

27 February 2015

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

By email: rrat.sen@aph.gov.au

Dear Committee Secretary,

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand and Vietnam, employing over 15,000 people. IAG has more than 750,000 shareholders and its businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands including NRMA Insurance, CGU, SGIO, SGIC, Swann, WFI and Lumley Insurance (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); and AAA Assurance (Vietnam).

Road safety is a whole of society issue, its impacts are far-reaching and the social and economic cost to Australia is estimated at \$27 billion dollars per annum¹. Despite almost all road accidents being preventable, we continue to see fatalities, serious injuries and car damage occurring every day on our roads.

Making Australia's road safer is a key priority for IAG, as we insure over 10 million cars, 3 million homes, 107,000 farms, 128,000 employers and 555,000 businesses. With more than 16.1 million policies in force in financial year 2014, we see a natural alignment between lowering the risk of accident and injury on the road and building a sustainable business.

IAG's operating brands have a long history of motor accident prevention and mitigation with a view to assisting the broader Australian community, from our NRMA heritage as a motoring organisation to the development of our own IAG research centre where physical research is undertaken for the purpose of improving car and driver safety and reducing repair costs. IAG is the only insurer to be invited to be a member of ANCAP, the ANCAP Technical Committee and ANCAP Council. In addition IAG is the only Australian insurer to be part of RCAR a global association of insurance research centres dedicated to improving vehicle safety, damageability, reparability and security. In 2011, NRMA Insurance launched a unique National Repair Quality Framework ensuring high quality and safe repairs on all NRMA insured vehicles. More information on our current road safety activities is included in this submission as appendix 1.

¹ Australian Transport Council 2010, National Road Safety Strategy 2011-2020, ATC, Canberra.

1. The social and economic cost of road-related injury and death;

As one of Australia's leading group of motor and personal injury insurers we know well the costs associated with road trauma. Although we commend the Australian national road safety strategy and current action plans we believe they could be strengthened by:

1.1 A stronger focus on injury prevention not just fatality prevention

In Australia there is a history and commitment to measuring road safety achievements with a fatality count. Although this is a necessary measure, it does not provide the community or decision makers with a complete picture of the costs of road trauma. Measuring 'fatality only' ignores the enormous social and economic costs related to major injuries, minor injuries and car damage including: the cost of living with a disability, treatment and rehabilitation costs, housing, insurance premiums, cost to repair vehicles, productivity loss from time off work and long term impact on families.

The recent Austroads' review of the National Road Safety Strategy found that whilst deaths have declined since 2001, serious injuries have not. They found serious injuries even rose by 10 per cent from 2001 levels before returning to it. The costs associated with these injuries have therefore remained stable over the past decade and thousands of lives have been impacted by injury, accidents or trauma that is essentially preventable. There is an opportunity here for a renewed focus on road safety strategies that prevent both death and injury. IAG supports the Austroads recommendations that monitoring serious injury crashes is a priority area of focus for the National Road Safety Action Plan.

IAG also supports the Austroads statement that the recent Victoria Government Road safety Committee's report on measuring serious road injury is a good place for those implementing the action plan to look for guidance on establishing useful measures of serious road injuries.

IAG can contribute significantly to developing injury and accident prevention strategies as we have knowledge of cost of injuries and the difference car design and safety ratings can have on injuries, car reparability and cost.

1.2 Injury prevention will reduce cost of current and proposed injury Schemes.

Although the National Injury Insurance Scheme (NIIS) has taken some of the cost burden away from people who suffer catastrophic injury in a motor accident, it does still require funding either through a levy for all drivers or through a state tax. In NSW, this has been funded through a levy added to Compulsory Third Party (CTP) 'Green Slip' premiums. All states and territories should be encouraged to ensure this no-fault catastrophic cover similar to the NSW Lifetime Care scheme exists such that there is national harmonisation.

Given the model most states have adopted is to fund this scheme from motorist CTP premiums, there is a direct link back to the consumer for lowering the severity and frequency of these accidents. Therefore prevention and reduction of overall of accidents and injuries remains the best way to reduce cost of these schemes and overall social and economic costs associated with road trauma.

1.3 Ensure that strategies to reduce fatalities don't raise the cost or frequency of injury or minor accidents.

IAG's operating brands manage the impact of injuries and minor accidents every day and we see firsthand the impact of these events have on someone's life. Any accident, no matter how small, is unexpected, traumatic and costly.

