

1998

**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, Coopers & Lybrand Actuarial & Superannuation Services. They have been reviewed by Ernst & Young ABC, the 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 \$9.00 (or 2.7%), from \$322.00 to \$331.00, plus a \$1.50 road safety contribution, resulting in a total premium of \$332.50 per annum.

Not all vehicle classes have had their CTP premiums increased by \$9.00. Premiums differ 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

The \$1.50 per vehicle road safety contribution will produce annual revenue of approximately \$300,000. This will be allocated to a special fund for ACT road safety initiatives, together with a matching amount from the NRMA.

There are no other revenue implications arising from the amending Regulation.

Details

Commencement and Interpretation

Regulations 1 and 2 provide that the amending Regulations will take effect on 1 July 1998 and that a reference in the amending Regulations to "Principal Regulations" means the *Motor Vehicle (Third Party Insurance) Regulations*.

Premium rates

Regulation 3 revises the maximum premium for a third party policy in relation to a trader's plate from \$107.00 to \$133.50.