



ISA Specialty Reports

ISA 20th Anniversary Workshop
25 September 2008

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Overview



- Overview of approach
- Lenders' Mortgage Insurance
- Medical Indemnity Insurance
- Other classes

Approach



- Consultative development of ISA reports
 - Following initial model; incremental
 - Motor: premium data
 - Commercial Property: individual policy/claim
- Further feasibility studies
 - Workers' compensation (1994)
 - Motor vehicle repair cost (2007)

Lenders' mortgage insurance



- 2000 Trowbridge report
- 2004, 2006 and 2007 ISA reports in conjunction with Trowbridge Deloitte/Finity
- Combination of
 - detailed report to data contributors
 - report on industry trends for discussion with regulators, analysts, reinsurers

and

Loss Source

Purpose

Documentation

Policy Type

Underwritten

Cessation Reason

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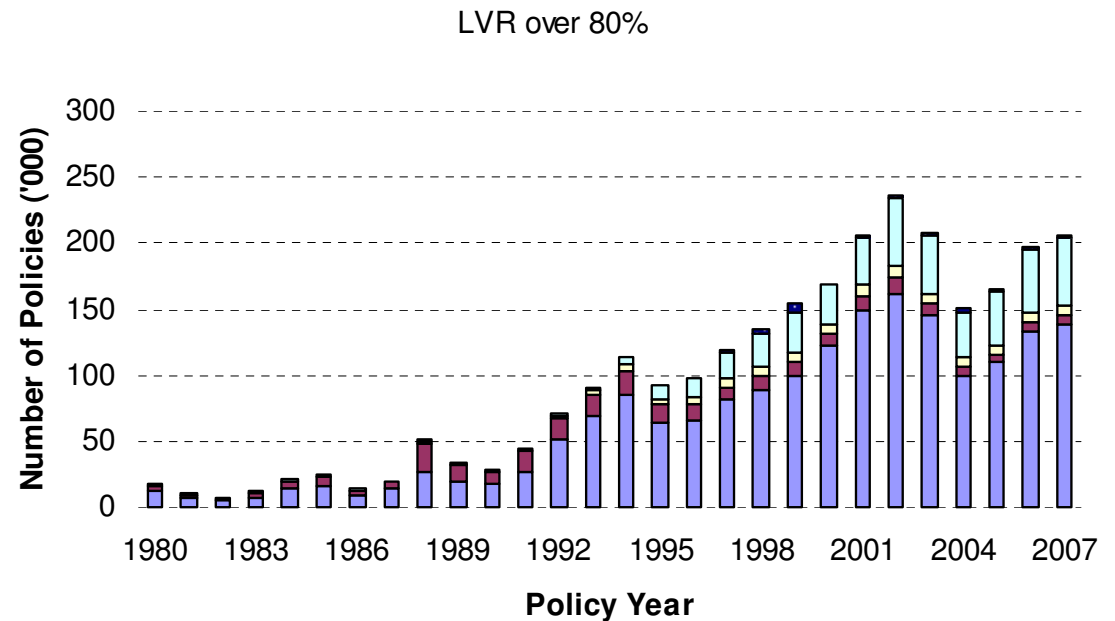
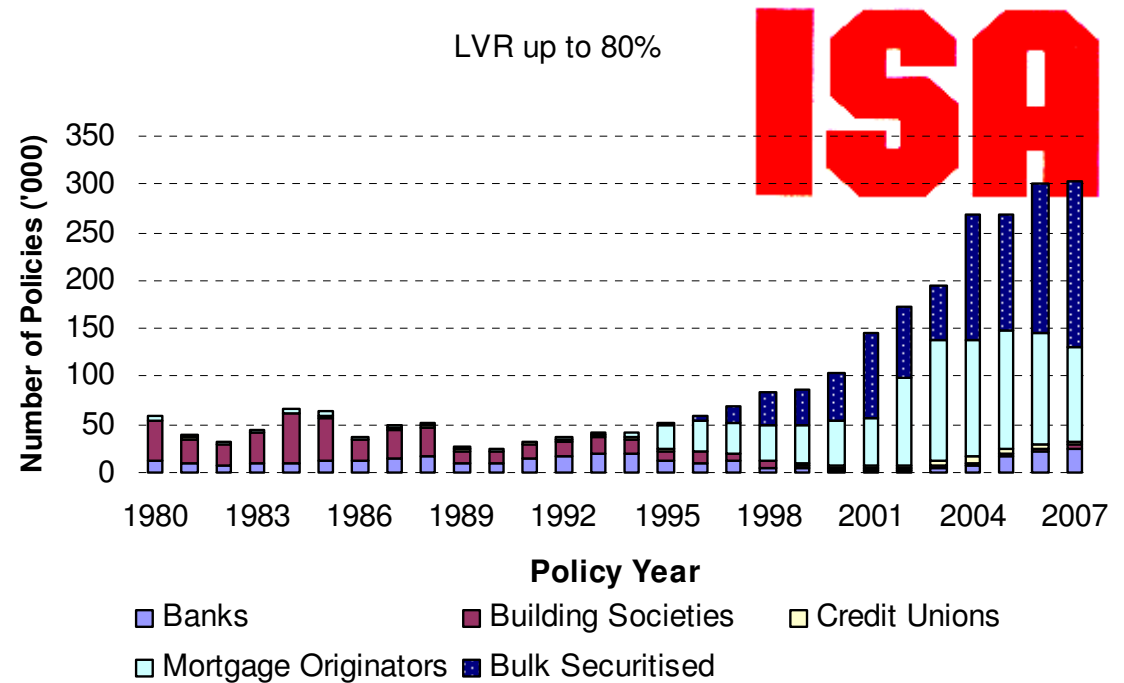
Contributors

