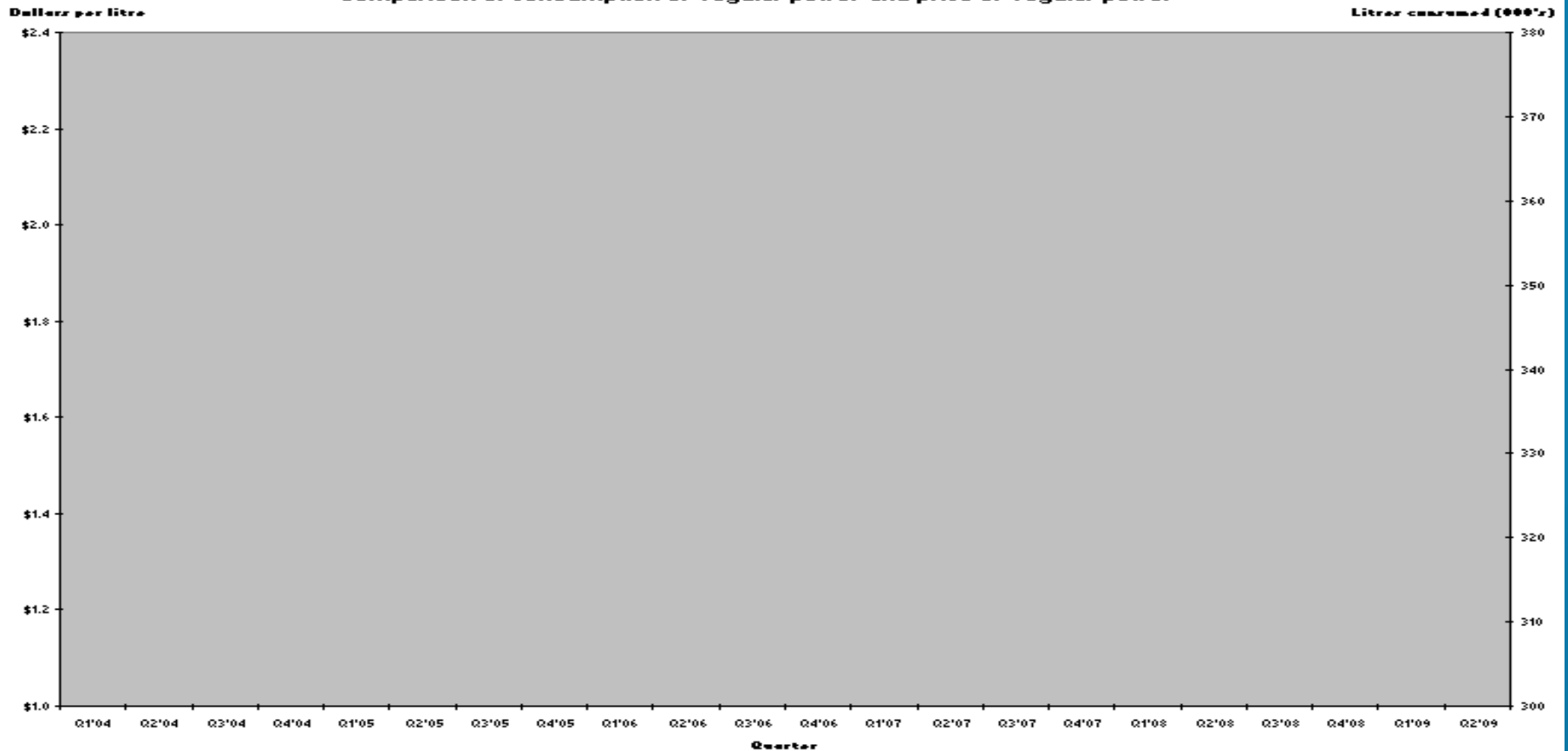


Where should the focus be placed in the future, and who is responsible?



Petrol consumption vs price

Comparison of consumption of 'regular petrol' and price of 'regular petrol'



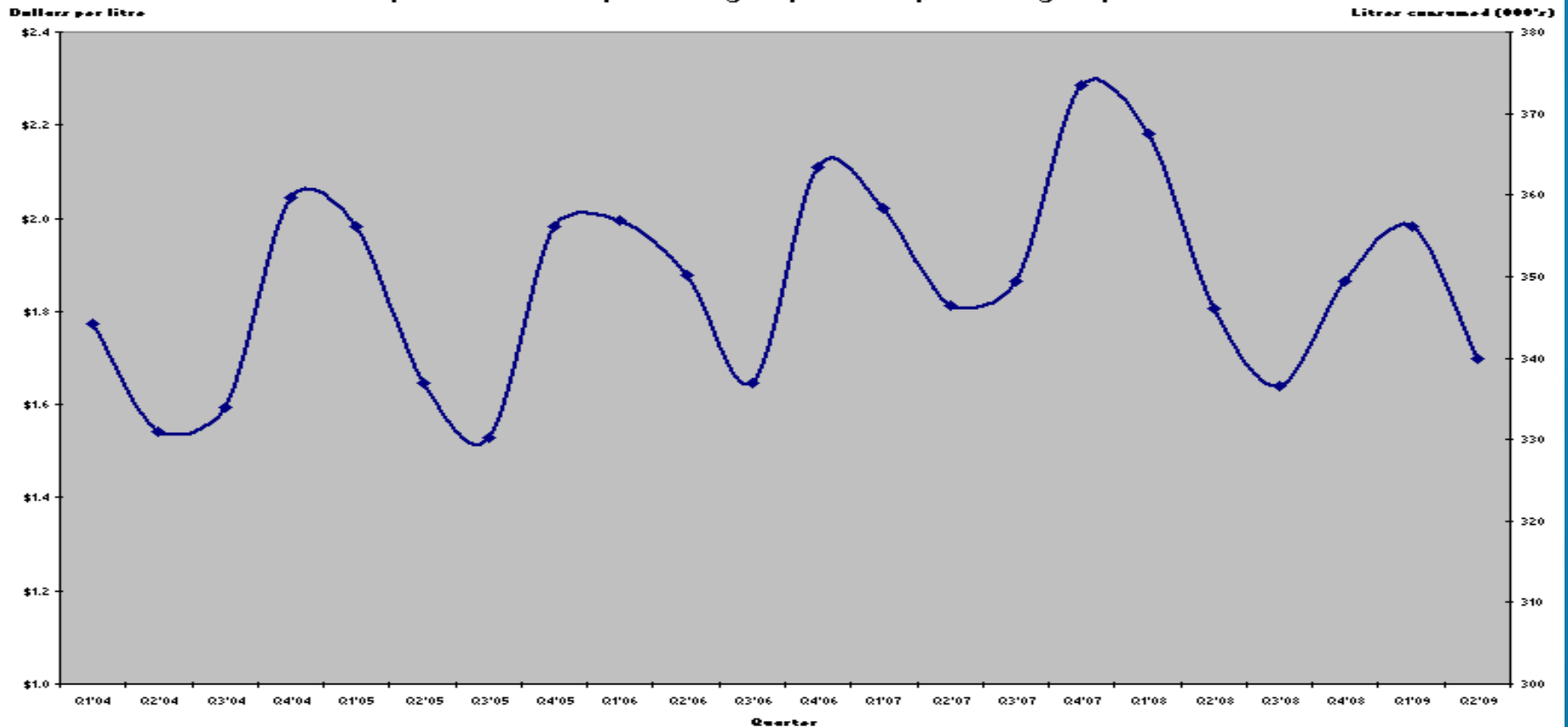
Note there is a season consumption occurring, Q3 appears to be lowest consumption and Q4 the highest.

