



# How Motor Vehicle Accident Compensation Is Worked Out

The majority of Compulsory Third Party (CTP) claims are resolved by negotiation and result in a lump sum payment to the injured person. It's important to remember that the insurance company's interests are not the same as yours. If you are provided with a settlement offer, you should always seek independent legal advice to ensure you are receiving what you are entitled to.

## What compensation is payable for non-economic loss?

There is a threshold requirement to be entitled to damages for non-economic loss, which is also known as pain and suffering and loss of enjoyment of life.

To receive compensation for non-economic loss, you must be assessed with an Injury Scale Value (ISV) of 11 or greater on a scale from 0 to 100. An ISV of 1 represents very minor injuries, while an ISV of 100 represents the most serious injuries.

Your injuries are assessed once they have reached maximum medical improvement. This is the point at which your condition has stabilised and further recovery is unlikely.

Once stabilised, you will attend an Independent Medical Examination so a doctor can assess your injuries and prepare an ISV report. Each injury is classified under the Injury Scale Value system, and the injury with the highest range is considered your dominant injury.

For many people injured in motor vehicle accidents, reaching the required ISV threshold is a significant hurdle.

## **What compensation is payable for past economic loss?**

Past economic loss refers to wages you have lost because of your injuries from the date of the accident until the claim is settled.

If you have medical certificates confirming you were unable to work during this period, you may recover these losses. You cannot claim for the first week of lost wages, but after that you may receive 80% of your net income. You may also be entitled to interest on this amount and compensation for lost superannuation contributions.

## **What compensation is payable for future economic loss?**

Future economic loss applies where your injuries are likely to impact your future ability to earn an income.

There is no automatic entitlement to future economic loss under current legislation. You must have an injury assessed at more than 7 points on the ISV scale.

Any compensation awarded for future economic loss is reduced by 20%, and superannuation is also payable on this amount.

## **What compensation is payable for past gratuitous services?**

Gratuitous services are unpaid services provided by a spouse, partner, child, or parent to help with personal care, domestic assistance, or home help because you are unable to perform these tasks due to your injuries.

To claim compensation, the services must be provided voluntarily as a result of the accident. You must also meet threshold requirements, including an ISV of at least 11 and receiving at least six hours of care per week for six consecutive months.

## What compensation is payable for future gratuitous and paid services?

Future gratuitous services are voluntary services provided by family members that are likely to be needed after your claim is settled.

There are no threshold requirements for future paid care if medical evidence establishes a need for ongoing assistance with daily living activities.

## What compensation is payable for medical expenses?

In most cases, the CTP insurer will pay for reasonably incurred medical treatment. The insurer monitors ongoing treatment and may stop funding if they believe it is no longer reasonable.

While insurers cannot dictate what treatment you receive, they can decide whether to fund treatment as it occurs or reimburse costs at settlement.

If a CTP insurer refuses to fund treatment recommended by your doctors, you should seek legal advice immediately as there are steps available to challenge that decision.

You should also be aware that Medicare is entitled to be repaid from your settlement for any medical expenses it has covered following your accident.

## How can Andersons help?

If you have suffered personal injury in a motor vehicle accident, obtaining expert legal advice is strongly recommended. Andersons has a team of experienced personal injury solicitors dedicated to helping clients achieve the maximum compensation they are entitled to.

Andersons offers a free, no-obligation 30-minute consultation with a qualified personal injury solicitor to discuss your circumstances and guide you through the claim process.