Basic Data

Policy Year	No of Policies Issued	Insured Loan Amount	Sum Insured	Exposure in Force	Gross Written Premium	No of Claims	Gross Claims Paid to Date	Recoveries Received to Date
	ALL	ALL \$m	ALL \$m	ALL \$m	ALL \$k	ALL	ALL \$k	ALL \$k
1980	172	20	20	-	337	6	102	
1981	130	22	22	-	311	1	21	
1982	116	23	22	-	308	9	2,608	
1983	130	20	17	-	287	2	50	
1984	181	46	33	-	591	9	923	
1985	255	93	82	-	1,266	3	1,183	
1986	245	84	76	-	996	8	685	
1987	148	48	34	-	452	2	164	
1988	694	100	83	1	889	12	619	
1989	746	127	89	1	904	42	2,831	
1990	902	149	93	1	1,067	35	1,800	
1991	1,021	162	98	1	1,070	11	202	
1992	731	101	81	24	620	3	256	
1993	952	137	133	52	739	6	1,052	
1994	1,833	243	242	78	1,141	17	451	
1995	4,052	544	539	178	2,633	27	724	
1996	6,106	841	835	274	4,212	36	995	
1997	11,709	1,827	1,799	513	8,555	31	1,023	
1998	13,904	2,251	2,219	695	10,964	16	384	
1999	16,336	2,891	2,837	854	14,453	25	1,034	
2000	20,077	3,766	3,710	1,254	17,915	22	813	
2001	18,765	3,819	3,772	1,298	18,584	29	1,125	
2002	24,868	5,284	5,289	2,020	26,608	39	2,609	
2003	33,363	7,512	7,516	3,942	37,707	153	11,061	
2004	28,793	6,710	6,711	4,146	34,358	328	25,671	
2005	25,716	6,243	6,247	4,707	34,306	151	11,807	
2006	26,152	6,831	6,854	6,038	46,284	43	3,128	
2007	24,403	6,643	6,678	6,542	49,544	1	197	

