Pillar 5: Post Crash Response

National Road Safety Summit

“Together Championing Road Safety – 365 Days a Year”

4 October 2013
Purpose

• The purpose of this presentation is to present an overview of the Post Crash Response in the South African context, with a focus on the RAF…

  − Background information on the RAF…

  − Post Crash Response…

Background…

Corporation and Statutory Form

  - “Payment of compensation in accordance with this Act for loss or damage wrongfully caused by the driving of a motor vehicle”
  - Provide compulsory cover to all users of South African roads against injuries sustained or death arising from accidents involving motor vehicles within the borders of South Africa
- Constitutional Court Rulings and legal precedents have shaped the mandate
- National public entity (Schedule 3A of the PFMA)
Background...

Business Model

Revenue

- Fuel sold
- Levy on fuel
- Grants & investment revenue
- Financial Position

Cost

- Road Activity
- Number & severity of accidents
- Volume of claims
- Value of claims
- Administrative costs
- Third party costs
Background...

Business Process

- Origination
- Determination
- Litigation
- Finalisation
- Post-Finalisation

Human Capital
Risk Management
Forensics
Stakeholder Management
Project Management
Monitoring & Assurance
Marketing
Background...

**Operational Context**

- South Africa...Roads...Vehicles...Transport...Crashes...Death & Injuries...Consequences!
- 70 year funding regime driven by an “accessible” revenue stream
  - Moved from protecting a wrongdoer from being sued to supporting victims
- Compensation is fault-based and fault must be proven or excluded
  - Rulings and Orders are not always consistent
  - Great deal of subjectivity
- Micro-economy has been created and is sustained by the RAF
  - Lawyers, Advocates, Assessors, Experts etc
  - Contingency fees charged in excess of 25%
- 50% of matters on the Court roll relate to road accidents
- Claimants are often not the primary beneficiary
## Social Context

<table>
<thead>
<tr>
<th>Social Security Pillar</th>
<th>Ben.</th>
<th>Benefit</th>
<th>Social Support</th>
<th>Funding</th>
<th>Solvent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Loss of Income</td>
<td>Loss of Support</td>
<td>Medical Costs</td>
</tr>
<tr>
<td>UIF</td>
<td>Employed</td>
<td>++Limited</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>COIDA</td>
<td>Employed</td>
<td>+Limited</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>SASSA</td>
<td>Poor</td>
<td>+++Limited</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>RAF</td>
<td>All</td>
<td>Unlimited &amp; Increasing</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Background...

**Unfortunate legacy**

- The RAF carries an extensive legacy, partly true and partly perceived, which was built over many decades
  - Compensation scheme that has not had revenue and expenditure aligned
  - ‘Insolvent and bankrupt’ for 31 years as a result of a provision for claims incurred
  - A “lawyers” business
  - Intensely bureaucratic
  - Inefficient, uncaring and impersonal
  - Fraught with fraud

- The Board and management committed in 2012 to create a new legacy, one of delivering services efficiently and effectively to victims of crashes who need the support

- *Early signs of change are visible...*
Background...

**Signs of change**

- 2012 was “The Year of the Customer”
- RAF on the Road - 15 communities, 8 000 claimants and R102 million paid
- Backlog of unpaid claims reduced by 15%
- Established a Nelspruit office which served as our Direct Claim ‘epicenter’
- Designed, documented and implemented business processes
- Rolled out a new organizational structure
  - Segmentation, segregation and claim processing at the core
- Payments and finalizations per claims handler improved
- Full review of all claim files took place and all open claims were staged
- Auditor-General’s final audit opinion is “Clean”
- Fund achieved 86% of APP targets (53% in 2011) (70% against original APP)
Priorities for 2013/14

• Ensure optimal capacity ~ numbers and performance measures
• Improve claim processing ~ turn around times, process adherence and volumes
• Prioritise direct claims ~ staff numbers and process adherence
• Maintain efficient operational ~ processes and costs
• Roll out the national customer service footprint
• Implement claim system enhancements
• Improve litigation management (Panel of Attorneys and Court case flow)
• Improve data collection, analysis and reporting
• Expand post-crash care, support and outcomes
Purpose

• The purpose of this presentation is to present an overview of the Post Crash Response in the South African context…

− Background information on the RAF…

− Post Crash Response…
Post Crash Response …

**Facts & Figures**

- 1.24 million people killed globally as a result of a road traffic crash
  - With half not in a vehicle
  - 20 to 50 million more people suffer non-fatal injuries
  - 3rd leading causes of death for people between 5 and 44 years of age
  - 8th leading cause of death globally and 5th by 2030
  - Costs countries between 1–3% of their gross national product

- Considerable economic losses to victims, their families, and to nations as a whole
  - Direct cost of treatment (including rehabilitation and incident investigation)
  - Reduced/lost productivity (e.g. in wages)
    - Those killed or disabled by their injuries
    - Family members who need to take time off work (or school) to care for the injured
  - Impact on individual families results in increased financial borrowing and debt, and even a decline in food consumption
Post Crash Response …

Defined

• Following a crash and the related trauma, the post crash response is categorized into:
  − Immediate phase: Emergency medical care
  − Therapeutic phase: Medical care to treat and stabilize
  − Rehabilitation phase: Medical and non-medical assistance and support