Price point on the last Friday of the week then averaged for the quarter

Deliveries of regular petrol

Petrol consumption vs price

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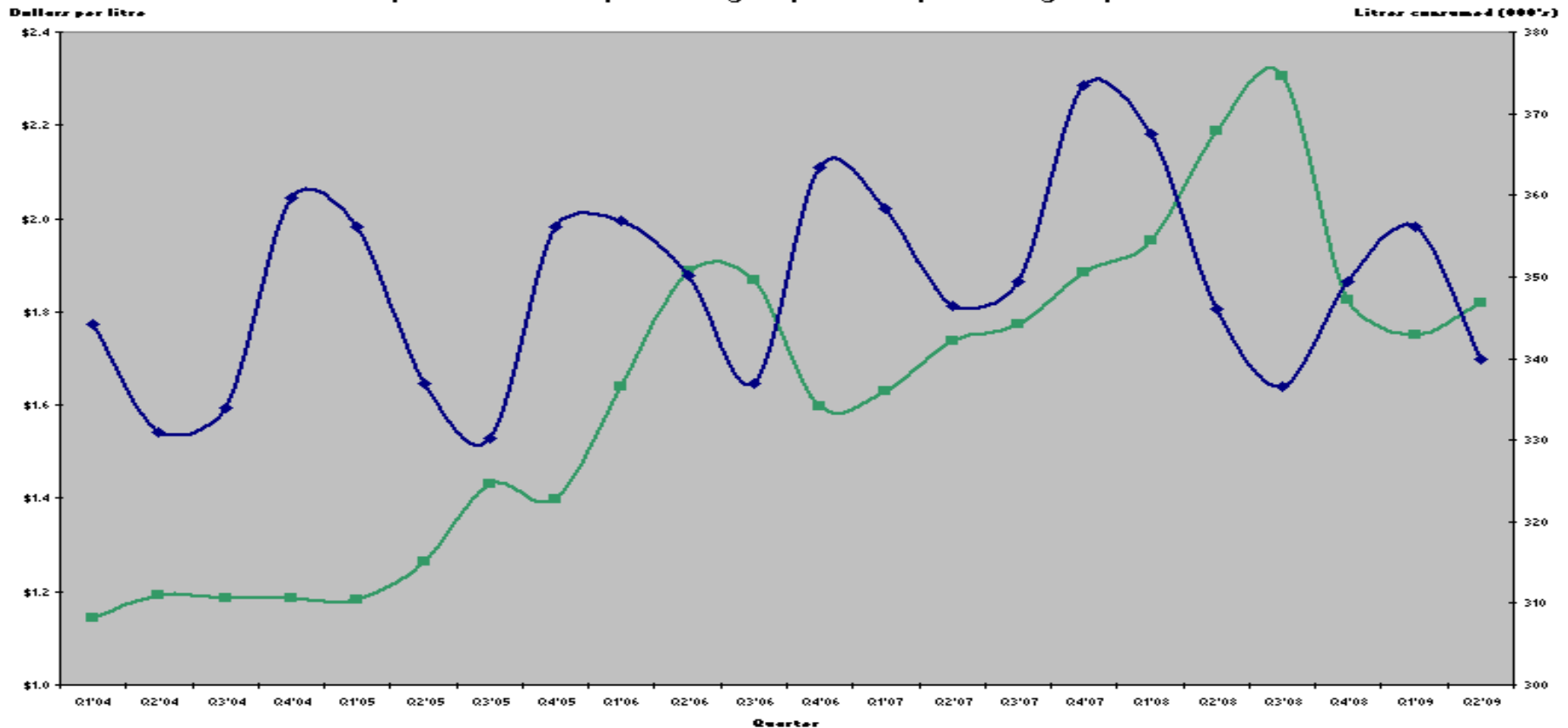
