



Insurance Commission
of Western Australia

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Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
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Dear Sir/Madam

INQUIRY INTO THE IMPORTANCE OF A VIABLE, SAFE, SUSTAINABLE AND EFFICIENT ROAD TRANSPORT INDUSTRY

The Insurance Commission of Western Australia (**Insurance Commission**) appreciates the opportunity to make this submission to the inquiry into the importance of a viable, safe, sustainable and efficient road transport industry.

Terms of Reference (e) – The social and economic impact of road-related injury, trauma and death

The Insurance Commission is the sole provider of motor injury insurance in Western Australia to 1.9 million drivers for 2.9 million vehicles. We understand the significant impact that road-related injury, trauma and death can have on the community.

In the 2018-19 financial year, the Insurance Commission managed motor injury claims valued at \$3.1 billion and received 11,300 new motor injury insurance claims.

The economic effect of road-related injury and trauma on motorists is significant. In the 2018-19 financial year, the Insurance Commission paid \$448.5 million in compensation to people injured in crashes (including in prior years). Those crashes had significant physical, social and financial impacts on the people involved, their families and communities. The financial consequences then flow to all vehicle owners as insurance premium rates are set to meet claims expenses and scheme running costs.

The broader economic impacts of road-related trauma and injury, such as lost productivity and taxation revenue, are likely to be far greater. According to the Australian Automobile Association's 2017 report entitled 'Cost of Road Trauma in Australia', the total cost of road trauma for the 2015 calendar year was estimated at \$22.2 billion, with forgone revenue to the Australian government of \$3.17 billion.

Road-related injury and trauma can also have an immense social impact when injured people face a diminished quality of life and significant hurdles upon their return to work or study. The Insurance Commission sees value in reducing road-related injury, trauma and death, and in particular, in measures that reduce the number of people who sustain catastrophic injuries.

Terms of Reference (g) – The impact that new technologies, and advancements in freight distribution, vehicle design, road safety and alternative fuels may have on the road transport industry

It is widely anticipated that new technologies will make our roads safer. The introduction of automated vehicles, for instance, is expected to eventually significantly alter transport systems around the world at the same time as decreasing the number of vehicle crashes, injuries and insurance claims. The situation in the near to mid-term is less clear, where automated technology may fail or fall short of obtaining consumer confidence that vehicles will be insulated from cyber-attack.

Vehicles with automated vehicle technology on Australian roads should be required to carry suitable liability insurance cover.

That insurance cover should respond if automated vehicle technology causes personal injury or death. This is because any personal injury, trauma or death sustained in a crash involving automated vehicles without a human driver in control is likely to be caused by some sort of manufacturer or supplier failure to prevent cyber issues or product failure.

The policy position outlined above would aim to ensure that the manufacturers and companies that supply autonomous vehicles in Australia remain accountable for the safety and performance of their products, as is expected of manufacturers and suppliers of other products.

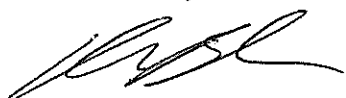
While the Australian Consumer Law may provide a sufficient consumer protection framework in Australia for most products, it may not provide sufficient consumer protection for passengers travelling in a vehicle driven by software developed by the vehicle manufacturer and its suppliers.

Manufacturers and suppliers should have an incentive to assure and improve the safety of their products – and to obtain economically efficient insurance. Commercial insurance providers would be expected to price the risk of personal injury associated with the product being released to the Australian consumer.

This approach can also allow people to have confidence that automated vehicles do not pose unnecessary safety risks to them or the broader community.

Please do not hesitate to contact the Insurance Commission if you require further information about the content of this submission.

Yours sincerely



Kane Blackman
COMMISSION SECRETARY