

## STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

### ANSWERS TO QUESTIONS PRIOR TO HEARING

Insurance Commission of Western Australia

Hon Nick Goiran MLC asked:

1) I refer to page 180, Budget Paper No.2, Volume 1, which states "Motor injury insurance premiums in Western Australia remain affordable at \$426.10 (including GST, and \$468.71 including insurance duty) for a family vehicle. This compares favourably to premiums that range up to \$576 for motor vehicle owners in other parts of Australia" and I note that the Government is increasing vehicle registrations by 3.8%, and I ask:

a) How much of that increase is for the ICWA;

Answer: Motor injury insurance premiums are increasing by 2.4% from 1 July 2022.

b) The ICWA announced an after-tax profit in 2021 of \$1.1 billion. Why can that money not be used to defer any increase in 2022;

Answer: The profit recorded by the Insurance Commission in 2021 was primarily due to strong investment returns and the receipt of the Bell settlement monies. Strong financial results in one year does not mean that performance will be replicated in future years. The Insurance Commission makes an annual assessment of the extent to which premium revenue for that accident year, together with other income expected to be received, will be sufficient to meet claims costs and other expenses. Claims costs are driven by movements in AWE and medical costs inflation which impact the healthcare costs of personal injuries claims from motor vehicle accidents.

c) What is the projected profit for the ICWA for 2022;

Answer: The State Budget includes an estimated profit after tax for the Insurance Commission of \$121.2 million for 2021-22.

d) What are the total dividends paid to the Government since 2021;

Answer: \$515.8 million was paid to the Government in December 2021 (which included \$455.4m from the Bell Settlement) as a final dividend for 2020-21. \$56.3 million will be paid in June 2022 as an interim dividend for 2021-22.

e) What are the projected final dividends to be paid to the Government in 2022; and

Answer: The State Budget includes a provision for a final dividend of \$31.9 million for 2021-22.

f) After applying the 3.8% increase, how does the vehicle registration costs in WA compare with the other states and territories?

Answer: Motor vehicle licence charges for other jurisdictions for 2022-23 are not yet published and therefore a comparison cannot be provided.

Minister's Initials