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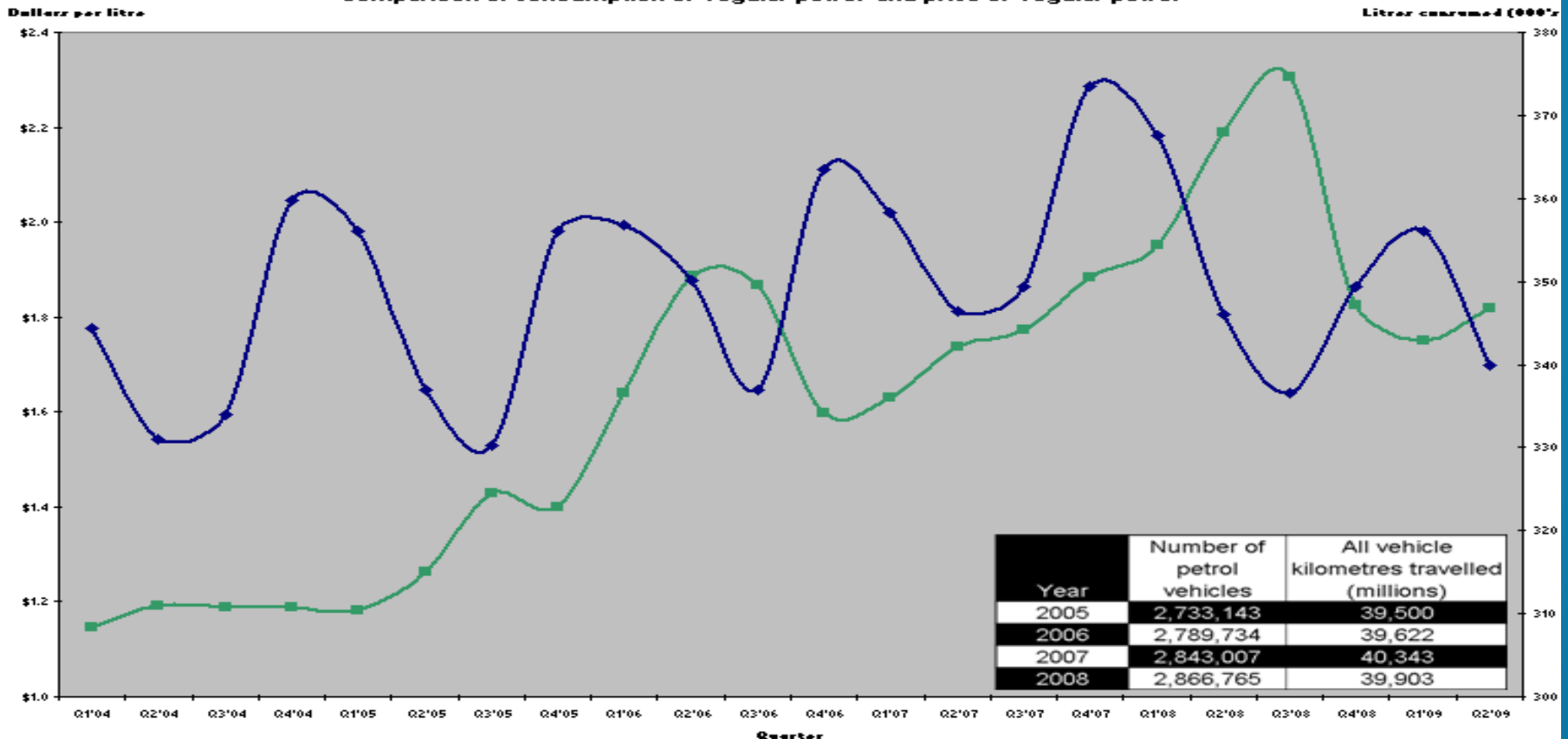
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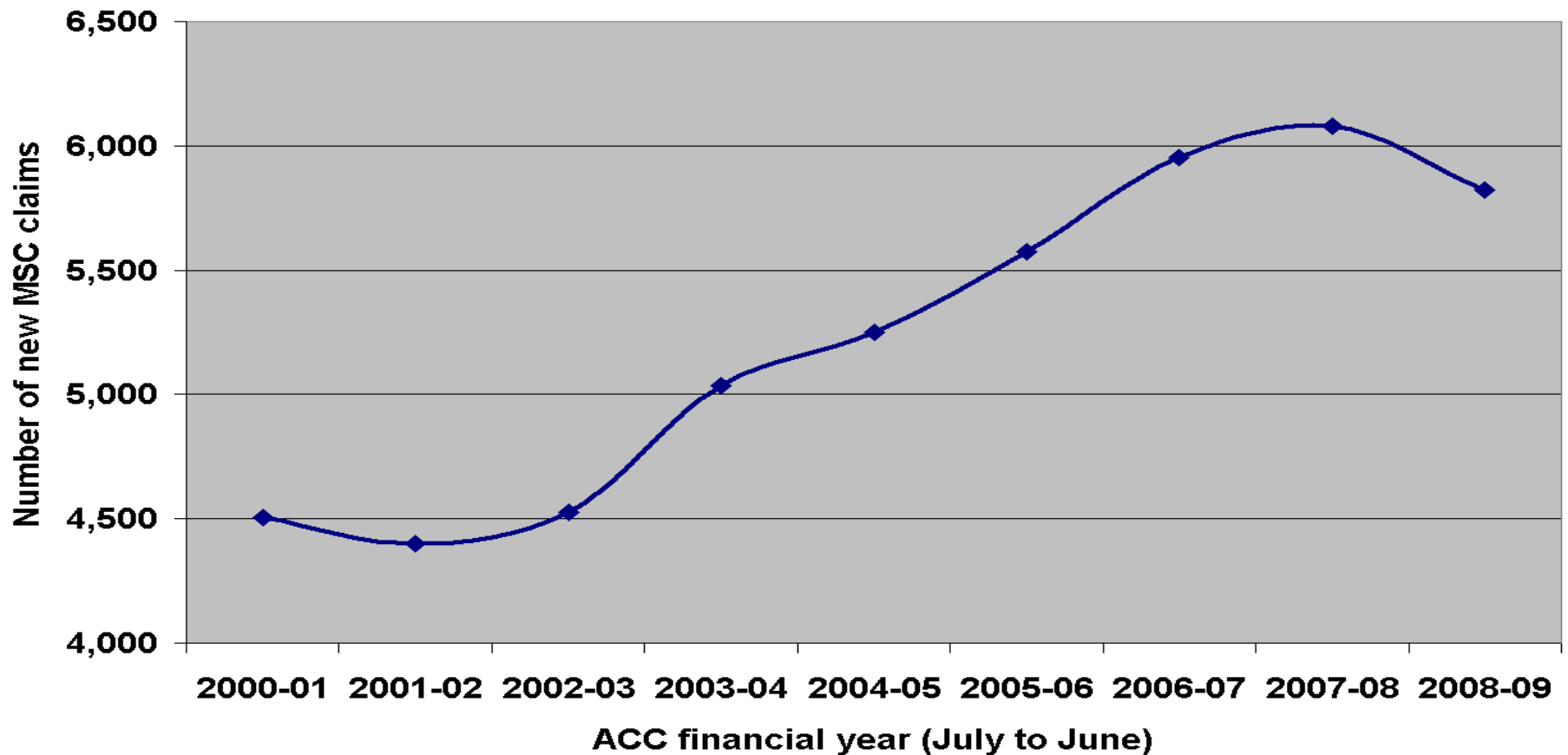


PREVENTION. CARE. RECOVERY.