IAG recommends that all governments around Australia commit to using the AusRAP rating system to upgrade any 1-2 star roads across Australia and to only building new roads that can be rated as 5 star. Furthermore, IAG recommends the existing AusRAP standards are strengthened by measuring and incorporating all costs associated with road trauma into their safety ratings, including the cost of minor injury and car damage.

1.4 Ensuring separate strategies are developed to protect vulnerable road users

The Austroads analysis of fatal crashes in Australia from 2008-2013 showed no change in total fatalities involving vulnerable road users, with increased fatalities for motorcyclists and cyclists in this time. The hospital data analysed also showed that this injury trend is increasing.

IAG advocates that in order to tackle this trend, the current road safety action plan is reviewed in consultation with key vulnerable road user interest groups to identify areas for improvement and alignment with best practice guidelines such as the WHO Pedestrian Safety manual, Global Plan for the Decade of Action for Road Safety 2011-2020 and World Report on Road Traffic Injury Prevention. We believe particular attention should be given to road user behaviour, motorcycle skills training, appropriate road use and vehicle design and have attached our submission to the ACT Legislative Assembly Inquiry into Vulnerable Road Users as appendix 2 of this submission.

1.5 Stronger emphasis on data collection and sharing

The UN Global Plan for the Decade of Action for Road Safety 2011–2020² recommends establishing and supporting national and local data systems to measure and monitor road traffic deaths, injuries and crashes.

In order to monitor the effectiveness of strategies to reduce injuries and accidents it is essential to develop a national database on injuries resulting from road accidents. Although some states have made progress towards better collection of information i.e. Western Australia's online crash reporting. The development of a national data base should be a priority area of focus for the National Road Safety Action Plan.

1.6 Evaluating and sharing media campaigns across states.

IAG believes that national road safety could be improved by state governments across Australia sharing their road safety resources and successful media campaigns. Media and public campaigns are currently designed, funded and run in each separate state, however the important behavioural change messages they target i.e. reduction in drink driving and speeding causing accidents are issues shared across all states.

These campaigns have varying degrees of influence on driver behaviour with some gaining significant traction and shared around social media, some linked to a reduced

² United Nations 2010, Global plan for the decade of action for road safety 2011-2020, UN, Geneva.

road toll and some with minimal impact. IAG advocates that a national mechanism either through existing forums or through a shared campaign approach be developed for evaluating a successful media campaigns, and secondly that campaigns meeting this criteria be shared across states for viewing by a national audience. This would allow all Australians to benefit from successful media campaigns and reduce a potential double up in expenditure that could be better used for further road safety improvement.

2. The importance of design standards on imported vehicles, as Australian vehicle manufacturing winds down & The impact of new technologies and advancements in understanding of vehicle design and road safety;

IAG as Australia's largest insurer experiences firsthand the technology changes taking place in the automotive industry and consumer desire for safer vehicles. We support the development of new vehicle technology and safety features. We provide customer discounts for a number of car safety features as we believe incentivising this technology helps to generate a culture of safety on our roads through greater consumer awareness.

The car manufacturing market is changing with more vehicles being imported. In principle we support the improved consumer choice and affordability this brings, but this must be balanced with safety standards and careful consideration to the cost of insuring and repairing imported cars.

To ensure safety is not compromised, IAG believes the following conditions need to be addressed:

- *Safeguards on consumer protection including:* vehicles complying with safety and environmental standards, appropriate regulatory arrangements with car importers to provide equivalent protection that consumers currently have available and education campaign to support any change so implications for repair delays are understood.
- *Harmonisation of Australian design rules with UN regulations*
- *Consumer Awareness:* low purchase price of a vehicle does not necessarily indicate the total or 'lifetime' price of the vehicle when insurance and repair costs are included for vehicles with poor safety standards

IAG does not support the relaxation of the present restrictions on the importation of second hand vehicles as there are consumer protection issues, safety ramifications, reparability issues, impact on insurance premiums and environmental impact of doing so. We believe these outweigh the benefit of increased consumer choice.

3. The different considerations affecting road safety in urban, regional and rural areas;

There is a disparity between the risk on the road faced by rural and urban Australians (CARRSQ, 2012). Despite two thirds of the population dwelling in urban areas, more than half of road fatalities occur on rural and remote roads. Despite this clearly being

a problem little is done to remedy it as the low volume of drivers on these roads will often result in infrastructure improvement being classed as low priority³

IAG has a large rural and regional customer base, we value these customers and their safety and so advocate for improved equity in the development of road safety and injury prevention strategies around Australia.

