Road Accident Benefit Scheme

Presented by:
Chris Willemse
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Session Objectives

- Need for change
- The RABS legislative framework
- Benefits for the ordinary person
<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>Increased by 46% to R 33.2 billion (from R 22.7 billion)</td>
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<tr>
<td><strong>Claims Liability</strong></td>
<td>Increased by 33% to R 154 billion (from R 116 billion)</td>
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<tr>
<td><strong>Claims Processing</strong></td>
<td>Improved by 15% to R 32.3 billion (from R 28 billion)</td>
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<tr>
<td><strong>Average Claim Value</strong></td>
<td>Increased by 24% to R 143,127 (from R 114,127)</td>
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<tr>
<td><strong>Average Claimant Legal Spend</strong></td>
<td>Increased by 42% to R 90,563 (from R 63,734)</td>
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<tr>
<td><strong>Average RAF Legal Spend</strong></td>
<td>Increased by 4% to R 21,564 (from R 20,645)</td>
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<tr>
<td><strong>Claims Lodged</strong></td>
<td>188 864</td>
</tr>
<tr>
<td><strong>Claims Finalised</strong></td>
<td>188 759</td>
</tr>
<tr>
<td><strong>Open Claims</strong></td>
<td>217 182</td>
</tr>
<tr>
<td><strong>Outstanding Payments</strong></td>
<td>R 10.6 billion</td>
</tr>
<tr>
<td><strong>Creditors Awaiting Payment</strong></td>
<td>4450</td>
</tr>
<tr>
<td><strong>Writs</strong></td>
<td>15 273</td>
</tr>
</tbody>
</table>
Need for change

➢ Unaffordable
  ▪ RAF fuel levy not linked to claims liability
    • Average value of claim increased by 24%
    • Claimant legal cost increased by 42%
  ▪ High intermediary costs
    • Average claimant legal spend R 90 563
    • Over R 5 billion in 2015/16
  ▪ Benefits are not predetermined
  ▪ Claims expenditure tracks what could be earned, not only what was earned
  ▪ Lump-sum payment
Need for change

- Unsustainable
  - Revenue and expenditure not matched
    - Fuel levy at R1.54 / liter of fuel sold
    - Income approx. R 2.6 billion per month
    - Claims settled approx. R 3 billion per month
    - Payment requested not paid over R 10.4 billion
    - Over 4450 creditors awaiting payment
  - Deficit of R 154 billion, and growing...
Need for change

- **Barriers to Access**
  - **Proving fault excludes many**
    - E.g. driver in single motor vehicle accident – no claim for driver or dependents
  - **Proving a loss excludes many**
    - E.g. unable to prove an income – no income claim for driver or loss of support claim for dependents
  - **Protracted and expensive litigation delays settlement and access to benefits**
    - 20% of claims older than 3 years (2015/16 YF)
    - 7% of claims between 2 and 3 years old
    - 10% of claims between 1 and 2 years old
    - 63% of claims less than a year old
Barriers to Access cont...

- Apportionment of fault reduces compensation
  - E.g. two drivers equally at fault – compensation reduced by 50%

- Undertakings to cater for medical expenses require co-payments
  - Undertaking subject to apportionment
  - E.g. if the apportionment is 50% and the medical treatment costs R 50,000 the RAF will pay R 25,000, if the claimant can afford the co-payment of the balance of R 25,000

- Results in reliance on other social-security benefits
  - E.g. in previous example the claimant will likely rely on provincial healthcare services for treatment

Need for change
RABS Key Principles

- Fault (negligence) not a consideration
- Defined and transparent benefits
- Resident status a consideration
- Deemed income for non-earners
- Upper and lower income caps
- Sett-off of other benefits (e.g. COID)
- No general damages

- Vocational training
- Structured payment of income and family support benefits
- Simpler claim procedures
- Waiting period for temporary income benefit
- Speedy internal dispute resolution mechanism
- Benefit adjustment based on affordability of scheme
Subject to a prescribed tariff or contracted rates –

- transport required to receive any health care service
- pre-hospital care and inter-facility transfer
- emergency and acute care
- hospitalisation and outpatient services
- accommodation required to receive any health care service
- rehabilitative care
- vocational ability assessment and training
- long-term personal care
- assistive devices
- structural changes to homes, vehicles and the workplace

**NB** – including cost of medical reports required to prove a claim
No age limits

Illegal foreigners - emergency medical treatment only

No overall limit / cap on healthcare

Minister may prescribe a medical tariff

Minister may prescribe a cap for vocational training

Only services provided in the Republic covered

Choice of healthcare service providers

- Contracted healthcare service provider – no co-payment
- Non-contracted healthcare service provider – balance billing

Pre-authorisation required (non-emergency healthcare services)
RABS - Income Support

- Citizens and permanent residents
- Anyone else who is ordinarily resident - > 6 months per year in 3 year period
- From age of 18 until the age of 60
- 60 day waiting period (temporary benefit)
- Formula based benefits
- Savings and actual / potential earnings (residual income capacity) taken into account (long term benefit)
- Average annual national income used where no actual income proven
- Pre-accident income cap limits benefits of high earners
- Entitlement may be subject to vocational training programme participation
- Minister may prescribe a limit in respect of vocational training
- Structured payment
RABS - Family Support

- Citizens and permanent residents
- Other dependents who are ordinarily resident - > 6 months per year in 3 year period
- Minor dependents up to 18
- Surviving spouse for 15 years or until the age of 60 (whichever period is shorter)
- Other dependents for period support legally required
- Formula based benefits
- Average annual national income used where no actual income proven
- Pre-accident income cap applies
- Structured payment
RABS - Funeral Benefit

- Immediate family member - R10 000 lump-sum
- Any other person (funeral undertaker) - up to R10 000 based on actual proven expenses
RABS - Dispute Resolution

- Escalation of disputes to internal appeal bodies
  - Faster dispute resolution
  - Less expensive

- Access to court retained
RABS - Transition

- All existing rights protected
  - RABS will administer existing RAF claims
  - RABS will administer existing RAF undertakings
- RAF to implement RABS scheme
- RAF staff, management and Board absorbed
- RAF assets, liabilities, rights and obligations transfer to RABS
- RABS liability funded by appropriations and the Fuel Levy
- RABS to report separately on RAF and RABS liability
Benefits for ordinary road users

- Wider cover
  - No-fault (not penalized for a moment’s inattention)
  - Deemed income (especially beneficial to unemployed accident victims and vulnerable child and spouse dependents)
  - Full healthcare benefit (no apportionment or co-payment)
  - Vocational training

- Improved service delivery
  - Administrator mandated to seek out and provide pro-active assistance to potential beneficiaries
  - Administrator mandated to access certain information held by third parties
  - Expedited assessment of claims and payment of benefits
Benefits for ordinary road users

- Reduced intermediary costs
  - Ordinarily no need for an attorney
  - Administrator pays for medical reports
  - Administrator provides assistance with the claim

- Efficient dispute resolution
  - Internal dispute resolution mechanism
  - Right of access to court retained

- Certainty
  - Road users are assured of cover
  - Benefits are transparent
  - Sustainable scheme

- Indemnity
  - Scheme indemnified drivers from civil claims
Thank You