

# ROAD ACCIDENT FUND (RAF) / ROAD ACCIDENT BENEFIT SCHEME BILL (RABS)


## 7 NEED TO KNOW NUMBERS




Unfunded liability at 31/03/2018  
R 206.3 billion



Unfunded liability at 31/03/2013  
R 51.4 billion




RAF fuel levy from 02/04/2019:  
R 1.98 per litre




RABS+RAF fuel levy 2018/2019\*:  
R 3.37 per litre



Deaths/100,000 vehicles (SA):  
127.4



Deaths/100,000 vehicles (World):  
64



Electric vehicle forecasts:  
55% of new car sales by 2040

## QUICK COMPARISON

RAF	RABS	MAJOR OUTCOME
Fault Based	No fault based	Increases number of claims
Lump sum compensation	Regular payments	Decreases value of claims
Individual circumstances	Specific formula applied to all	Decreases legal/professional fees
Inflation & career path	Non-guaranteed inflationary	Decreases value of claims
No minimum benefit level	Minimum based on AANI	Lower income earners get more
Capping of losses	Capping of earnings	Higher income earners get less
No vocational rehabilitation	Vocational rehabilitation	Focus on returning to work

## FUNDING

RAF	RABS
Pay-as-you-go	Pre-funded



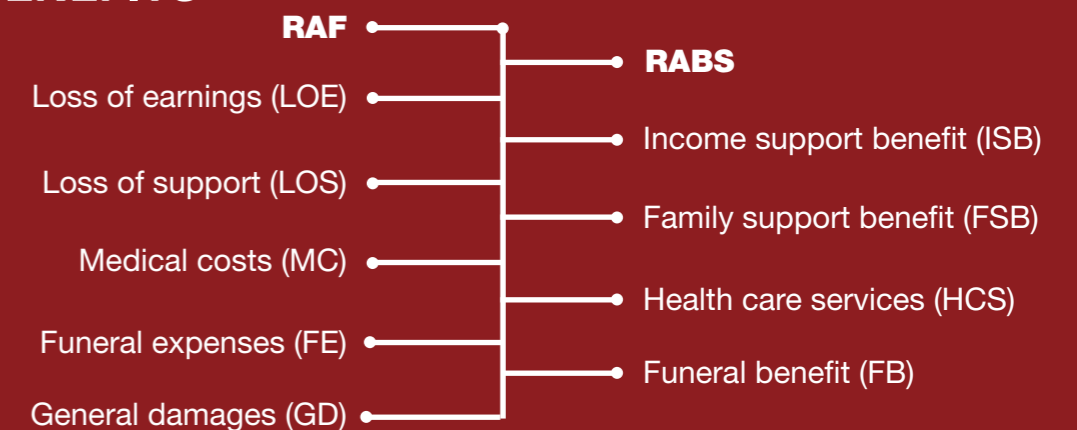
## CHANGES MADE TO BILL THAT REQUIRE RE-EVALUATION OF AFFORDABILITY

Original Bill	Revised Bill	Impact on RABS costing
AANI = R 52,527 per annum	AANI = R 79,107 per annum	FSB & ISB cost will increase
FB = R 10,000	FB = R 20,000	FB cost will double
No contribution to claimant costs	Contribution to claimant costs	Higher administration costs

## RECOMMENDATIONS AND SOLUTIONS

1. Reduce moral hazard (no-fault coupled with AANI).
2. Peer review of actuarial costing speaks to good governance.
3. Re-evaluation of affordability.
4. Administrative costs must be carefully examined.
5. Actuarial Society's willingness to assist.

## BENEFITS



## AFFORDABILITY

Benefit	RAF cents/litre	RABS cents/litre
LOS/FSB	19.6	19.8
FE/FB	0.7	0.8
GD	46.3	0.0
LOE/ISB	54.6	42.5
MC/HCS	19.1	24.6
Rehabilitation	0.0	32.7
Professional fees	20.5	7.4
Administration costs	8.9	8.9
Total:	169.7	136.7