IAG recommends that as injury data collection improves, the Government incorporate injury severity and not just frequency into infrastructure decisions. In addition IAG recommends the Government explore a separate rural and regional road safety action plan that attracts separate funding in order to enable equal opportunity for road improvements.

IAG would welcome the opportunity to discuss any aspect of this submission further. Please feel free to contact Cecilia Warren, Senior Manager CTP Scheme Design, Policy and Injury Prevention on (02) 9292 1742 at any time.

Yours Sincerely



Ian Edgell
Head of CTP Portfolios
NRMA Insurance
Insurance Australia Group
Tel: 02 9292 9592
Email: ian.edgell@iag.com.au

³ The Centre for Accident Research and Road Safety Queensland (CARRS-Q) 2012, State of the road: Rural and remote road safety fact sheet, CARRS-Q Queensland.

Appendix 1: IAG road safety activities

The IAG Research Centre

The IAG Research Centre has been operating for 20 years and is the only insurance-based research centre in Australia.

The Research Centre is actively engaged in physical safety research. This has also included extensive research into driver distractions and vehicle visibility, with the Research Centre having developed the world's first rear visibility rating system in 2004 which has been published every year since. The Research Centre is also the provider of head restraint ratings that are now part of the ANCAP 5 star requirement.

In recognition of the contribution the Research Centre makes to motor vehicle design, safety and innovation IAG has representation on the ANCAP Technical Committee and ANCAP Council and is the only insurer invited to be an ANCAP member. We are also a member of RCAR, an international body of research centres whose primary activity is concerned with influencing the design of vehicles in the areas of vehicle damageability, collision repairs, occupant safety and technical training associated with motor vehicles.

Another important role of the IAG Research Centre is providing technical training and information to motor vehicle assessors. This function has become even more important in recent years as cars have become more complex and difficult to repair without the appropriate skills and equipment. It is also involved in a number of operational road safety activities including setting technical standards for repairs; distributing manufacturer's preferred repair methods and operating an assessor and repairer help desk, aimed at ensuring that cars we repair maintain their crash safety performance.

The National Repair Quality Framework

The National Repair Quality Framework was launched by NRMA Insurance in March 2011. It involved a ten point repair plan to ensure high quality and safe repairs on all NRMA, RACV, SGIO and SGIC insured vehicles.

The main features of the Quality Repair Program are:

1. Lifetime guarantees on the workmanship of authorised repairs for the life of the vehicle.
2. Random Motor Assessor Quality Inspections.
3. Additional independent inspections by a group of quality assurance auditors.
4. Management of the end-to-end repair process by dedicated Repairer Performance Consultants.
5. Annual increases in inspections of vehicles.
6. The use of genuine parts as part of NRMA Insurance's Parts Guidelines.
7. In-house Assessor training including 6 and 12 monthly exams, manufacturer training and ICAR (new technologies) & PPG (paint finish) training.
8. Smash repair premises and equipment audits.
9. Performance management guidelines for partner repairers.
10. Regular reporting on safety, quality and alleged fraud breaches.

Since launching this program over 100,000 quality inspections of repaired vehicles and over 2,200 audits of repairer premises and equipment have been undertaken. Quality inspections are performed on at least 10% of all repairs authorised by NRMA RACV, SGIO and SGIC Insurance, regardless whether the repairer is a partner or non partner repairer.

Community Partnerships

We are pleased to support programs that keep Australians safe on the roads. Over the last twenty years, we have contributed nationally in excess of \$35 million towards preventing and minimising the severity of road accidents.

Nationally we have numerous road safety partnerships across the country, including Kidsafe NSW, WA and QLD and the NSW Volunteer Rescue Association (VRA). In the past eight years we have provided localised funding to 255 community road safety programs through our Community Grants Program. These partnerships and programs focus on the prevention of road incidents. We target behaviour on the road, and minimising the severity of road incidents through supporting rescue services. Our long term aim is to reduce the likelihood and severity of accidents on the road.

ACT Road Safety Trust

NRMA Insurance partnered with the ACT government in 1992 to create The NRMA - ACT Road Safety Trust. Since that time, the trust has spent \$20.5million on over 350 innovative road safety projects. The Trust commissions research, undertakes a variety of road awareness campaigns, has sponsored six Road Safety Postgraduate Scholarships at several of Australia's eminent road safety research institutions and each year operates an annual grant program.

