

Australian Capital Territory

Motor Accident Injuries Premium Guidelines 2023 (No 1)

Disallowable instrument DI2023-232

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 to remove the Premium Surplus section given the payment of refunds to motorists has been completed, except for some top up payments that are still pending further information from individual motorists.

New wording has been introduced to clarify and strengthen the requirements around how MAI premiums are to be priced whilst taking into account the community rated arrangements. This includes basing MAI premiums for each class of vehicle on a reasoned assessment of risk or experience-based evidence or changes for competitive reasons. In addition MAI insurers are not permitted to decline any business by limiting their exposure to any vehicle class (section 3.3).

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 \$470 (increase from \$450), and classes 9C and 9D \$95 (increase from \$90) (section 4.1). This takes into consideration inflation changes and ensuring motorcyclists contribute a fair share of funding their costs.

There is a delayed revocation of the 2022 guidelines to allow them to have effect up until 31 January 2024 for premiums applicable until this date. Notwithstanding this, the 2023 guidelines come into effect from the day after their notification for premiums

effective from 1 February 2024 given the need for insurers to follow these guideline requirements for new premium filings (with an effective date from 1 February 2024) and the long lead time associated with de novo premium filings.