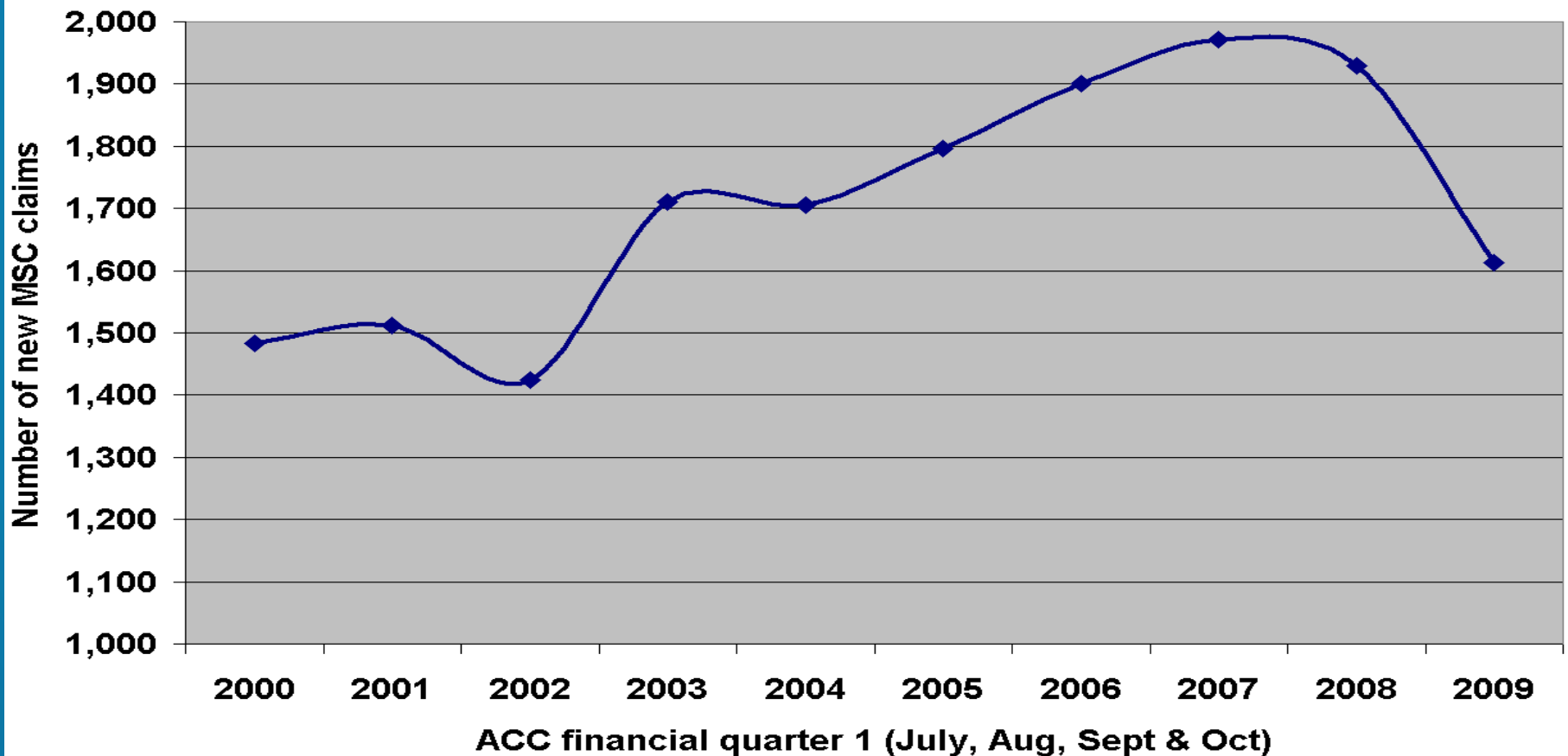
Te Kaporeihana Āwhina Hunga Whara

ACC data trends

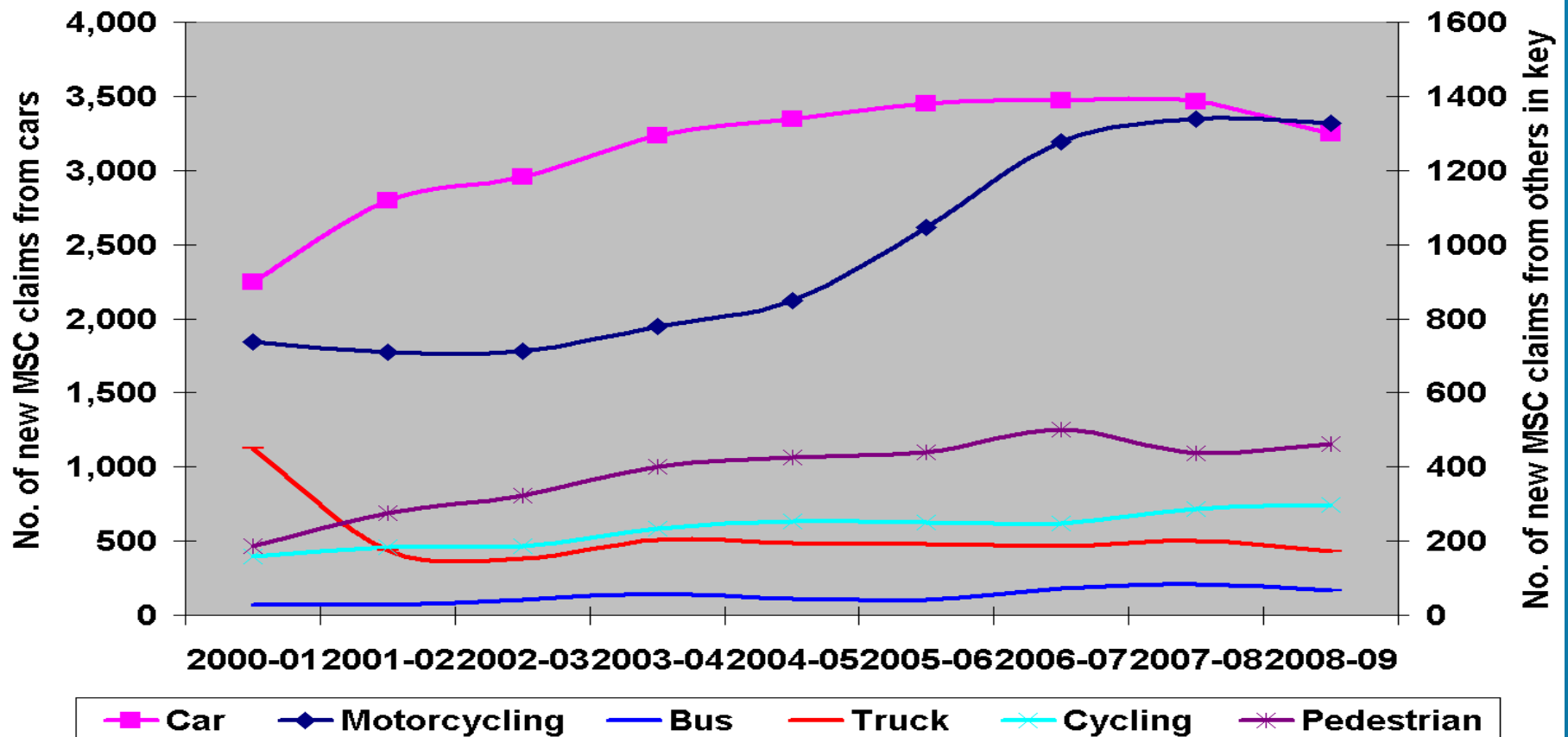
New motor vehicle MSC