Appendix 2: Submission to the ACT Legislative Assembly Inquiry into Vulnerable Road Users 21 August 2013



SUBMISSION TO THE ACT LEGISLATIVE
ASSEMBLY INQUIRY INTO VULNERABLE ROAD
USERS

21 August 2013

INTRODUCTION

NRMA Insurance commends the ACT Legislative Assembly for undertaking a review into vulnerable road users. Cyclist, motorcyclist and pedestrian claims are rising in the ACT. Of the twelve fatalities last year, the majority were in the vulnerable road user group. These claims result in more serious injuries that are usually higher in cost and have a significant impact on the community.

NRMA INSURANCE

As the leading general insurer in New South Wales, NRMA Insurance represents the largest division of Insurance Australia Group. We are responsible for developing, underwriting, selling and managing claims for personal insurance products that are sold directly to customers. Our products include comprehensive motor insurance, home and contents insurance, CTP, home security, and business insurance. We also offer lifestyle and leisure insurance products including; veteran, vintage and classic car, boat, caravan and travel.

NRMA INSURANCE'S INTEREST IN THE INQUIRY

NRMA Insurance is in the business of ensuring our customers can get back on the road after a motor vehicle accident and rehabilitating people who have been injured in collisions. We have a long history of advocating for road safety and it is at the very core of the business. We believe that a road safety culture, implemented at all levels of our society will help keep drivers safe, reduce collisions, injuries and damage to vehicles. This can in turn lead to a reduction of claims and frequency which is ultimately in the best interest of the community, our customers and our business.

Insurance Australia Group (IAG), of which NRMA Insurance is a subsidiary, insures more motorcycles than any other insurer in Australia through its retail brands Swann Insurance, NRMA Insurance, SGIO, SGIC and CGU. IAG also operates an insurance joint venture with the Royal Automobile Club of Victoria (RACV). In 2012 NRMA Insurance began offering Bicycle Insurance to our customers. Our Bike Plus policy provides stand alone cover for bicycles for accidental damage whilst in use recreationally, in a cycling event, for third party liability, and theft away from home.

Our claims information indicates that vulnerable road users suffer more serious injuries that result in costlier claims. Our data also suggests that pedestrians and cyclists have a higher chance of sustaining a brain injury

OUR CONTRIBUTION TO ROAD SAFETY

Research Centre

We are the only insurer in Australia to own and operate a physical vehicle research centre in which we undertake research into the effects of automotive design and engineering on the safety, security and repair costs of motor vehicles including motorcycles. This research is used in Australia and internationally by repairers, manufacturers and research organisations to improve the repair and design of vehicles. We are also a member of RCAR, an international body of research centres whose primary activity is concerned with influencing the design of vehicles in the areas of vehicle damageability, collision repairs, occupant safety and technical training associated with motor vehicles.

The Research Centre has also released a 'concept motorcycle design' that incorporated many car safety features not normally found in even modern motorcycles. These features included ABS with Brake Assist, Traction Control, blind spot warning and tyre pressure monitors.

Community Partnerships

We are pleased to support programs that keep Australians safe on the roads. Over the last twenty years, we have contributed nationally in excess of \$35 million towards preventing and minimising the severity of road accidents.

NRMA Insurance has partnered with Kidsafe ACT since 2003 where we have supported a range of road and home safety initiatives, with focus on their child restraint hire, fitting and checking service. Since 2006 we have spent \$30,000 specifically on pedestrian and bicycle safety programs in the ACT including tandem driver safety and education, school safety programs at Ngunnawal Primary School and Charles Conder Primary school and bicycle skills by Pedal Power ACT.

Nationally we have numerous road safety partnerships across the country, including Kidsafe NSW, WA and QLD and the NSW Volunteer Rescue Association (VRA). In the past eight years we have provided localised funding to 255 community road safety programs through our Community Grants Program. These partnerships and programs focus on the prevention of road incidents. We target behaviour on the road, and minimising the severity of road incidents through supporting rescue services. Our long term aim is to reduce the likelihood and severity of accidents on the road.

This year as part of our Community Grants program we supported the Orange Community 'Walking school bus' initiative in NSW. The 'Walking School Bus' concept has been noted by the World Health Organisation as an educational strategy to help children acquire knowledge and skills for pedestrian safety⁴.

