

Motor Accident Injuries (Premiums) Guidelines 2025 (No 1)

Disallowable instrument DI2025-255

made under the

Motor Accident Injuries Act 2019, section 487 (MAI Guidelines)

EXPLANATORY STATEMENT

Section 487 of the *Motor Accident Injuries Act 2019* (the MAI Act) enables the MAI Commission to make guidelines about any matter required or permitted by the MAI Act to be included in guidelines.

The guidelines are for the purpose of section 316 of the MAI Act to make provision for information and factors to be taken into account to assist insurers in working out MAI premiums; and the requirements that must be met to support premiums charged under the MAI Scheme.

The guidelines capture the prudential regulatory framework underlying the MAI Scheme. A fundamental principle is that all premiums (filings) are required to fully fund the insurer's present and likely future liability and must not be excessive.

The guidelines have been updated for the maximum premiums that can be charged by those insurers with premiums below the maximum amounts - for motorcycle classes 9A and 9B \$502 (increase from \$485), and classes 9C and 9D \$105 (increase from \$100) (section 4.1). This takes into consideration inflation and ensuring motorcyclists contribute a fair share of funding their costs.

There is a delayed revocation of the 2025 guidelines to allow them to have effect up until 31 March 2026 for premiums applicable until this date. Notwithstanding this, the 2025 guidelines come into effect from the day after their notification for premiums effective from 1 April 2026 given the need for insurers to follow these guideline requirements for new premium filings (with an effective date from 1 April 2026) and the long lead time associated with de novo premium filings.

The effective date for De Novo filings is being moved from 1 February 2026 to 1 April 2026. Transitional arrangements apply to the current De Novo filings of 1 February 2025 - 31 January 2026 for 2 months, that is, for the period 31 January 2026 to 31 March 2026. The change in date provides various parties with more time to: provide inputs required for the De Novo filings; lodge their De Novo filings with the MAI Commission; and for the review and assessment of the filings.

The guidelines also incorporate loadings on short terms premiums for 1 month MAI policies as they may be offered to motorists from July 2026 (subject to external work by the Road Transport Authority). These loadings comprise an insurer's administration loading of \$0.40 for 1 month policies and an insurer's lost investment income loading for 1 month policies (section 3.5.3).

Consistency with Human Rights

In developing the guidelines, consideration was given to its compatibility with the *Human Rights Act 2004* and the terms of reference of the Standing Committee on Legal Affairs (Legislative Scrutiny Role). The guidelines outline how licensed insurers as corporations are to propose MAI premiums for approval by the MAI Commission as required under the primary legislation and therefore do not affect an individual's human rights.