

1999

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

MOTOR TRAFFIC ACT 1936

**MOTOR VEHICLE (THIRD PARTY INSURANCE) REGULATIONS
(AMENDMENT)**

EXPLANATORY STATEMENT

**Circulated by the Authority of Minister for Urban Services
Brendan Smyth MLA**

Outline

Subsection 88(1) of the *Motor Traffic Act 1936* ("the Act") provides that the maximum rates of premiums which may be charged by an authorised insurer for compulsory third party (CTP) insurance policies shall be such rates as are prescribed. Subsection 88(2) enables different maximum rates to be prescribed in relation to different classes of motor vehicle depending on the purpose for which the vehicles are used. The *Motor Vehicle (Third Party Insurance) Regulations* ("the Regulations") give effect to these provisions of the Act.

The *Motor Vehicle (Third Party Insurance) Regulations (Amendment)*, ("the amending Regulations") amend the Regulations by revising the maximum CTP premiums that can be charged.

The revised CTP premium rates reflect the recommendations of NRMA Insurance Limited (the NRMA), the sole CTP insurer, and its actuary, Pricewaterhouse Coopers Actuarial & Superannuation Services. They have been reviewed by Ernst & Young ABC, an independent actuary engaged by the Department of Urban Services to provide advice on the appropriateness of the NRMA's recommended premiums.

In the case of a private car (class 1 vehicle), the premium has risen by \$23.00 (or 6.9%), from \$331 to \$354, plus a \$1.50 road safety contribution, resulting in a total premium of \$355.50.

Not all vehicle classes have had their CTP premiums increased by the same amount. Premiums have increased or decreased according to the claims history of each class. Comparative claims experience over the past ten years is used to calculate relativity factors by which the class 1 premium is multiplied. The \$1.50 road safety contribution is then added to the resultant figures to establish total premiums for the other vehicle classes.

Financial considerations

Together with a matching amount from the NRMA, the \$1.50 per vehicle road safety contribution will produce annual revenue of approximately \$545,000. This will be allocated to the NRMA - ACT Road Safety Trust to fund road safety initiatives.

The amending Regulations have no other revenue implications.

Details

Commencement and Interpretation

Regulations 1 and 2 provide that the amending Regulations will take effect on 1 July 1999 and that a reference in the amending Regulations to "Principal Regulations" means the *Motor Vehicle (Third Party Insurance) Regulations*.

Citation

Regulation 3 makes a formal change to the way in which the Principal Regulations are cited.

Premium rates

Regulation 4 varies the maximum premium for a third party policy in relation to a trader's plate from \$133.50 to \$107.50.

Schedule 1 - Part II

Regulation 5 repeals Part II of Schedule 1 and substitutes a new Part which revises all the third party premiums for specified classes of vehicle as shown in the table below. Premiums are set relative to that for a private motor car and reflect claims for that class of vehicle. If a particular class of vehicle has a good or bad claims history, having regard to factors such as the number of claims and average claim size for that class of vehicle, this is reflected in the changed premium.

MAXIMUM RATES OF PREMIUMS

Item	Classification	Maximum Premium	
		1998/99	1999/2000
1	Private motor car.....	\$332.50	\$355.50
2	Business car.....	\$315.50	\$355.50
3	Goods vehicle		
	(a) where the unladen weight does not exceed 975 kilograms	\$332.50	\$355.50
	(b) where the unladen weight exceeds 975 kilograms but..... does not exceed 2 tonnes	\$481.50	\$514.50
	(b) where the unladen weight exceeds 2 tonnes.....	\$1,159.50	\$1,275.50
4	Primary producer's goods vehicle		
	(a) where the unladen weight does not exceed 2 tonnes.....	\$299.50	\$319.50
	(b) where the unladen weight exceeds 2 tonnes.....	\$233.50	\$213.50
5	Omnibus or tourist motor vehicle		
	(a) where the vehicle has seating accommodation for more than 16 adult persons (including the driver).....	\$1,556.50	\$1,629.50
	(b) where the vehicle has seating accommodation for not more than 16 adult persons (including the driver).....	\$497.50	\$532.50
6	Taxi.....	\$4,303.50	\$4,955.50
7	Private hire car.....	\$746.50	\$1,063.50
8	Drive-yourself vehicle.....	\$1,159.50	\$1,452.50
9	Motor cyclé		
	(a) where the capacity rating of the engine of the motor cycle exceeds 600 cubic centimetres.....	\$233.50	\$249.50
	(b) where the capacity rating of the engine of the motor cycle exceeds 300 cubic centimetres but does not exceed 600 cubic centimetres.....	\$233.50	\$302.50
	(c) where the capacity rating of the engine of the motor cycle does not exceed 300 cubic centimetres.....	\$84.50	\$89.50
10	Fire fighting vehicle.....	\$299.50	\$355.50
11	Undertaker's vehicle.....	\$84.50	\$89.50
12	Motor breakdown vehicle.....	\$348.50	\$355.50
13	Trailer.....	\$0.00	\$0.00
14	Miscellaneous vehicle.....	\$497.50	\$567.50
15	Primary producer's tractor.....	\$100.50	\$143.50
16	Mobile crane.....	\$746.50	\$709.50
17	Veteran vehicle.....	\$34.50	\$36.50
18	Vintage vehicle.....	\$34.50	\$36.50
19	Historic vehicle.....	\$34.50	\$36.50