New motor vehicle MSC for July-Oct



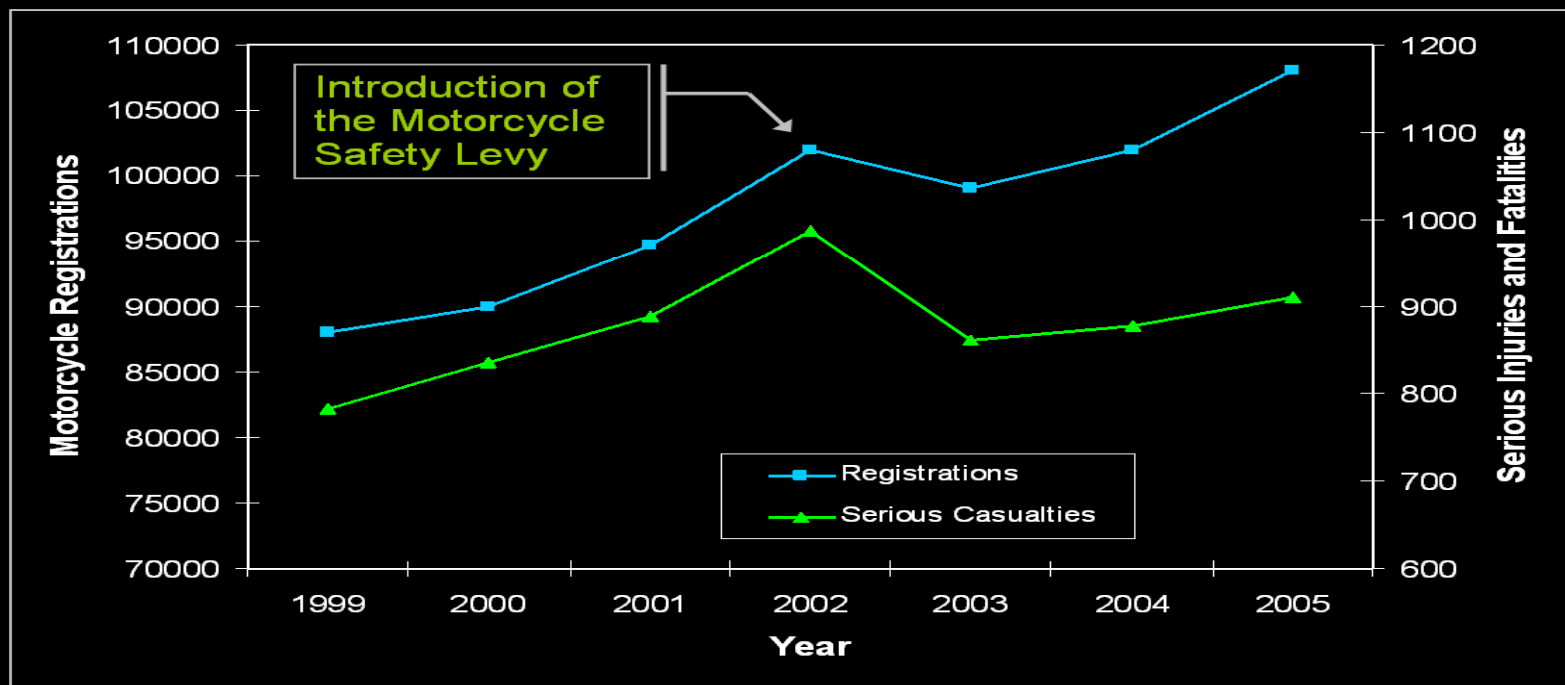
By vehicle type



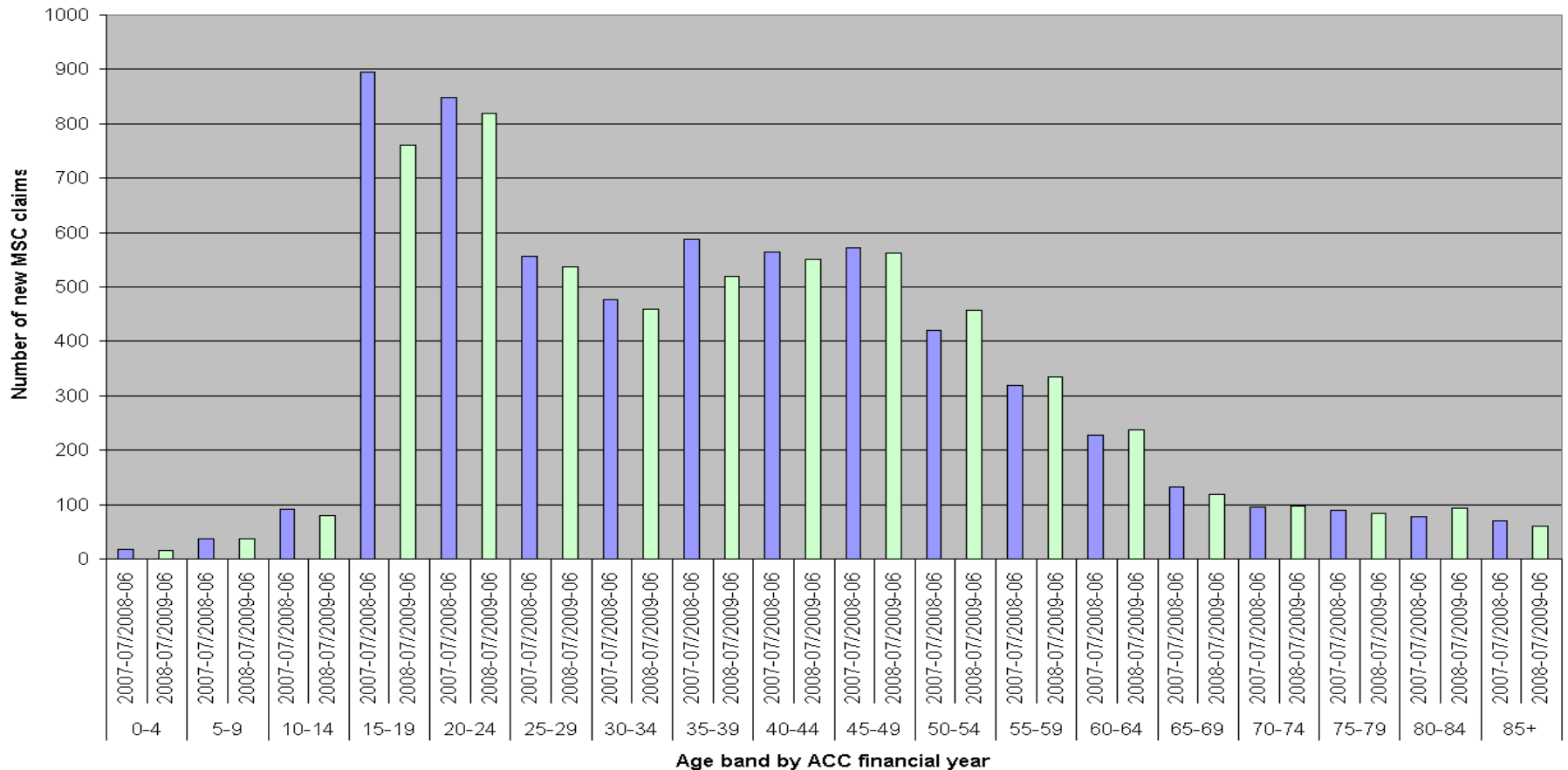
