

1997

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

**MOTOR TRAFFIC ACT 1936**

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

**EXPLANATORY MEMORANDUM**

**Circulated by the Authority of the Minister for Urban Services**

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

## EXPLANATORY MEMORANDUM

### 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 third party 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 Regulation") amends the Regulations by increasing the maximum Compulsory Third Party premiums that can be charged. In the case of the private car (class 1 vehicle), the premium has been recommended to rise from \$ 269 to \$322 per annum, an increase of \$53 or 20%.

Not all vehicle classes have their Compulsory Third Party premiums increased by \$53. Premiums are calculated using the class 1 vehicle as a base. A weighting factor is established between class 1 vehicles and the other vehicle classes based on comparative claims experience over the past ten years. The class 1 premium is then multiplied by the relativity factor to provide premiums for the other vehicle classes. This means that the increased premium amounts will be different for the various vehicle classes and will vary with the claims history of each class.

The revised compulsory third party premium rates reflect the recommendations of the National Roads and Motorist Association (NRMA), the sole Compulsory Third Party insurer, and the recommendations of Tillinghast-Towers Perrin, the independent actuary engaged by the Department of Urban Services to provide advice as to the appropriateness of the NRMA's recommended premiums.

### Financial considerations

There are no revenue implications arising from the amending Regulation.

### Details

#### *Commencement and Interpretation*

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

#### *Premium rates*

**Regulation 3** revised the premium of a third party policy in relation to a trader's plate from \$107 to \$129.

Schedule 1 - Part II

**Regulation 4** 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 history, having regard to factors such as the number of claims and average claim size for that class of vehicle, this will be reflected in the changed premium.

MAXIMUM RATES OF PREMIUMS

Item	Classification	Maximum Premium
1	Private motor car.....	\$322
2	Business car.....	\$306
3	Goods vehicle	
	(a) where the unladen weight does not exceed 2 tonnes.....	\$435
	(b) where the unladen weight exceeds 2 tonnes.....	\$1,128
4	Primary producer's goods vehicle	
	(a) where the unladen weight does not exceed 2 tonnes.....	\$242
	(b) where the unladen weight exceeds 2 tonnes.....	\$242
5	Omnibus or tourist motor vehicle	
	(a) where the vehicle has seating accommodation for more than 16 adult persons (including the driver).....	\$1,547
	(b) where the vehicle has seating accommodation for not more than 16 adult persons (including the driver).....	\$387
6	Taxi.....	\$3,867
7	Private hire car.....	\$645
8	Drive-yourself vehicle.....	\$967
9	Motor cycle	
	(a) where the capacity rating of the engine of the motor cycle exceeds 600 cubic centimetres.....	\$242
	(b) where the capacity rating of the engine of the motor cycle exceeds 300 cubic centimetres but does not exceed 600 cubic centimetres.....	\$242
	(c) where the capacity rating of the engine of the motor cycle does not exceed 300 cubic centimetres.....	\$81
10	Fire fighting vehicle.....	\$242
11	Undertaker's vehicle.....	\$64
12	Motor breakdown vehicle.....	\$355
13	Trailer.....	\$0
14	Miscellaneous vehicle.....	\$451
15	Primary producer's tractor.....	\$64
16	Mobile crane.....	\$806
17	Historic vehicle.....	\$32