Sources of Business

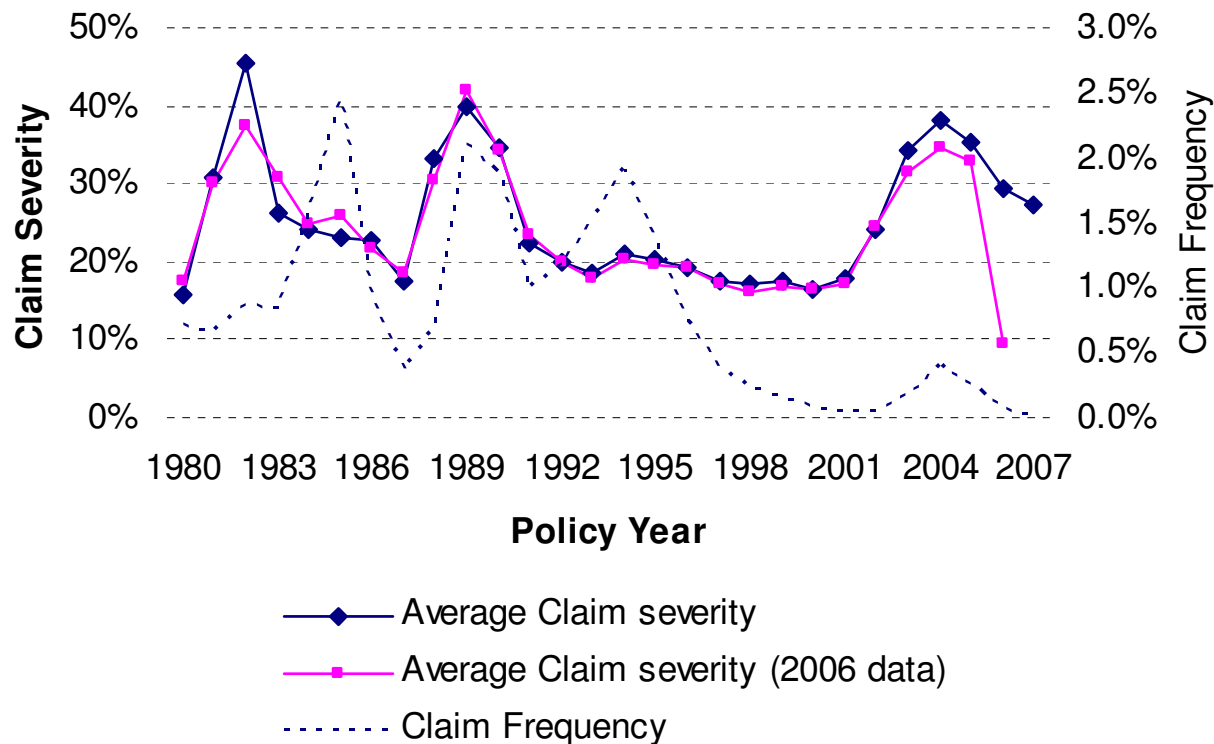
- Strong growth in “up to 80%” LVR since 2003 is driven both by bulk securitisation of loans and, to a lesser extent, mortgage originators
- Banks continue to dominate the “over 80%” LVR band



Claim Severity

- Claim severity generally fell until 2001 policy year
 - Stable average claim sizes combined with increasing average loans insured
 - Data to 2006 included to highlight development in latest year
- Adding latest three years data increases the average severity from 25% to 29% of sums insured on those policies where claims occurred
- No obvious relationship with claim frequency

Figure 4.3 - Claim Severity by Policy Year



Medical indemnity insurance



- Arising out of industry turmoil
- Four out of five insurers
- Developed –
 - Enhanced data specification (additional data to what was needed for APRA NCPD)
 - Reports for individual insurers
 - Annual report for stakeholder consumption
 - Specialty-level reports



Figure 1 – Claim frequency ultimately expected by year

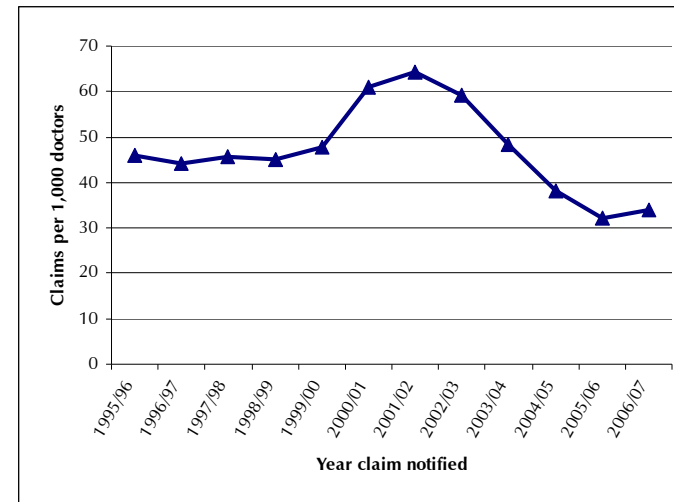
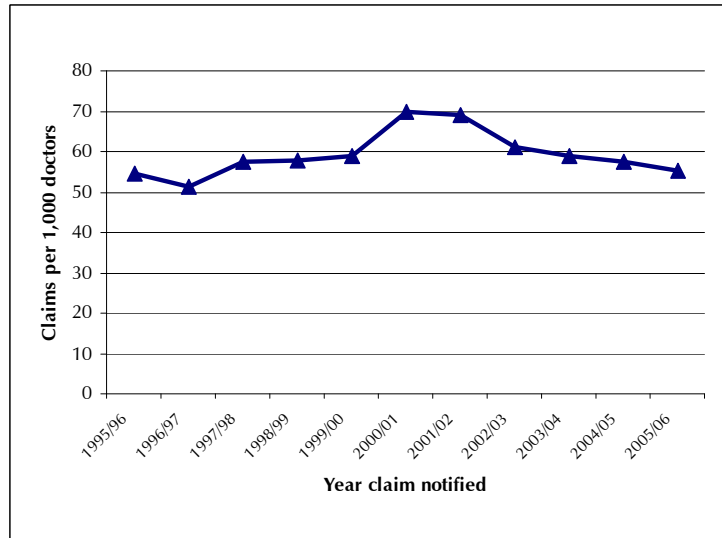




