

2010

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

**ROAD TRANSPORT (THIRD-PARTY INSURANCE)
(GOVERNANCE) AMENDMENT BILL 2010**

EXPLANATORY STATEMENT

**Presented by
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Treasurer**

Road Transport (Third-Party Insurance) (Governance) Amendment Bill 2010

Overview

The Road Transport (Third-Party Insurance) (Governance) Amendment Bill 2010 (the Bill) amends the *Road Transport (Third-Party Insurance) Act 2008* (the CTP Act). The CTP Act established a new compulsory third party (CTP) insurance scheme for the ACT, which came into effect on 1 October 2008.

The Bill makes a number of amendments to the CTP Act intended to improve the governance of the new scheme. Specifically, the Bill formally establishes the Australian Capital Territory Compulsory Third Party-Insurance Regulator (the CTP regulator) as a body similar to the Australian Capital Territory Insurance Authority (ACTIA). The Bill also sets out the functions of the CTP regulator.

In addition, the Bill clarifies arrangements for the keeping of accounts for the nominal defendant fund and for the audit of these accounts. It also provides that the CTP regulator is to work out and publish annually an average risk premium for passenger vehicles.

Detail

Clauses 1 - 3

These clauses set out the name of the Act, the commencement date and the legislation amended by the Act.

Specifically, the Act is to commence on the day after its notification.

Clause 4

This clause inserts a new Part 1.2 of the CTP Act relating to the Objects and important concepts of the Act.

The new section 5A sets out the objectives of the Act consistent with the intentions of the scheme reforms introduced by the Road Transport (Third-Party Insurance) Act 2008.

Clause 5

This clause inserts a new Part 1.3 of the CTP Act relating to the CTP regulator.

The new section 14 of the CTP Act establishes the CTP regulator and replaces existing section 14 (which is to be repealed). As a territory authority, the CTP regulator is also subject to the financial provisions of Part 8 and the governance provisions of Part 9 of the *Financial Management Act 1996*.

The new section 14A of the CTP Act enumerates the functions of the CTP regulator.

Clause 6

This clause inserts a new section 46A of the CTP Act relating to the responsibilities of the CTP regulator.

This clause requires the CTP regulator to work out an average risk premium applicable to passenger vehicles for all licensed insurers and for this amount to be published in the CTP regulator's annual report.

The average risk premium is the average of all licensed insurers' estimates of the premium for a passenger vehicle that will just cover the projected cost of claims, weighted by market share and expressed as an average price per policy.

Clause 7

This clause inserts new sections 163F and 163G in part 4.10A of the CTP Act

The new section 163F of the CTP Act sets out the obligations of the nominal defendant in relation to keeping accounts for claims against the nominal defendant and for amounts paid into and withdrawn from the nominal defendant fund.

The new section 163G of the CTP Act sets out the obligations of the nominal defendant in relation to having the accounts for the nominal defendant fund audited after the end of each financial year.

Clauses 8

This clause inserts the Australian Capital Territory Compulsory Third Party-Insurance Regulator (the CTP regulator) in the list of territory authorities to which Part 8 of the *Financial Management Act 1996* applies.