Victoria, Australia Motorcycle safety levy

Motorcycle Safety Background

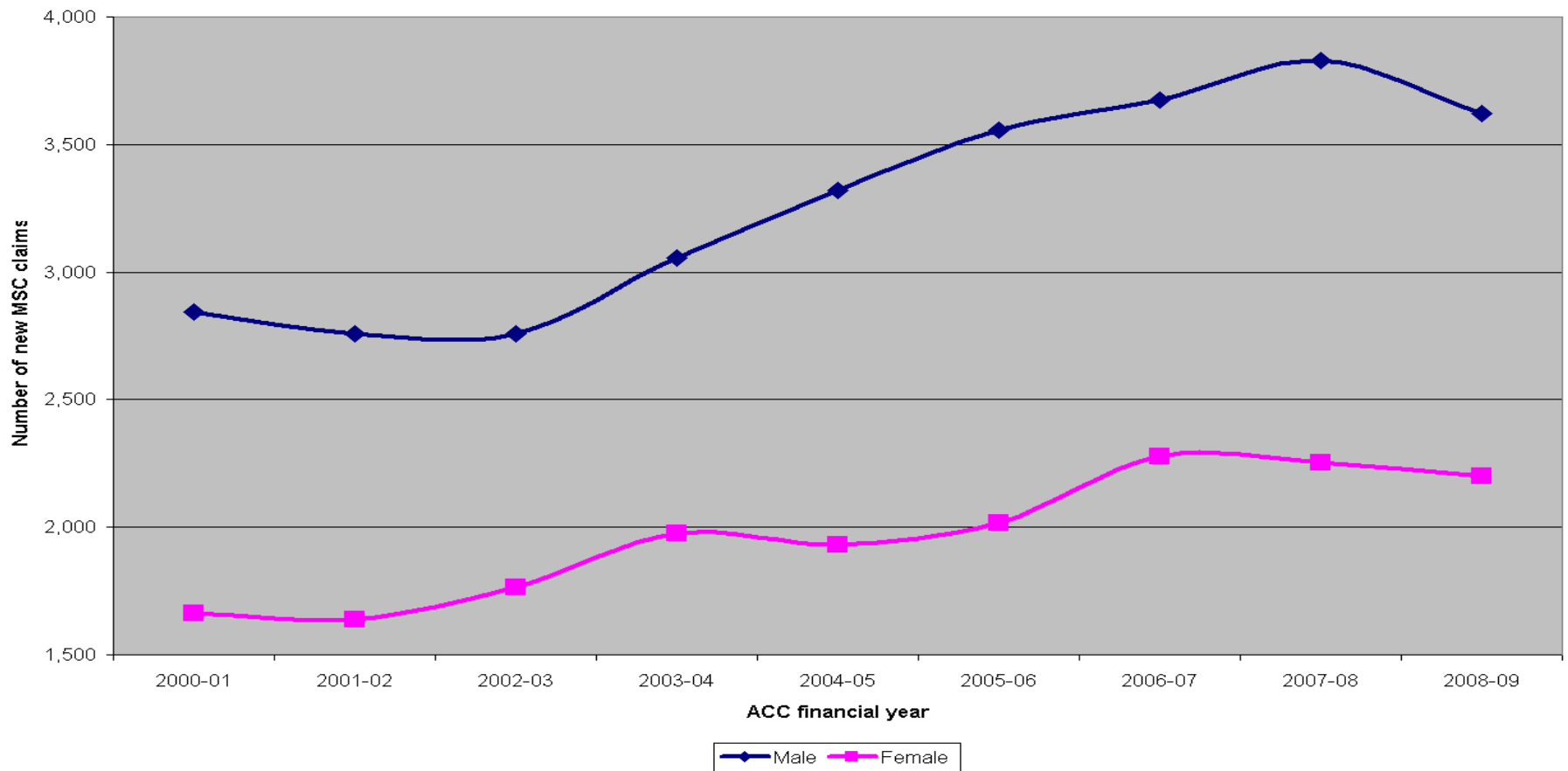
Motorcycle casualty trends against registrations
(ABS data)