⁴ World Health Organisation, Pedestrian Safety, A Road Safety Manual for Decision Makers and Practitioners, 2013 P80

ACT Road Safety Trust

NRMA Insurance partnered with the ACT government in 1992 to create The NRMA - ACT Road Safety Trust. Since that time, the trust has spent \$20.5 on over 350 innovative road safety projects. The Trust commissions research, undertakes a variety of road awareness campaigns, has sponsored six Road Safety Postgraduate Scholarships at several of Australia's eminent road safety research institutions and each year operates an annual grant program. NRMA Insurance recommends that existing road safety strategies in the ACT are examined to verify their effectiveness in relation to vulnerable road users. Although the ACT Government's Road Safety Action Plan 2011-13 includes activities to

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NRMA Insurance recommends that existing road safety strategies in the ACT are examined to verify their effectiveness in relation to vulnerable road users. Although the ACT Government's Road Safety Action Plan 2011-13 includes activities to address specific vulnerable road user groups, there was a spike in cyclist, pedestrian and motorcyclist injuries and fatalities in 2012. Publicly available information on the progress and implementation of the current Road Safety Action Plan would assist us to better understand the factors that may have contributed to this increase.

We propose that the ACT Road Safety Action Plan 2011-2013 is reviewed in consultation with key vulnerable road user interest groups to identify areas for improvement and alignment with best practice guidelines such as the WHO Pedestrian Safety manual, Global Plan for the Decade of Action for Road Safety 2011-2020 and World Report on Road Traffic Injury Prevention. We believe particular attention should be given to road user behaviour, motorcycle skills training, appropriate road use and vehicle design.

Targeted awareness campaigns

We believe a culture of safe road user behaviour needs to be embedded in the community. We support targeted awareness campaigns in relation to cyclists and motorbike riders to encourage the following behaviours:

Cyclists

- Use cycle ways and bike lanes where available
- Always wear an Australian Standards approved helmet
- Wear bright reflective clothing, secure reflectors to their bike and use headlights to ensure they are visible;

Motorbike riders

- Wear not just a helmet but protective clothing such as gloves, a jacket, long pants, boots;
- Know their limitations and those of the motorcycle they are riding;
- Never position themselves where other vehicles do not expect them to be - a motorbike can accelerate and close distance quickly;
- Beware of fatigue as it can reduce ability to concentrate and respond;
- Be aware of speed - especially in relation to other vehicles.

Drivers

- Drive with caution and watch out for cyclists and motorbikes at all times, allowing a safe distance when passing them;
- Drive alert for cyclists at intersections, roundabouts and in residential streets;

Motorcycle skills training

Riding a motorcycle is far more difficult than driving a car. For example, motorcycles have separate controls for front and rear brakes requiring more driver skill to brake safely - if the front brake locks, the motorcycle will become unstable. It is critical that

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motorcyclists have the necessary skills to ride safely. We recommend courses delivered by an accredited training centre to gain these skills.

Appropriate Road Use

NRMA Insurance supports the ACT Road Safety Action Plan 2011-2013 action to consider separation of cyclists and motor vehicles on high speed roads. We believe cyclists should be separated from motor vehicles on any roads with speeds greater than 80km/hour. NRMA Insurance considers freeways are a particular concern for cyclists due to the potential severity of injuries. There have been a number of international studies examining the efficacy of road safety design for bicycle users. A recent study in the Netherlands by Shephers et al (2011) showed positive road safety results when the needs of cyclists are considered in road planning.

Vehicle Design

We advocate for the incorporation of safety design measures in motorcycle vehicle design. The primary design features that we see in cars such as Antilock Braking Systems (ABS); Electronic Stability Control (ESC); traction control; and collision avoidance technology are not common in motorcycles, even though they would reduce the incidence of collisions. Motorcycle design is a significant factor in the safety of motorcyclists. Motorcycles do not afford the same protections for riders as cars therefore measures to improve road safety for motorcycles should aim to reduce collisions. The widespread adoption of ABS should have a significant effect on collision rates - far greater than ABS in cars and potentially equivalent to the effect that ESC has had on cars. The Insurance Institute for Highway Safety has publicly called for ABS to be made mandatory for motorcycles sold in the USA. Research shows that ABS equipped motorcycles result in a reduction in fatalities of 37 per cent¹.

The inclusion of ABS in motorcycles would have the following benefits:

- Enable full braking power to be used;
- Reduce the stopping distance;
- Stabilise the braking process;
- Prevent over-braking in an emergency situation; and
- Prevent dangerous falls and contact with the road or other vehicles.

Conclusion

NRMA Insurance would welcome the opportunity to work with the ACT Government on strategies to reduce fatalities and injuries in vulnerable road user groups. We believe a review of the current Road Safety Action Plan would be beneficial. Progress reporting on the implementation of the ACT Road Safety Action Plan 2011-2013 would assist with the evaluation of measures that have been put in place. We have highlighted areas that we consider require specific attention.