• Global perspective as captured in the Decade of Action Plan
  − “Road traffic injuries have been neglected from the global health agenda for many years, despite being predictable and largely preventable”
  − “Most countries in the African Region are poorly prepared to rescue and appropriately care for persons who survive road traffic crashes. The gaps in care include those in infrastructure, human resources, transportation, and management of emergency medical services.”
  − Increase responsiveness to post-crash emergencies and improve the ability of health and other systems to provide appropriate emergency treatment and longer term rehabilitation for crash victims
## South African Status

<table>
<thead>
<tr>
<th>Decade of Action, UN</th>
<th>South African Status</th>
</tr>
</thead>
</table>
| Increase responsiveness to post-crash emergencies         | • Emergency call centers and dispatches in place  
• Public and private  
• Wide access prevalent                                       |
| Provide appropriate emergency treatment                   | • Emergency medical services in place  
• Public and private  
• Challenge: Capacity and affordability                                     |
| Longer term rehabilitation for crash victims              | • Centers, professionals and therapeutic plans  
• Public and private  
• Challenge: Capacity and affordability                                      |
| Minimize both physical and psychological trauma           | • Multi-disciplinary teams in place  
• Insurance vehicles in place  
• Challenge: Inequity                                                    |
| Road user insurance schemes to finance rehabilitation     | • Numerous insurance vehicles in place  
• Public and private  
• Challenge: Inequity and affordability                                      |
## RAF response

<table>
<thead>
<tr>
<th>(Expenditure in ZAR)</th>
<th>2012/13</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel levy</td>
<td>88c/l</td>
<td>80c/l</td>
</tr>
<tr>
<td>Total revenue</td>
<td>17.9bn</td>
<td>17.1bn</td>
</tr>
<tr>
<td>Claims expenditure</td>
<td>15.2bn</td>
<td>12.2bn</td>
</tr>
<tr>
<td>Compensation pay-outs</td>
<td>11.4bn</td>
<td>8.9bn</td>
</tr>
<tr>
<td>- General damages</td>
<td>4bn</td>
<td>3.9bn</td>
</tr>
<tr>
<td>- Income support</td>
<td>6.3bn</td>
<td>4.3bn</td>
</tr>
<tr>
<td>- Medical costs</td>
<td>1.1bn</td>
<td>800m</td>
</tr>
<tr>
<td>Cash balance</td>
<td>6.1bn</td>
<td>4.2bn</td>
</tr>
<tr>
<td>Claim payments</td>
<td>227,855</td>
<td>225,905</td>
</tr>
</tbody>
</table>
Post Crash Response …

*RAF response*

<table>
<thead>
<tr>
<th>Claim Numbers</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered</td>
<td>150,312</td>
<td>172,859</td>
</tr>
<tr>
<td>Finalized</td>
<td>162,130</td>
<td>170,043</td>
</tr>
</tbody>
</table>

| Undertakings           |         |         |
|                       | 120,986 | 111,628 |

<table>
<thead>
<tr>
<th>Claim Payments by Number</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Damages</td>
<td>26,363</td>
<td>46,174</td>
</tr>
<tr>
<td>Loss of Income</td>
<td>13,320</td>
<td>10,974</td>
</tr>
<tr>
<td>Medical</td>
<td>127,305</td>
<td>113,975</td>
</tr>
<tr>
<td>Funerals</td>
<td>6,303</td>
<td>5,339</td>
</tr>
</tbody>
</table>
## RAF Case Management

<table>
<thead>
<tr>
<th>RAF Case Management</th>
<th>Year-To-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Home Visits</td>
<td>429</td>
</tr>
<tr>
<td>Follow-up Home Visits</td>
<td>465</td>
</tr>
<tr>
<td>MVA Case Referrals</td>
<td>7,765</td>
</tr>
<tr>
<td>MVA Admissions Consulted</td>
<td>2,046</td>
</tr>
<tr>
<td>Serious Admissions</td>
<td>854</td>
</tr>
<tr>
<td>New Treatment Plans Issued</td>
<td>707</td>
</tr>
</tbody>
</table>
Post Crash Response …

*Priorities for the Broader Transport fraternity*

- **Access to emergency treatment**
  - Universal emergency contact centers
  - Expand public sector resource base - more vehicles and staff
  - Swift payment for services rendered (relevant for RAF and funders)

- **Rehabilitation which minimizes physical and psychological trauma**
  - Expand public sector capacity (professionals, facilities & therapeutic equipment)
  - Implement legislative change to clarify, define and expand obligations
    - Public sector through NHI
    - Medical schemes through PMB’s
    - RAF through the Road Accident Benefit Scheme (RABS)

- **Road user insurance schemes to finance rehabilitation**
  - Introduce RABS to foster efficiency, equity and sustainability by removing fault, capping benefits, excluding “nice to have’s”, specifically speaking to rehab and vocational support, and removing the ‘lotto’ effect

- **Support all of the priorities with extensive, up-to-date, multi-disciplinary data collection, maintenance and analyses for both prevention and responses**
Conclusion

• RAF has not been in ‘the best of places’ but change is taking place
• Great effort is and will continue being placed on:
  – Providing efficient support to the victims of road crashes
  – Preventing the catastrophic socio-economic effects of crashes in our society

• An effective post crash response is critical to reducing the fatality rate associated with road use, reducing the need for and the costs associated with rehabilitation, and for returning victims of road crashes, as close as possible, to their ‘pre-crash’ state

• Immediate pre-requisites to success are sector-wide collaboration and the aggressive creation of data repositories…
Thank You

Road Accident Fund