



## How is compensation calculated for motor vehicle accidents?

The majority of 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 they provide you 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 in order to be entitled to an award of damages for Non Economic Loss (otherwise known as pain and suffering, and loss of enjoyment of life).

An award of damages for Non Economic Loss will be available if you are assigned an Injury Scale Value (ISV) of 11 or greater on a scale from 0 to 100. An Injury Scale Value (ISV) of '1' represents very minor injuries which generally settle quickly, up to '100' representing most grievous injuries imaginable.

An assessment of your injuries will be made once they have reached "maximum medical improvement". That is, when you reach a point where it is unlikely you will see any further improvement in your condition and your injuries are considered to have stabilised.

Once your injuries have stabilised, arrangements are then made for you to attend a doctor for an Independent Medical Examination (IME) for the purpose of assessing your injuries and obtaining an ISV report.

Using the results of your assessment, the scheme seeks to classify you under the "Injury Scale Value". Each category on the Injury Scale has a numerical range attached to it.

Assessment of Non-Economic Loss is undertaken by allocating an item number to each injury sustained to work out which injury is the 'Dominant Injury' (i.e. injury with the highest range).

You have to reach at least 11 points on the ISV to be entitled to any amount of compensation (referred to as damages) for non-economic loss. For many people injured in a motor vehicle accident, this is a significant hurdle.

# What compensation is payable for past economic loss?

Past economic loss represents wages lost by you as a result of injuries you sustained in a car accident from the date of the accident until your claim is settled.

If you have medical certificates showing an inability to work during that period then you are entitled to recoup your losses.

You cannot claim for your first week of wages lost but after that, you will receive 80% of your net income. You are also entitled to interest on that sum as well as an amount for lost entitlement for superannuation.

# What compensation is payable for future economic loss?

Future economic loss is your entitlement where injuries you sustained in a car accident are likely to affect your future capacity to earn an income.

There is no automatic entitlement for future economic loss under the current legislation.

The hurdle you need to overcome is to have an injury which is assessed at being more than 7 points on the ISV scale.

However, there are limited circumstances where you may be awarded compensation for future economic loss where your injuries do not achieve 8 points on the scale, and you should seek appropriate legal advice to understand these circumstances further.

Any compensation awarded for future economic loss must also be reduced by 20%. Superannuation is also awarded on future economic loss.

# What compensation is payable for past gratuitous services?

Gratuitous services are those services frequently provided by a spouse, domestic partner, child or parent to the injured person for personal care, home help and domestic assistance where the injured person is unable to carry out their normal range of those activities.

Compensation in this category is only applicable where the care giver is engaged in a voluntary basis to assist you if you're injured in a car accident.

There are significant thresholds in this area namely that you need to achieve 11 points on the ISV scale and that the services, being voluntarily provided, must be provided for at least 6 hours a week and for at least 6 consecutive months.

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

Future gratuitous services are again those voluntary services that are likely to be required beyond the settlement of the claim.

There are no thresholds to be met in obtaining a compensation amount for this component of your compensation claim, if it can be established on medical grounds that your injuries require paid care and assistance in activities of daily living.

# What compensation is payable in relation to medical expenses as a result of injuries from a motor vehicle accident?

Generally speaking, the insurance company will meet the costs of reasonably incurred medical treatment.

The insurance company keeps a careful watch over the amount of treatment that is being received and will reserve the right to cease funding at any time if it so chooses.

You should be aware that the insurer has no control over what treatment you receive. Their only control is over whether they will pay for it as the treatment is being received. If the insurance company ceases to pay for medical expenses your treating doctors say you need, you should seek immediate legal advice as this can be challenged.

You should also be aware that Medicare is entitled to be repaid for any monies it contributes to your treatment following your accident. There is a recovery process which needs to be undertaken in this regard. [For more information on Medicare and motor accident personal injury claims click here.](#)

## How can Andersons help?

If you have suffered personal injury from a motor vehicle accident, we always recommend you seek experienced legal advice. Andersons has a team of highly experienced lawyers dedicated to assisting people with motor vehicle accident claims. [You can see our personal injury legal team here.](#)

We offer a first free interview of 30 minutes to understand your personal

circumstances. We can then provide you with the next steps of the claim, expected fees and the likelihood of a claim. You can then decide whether you proceed with the claim. Contact us on 8238 6666 or email [enquiry@andersons.com.au](mailto:enquiry@andersons.com.au)