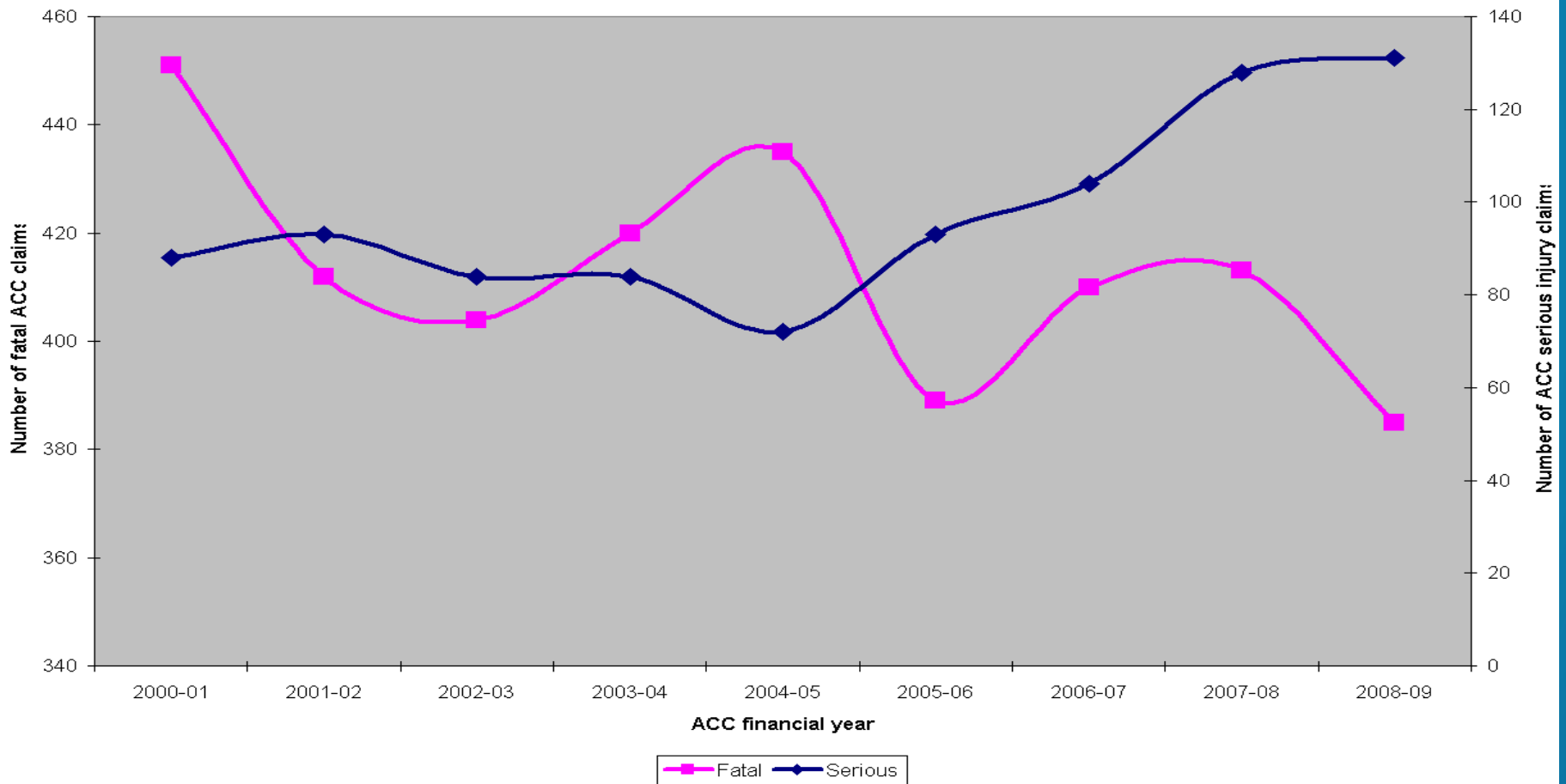
By age of customer



By gender of customer



ACC Fatal vs ACC serious



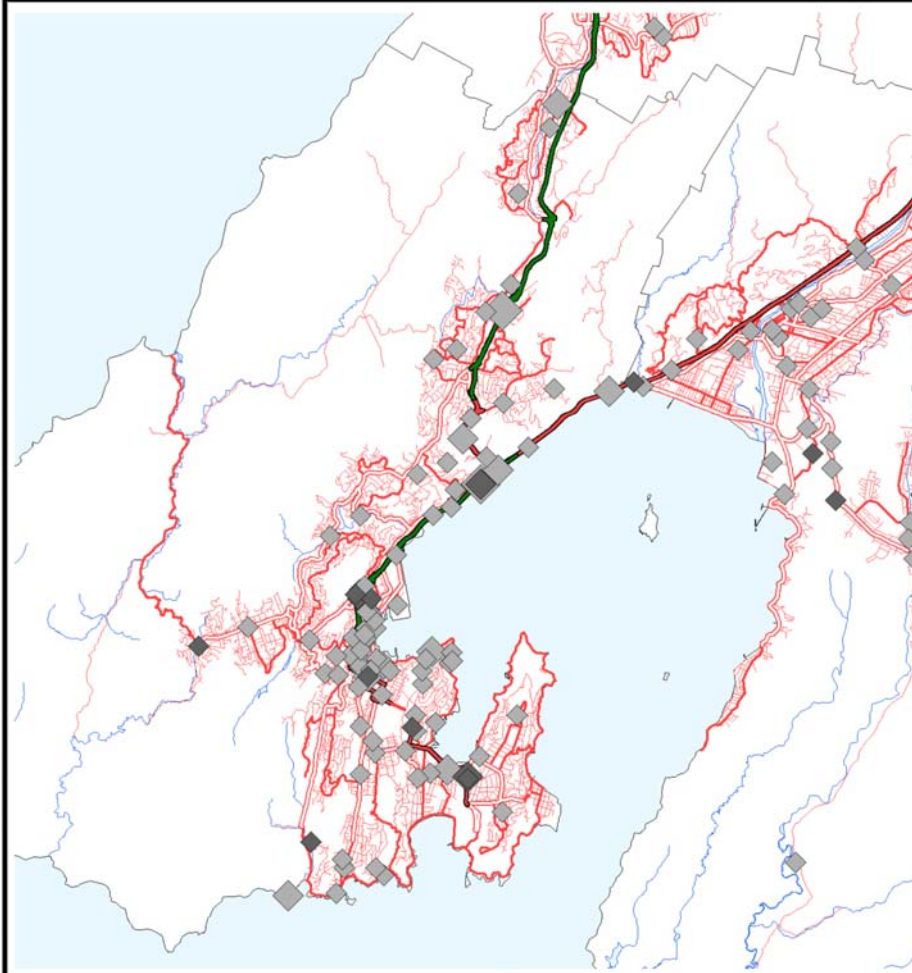
Data integration

- Linked the CAS data to ACC data
- Integrates severity next to the crash
- Severity is determined by a doctor and measured as a cost
- 4 months is used as a proxy as it is reflective of full costs
- ACC is using this in National and local planning

Conversion to ACC entitlement claims

Crash Cause	Alcohol	15-17 years olds	Speed
CAS Serious Injury	54.5%	50.1%	54.8%
CAS Minor Injury	11.6%	7.8%	10.2%

Crashes for the year ending December 2008 - Wellington City
Cause: all causes



As identified from ACC entitlement claims
that linked to records from the
MOT Crash Analysis System



Prepared by IP Business Intelligence
Data as at May 2009

Number of expensive linked entitlement claims (top 20%)
Based on first 4 months costs excl weekly compensation



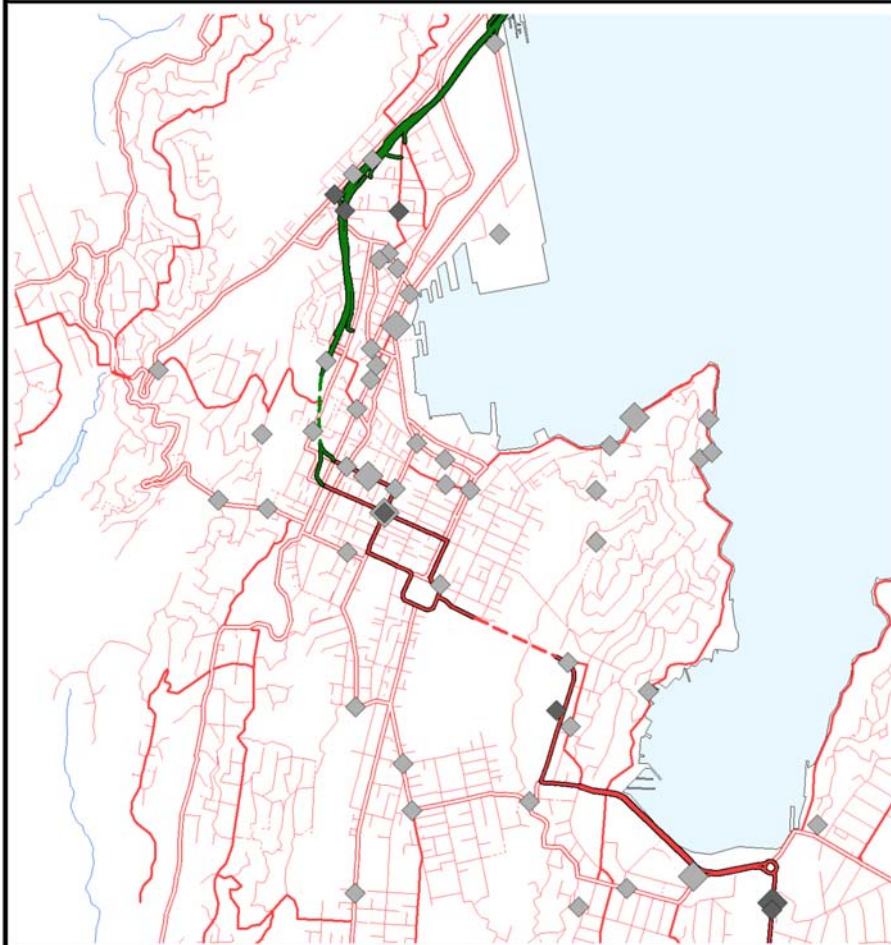
Total number of linked entitlement claims
For all crashes



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Te Kaporeihana Awhina Hunga Whara

Crashes for the year ending December 2008 - Wellington Central Cause: all causes



As identified from ACC entitlement claims that linked to records from the MOT Crash Analysis System

Number of expensive linked entitlement claims (top 20%)
Based on first 4 months costs excl weekly compensation

- ◆ 2
- ◆ 1

Total number of linked entitlement claims
For all crashes

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- ◆ 1

Summary table

- Perceived risk on the road is high
- Elasticity of demand of petrol price isn't a significant factor, probably recession is
- Observed a decrease in MSC in the last 16 months
- Hospitalisation trends mirrors ACC data trends, but ACC data is reported sooner (monthly).
- 15-44 years old was decrease in claims in 2008/09
- Motorcycles growing trends has levelled off
- No links between ACC serious injury and ACC fatalities
- CAS serious and minor injuries do not correspond with ACC MSC that have a medical diagnosis.
- Using the integrated CAS/ACC data set to assist in planning
- Final thought – you might have unintended consequences of your intervention