Figure 3.1 Average incurred cost of known claims over time per insured practitioner

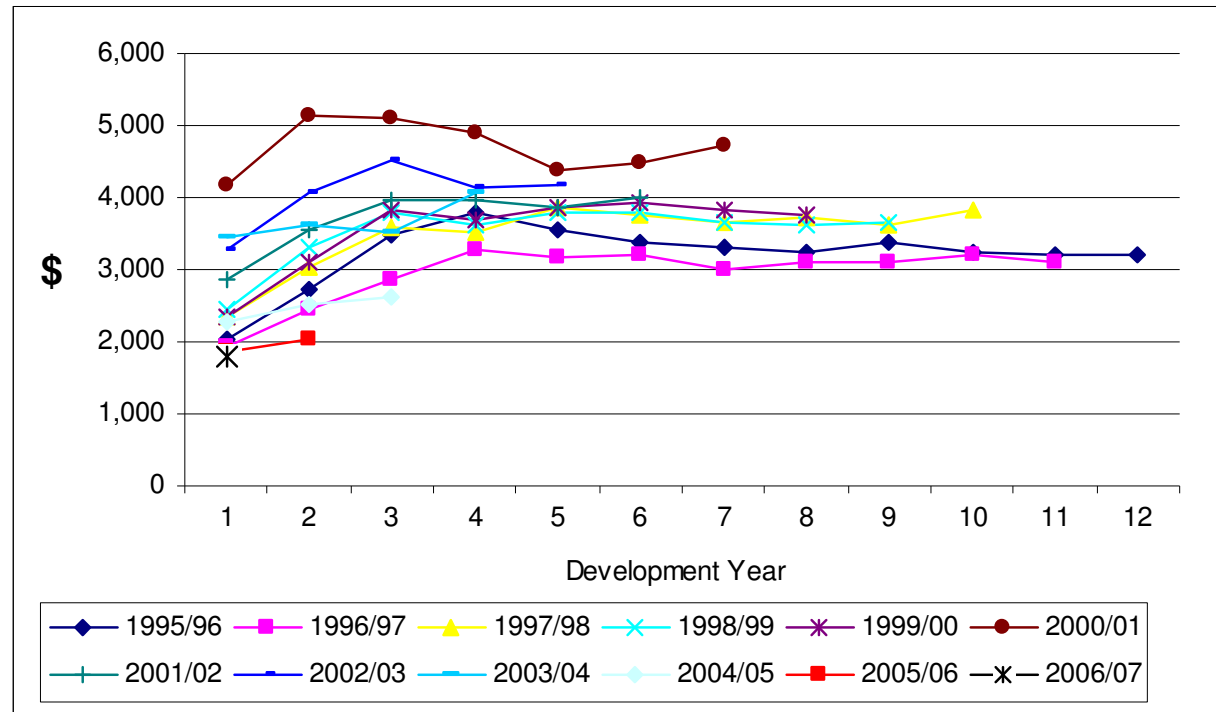


Table 3.1 Cost of claims by indicated cause of loss – claims notified July 2003-June 2007



Cause of loss	Claims notified			Reported cost			
	Number	Proportion	Settled	\$m	Proportion	Paid %	Average (\$000's)
Diagnosis, interpretation	1,600	27%	59%	195	36%	45%	122
Failure of procedure	1,130	19%	58%	81	15%	42%	71
Medical treatment - other	431	7%	61%	71	13%	23%	166
Procedure - intraoperative complications	468	8%	56%	56	10%	32%	120
General duty of care issues	370	6%	67%	34	6%	35%	92
Medication	301	5%	60%	19	3%	52%	61
Other - infection / blood / device failure	385	6%	84%	13	3%	58%	35
Consent	193	3%	74%	13	2%	56%	69
Anaesthetic	247	4%	66%	13	2%	54%	54
Non-procedural (confidentiality, medico-legal etc)	384	6%	86%	10	2%	48%	25
Treatment issues	223	4%	55%	7	1%	40%	30
Procedure - other	30	0%	97%	1	0%	93%	29
Unknown	256	4%	34%	24	4%	22%	94
Total	6,018	100%	63%	537	100%	40%	89

Insurance Council



- Macro Stats
- “Data compendium”

Future developments



- Travel?
- Consumer credit?
- Liability?