

Australian Capital Territory

Road Transport (Third-Party Insurance) UVP Liability Contribution Guideline 2016 (No 1)

Disallowable instrument DI2016—270

made under the

***Road Transport (Third-Party Insurance) Act 2008*, section 163D, CTP Regulator must decide contribution for nominal defendant liability**

EXPLANATORY STATEMENT

The ACT Nominal Defendant insures Unregistered Vehicle Permit (UVP) holders for the purposes of third-party insurance. A UVP liability contribution is paid by UVP holders, which gives the ACT Nominal Defendant the funds to provide the third-party insurance policy that is required when using a motor vehicle on a road or road related area. A UVP is purchased from the Road Transport Authority (RTA) and a fee applies for the permit (see Road Transport (General) Vehicle Registration and Related Fees Determination 2016 (No 1) (DI2016-42)).

The *Road Transport (Third-Party Insurance) Act 2008* requires the CTP regulator to determine an amount to be the UVP Liability Contribution that is paid by the UVP holder when obtaining their UVP (see section 163D). The CTP regulator must also make guidelines for the UVP liability contributions. The instrument has been drafted to provide the guidelines and the amount. The amount is a formula that is worked out in accordance with the guidelines.

The guideline provides that the contribution is based on the average CTP premium of all insurers for a vehicle class divided by a formula according to the duration of the UVP. For 1 day of use, 1/30 of the yearly average CTP for that kind of vehicle is payable. For up to 7 days of use, the contribution is 1/20 of the yearly average CTP. For any period over 7 days the contribution is 1/10 of the yearly average CTP. Provision is also made for a restricted UVP to be determined in accordance to the time applied for.

The class of vehicle for assessing contributions is the same as those for determining CTP premiums under the Road Transport (Third-Party Insurance) Regulation 2008, schedule 1. The formula is adopted from a process used prior to the introduction of multiple insurers. Depending on the length of the UVP permit, the proportion payable was 1/10, 1/20, or 1/30 of the relevant NRMA premium. The average of the four insurers will be used to determine the liability contribution.