



# Compulsory Third Party Insurance Scheme Update

## 2018 State Tax Conference: Sunshine Coast

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# Presentation Overview

- National CTP Overview
- Taxi experience
- Maxi-Taxis – a quick look
- Ride booking vehicles
- Concluding remarks

CTP



**WA**

Fault-based  
Government  
underwritten

**NT**

No-fault  
Government  
underwritten

**Queensland**

Fault-based  
Common law  
Private underwriting

**NSW**

Fault-based  
Common law  
Private underwriting

**ACT**

Fault-based  
Common law  
Private underwriting

**SA**

Fault-based  
Common law  
Private underwriting

**TAS**

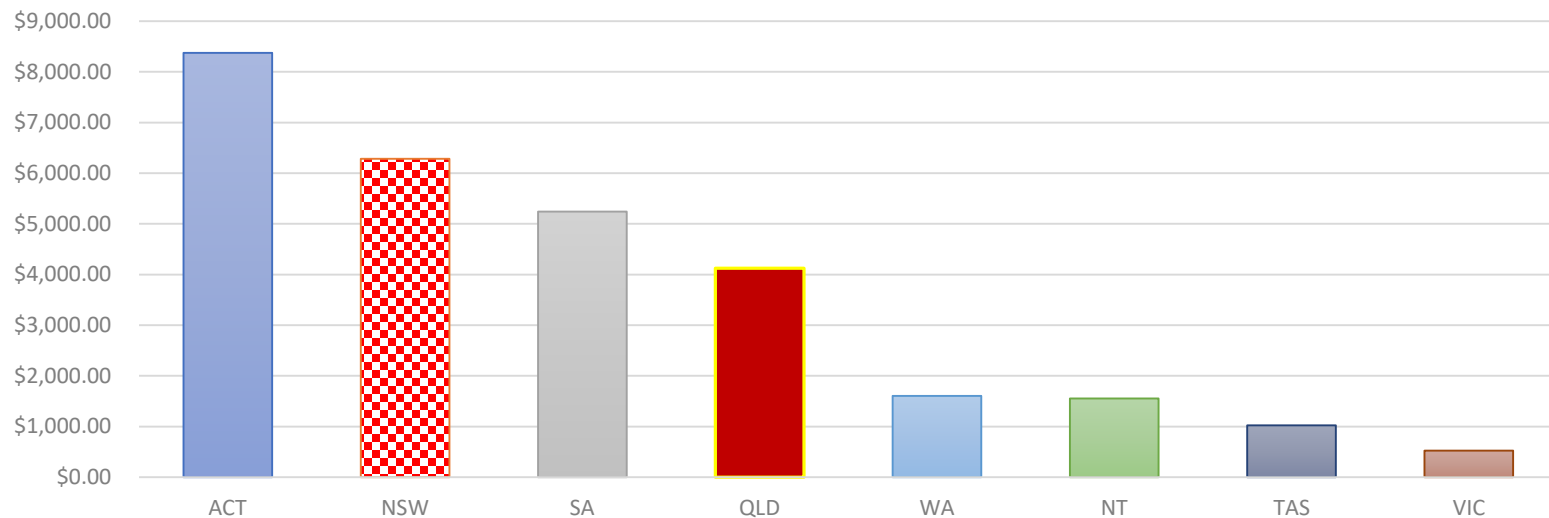
No-fault  
Government  
underwritten

**VIC**

No-fault  
Government  
underwritten

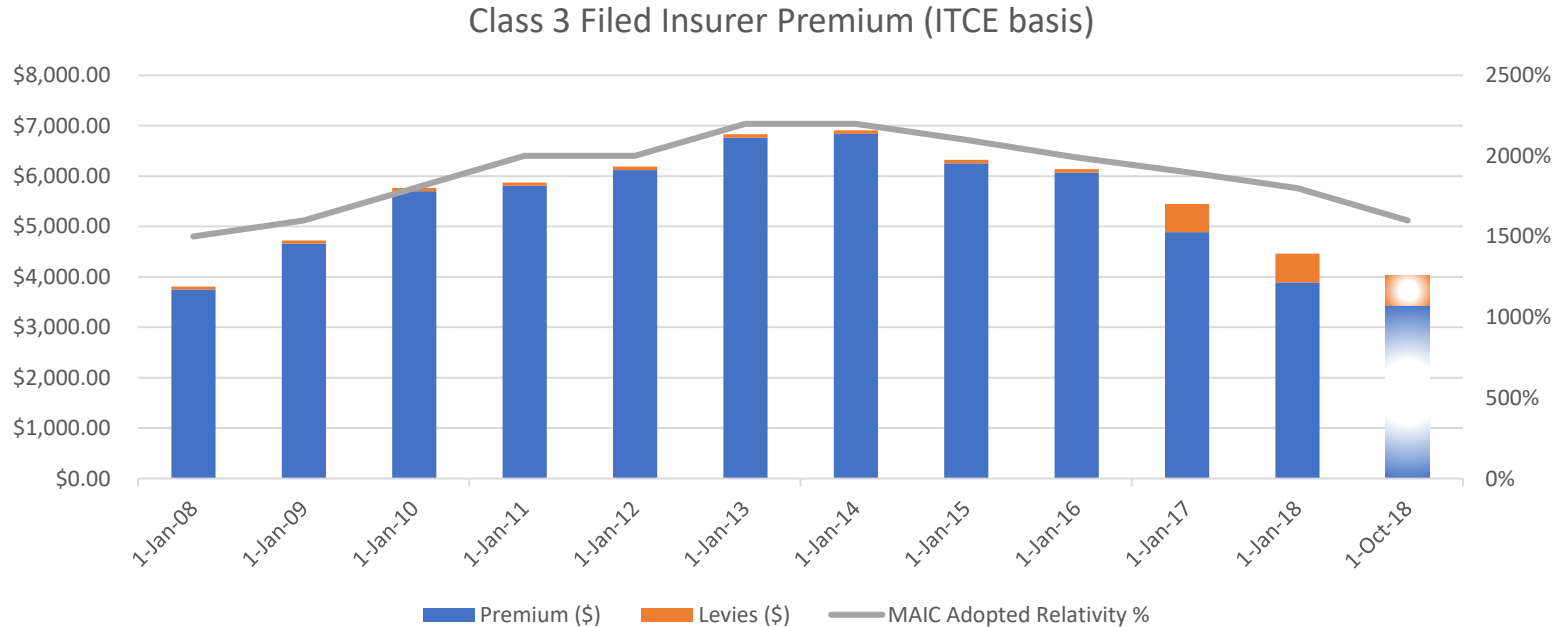
# Taxi premiums nationally.....

Interstate Taxi Premium Comparison - July 2018  
QLD Class 3 Taxis (Cars and Station Wagons) Equivalent Premiums



- Taxi premiums vary nationally – based on a variety of factors such as claims experience, scheme design, claimant benefits
- NSW reflects maximum metro premium. Alternative option is to pay a base premium plus five cents per km travelled

# Queensland CTP premium – a positive story



- Premium relativity reduced from peak of 22 down to 16 times Class 1
- Current premium = \$4,030
- Analysis excludes maxi-taxis

# National Injury Insurance Scheme Queensland (NIISQ)

A no-fault Scheme providing necessary and reasonable lifetime treatment, care and support to those who sustain eligible serious personal injuries in a motor vehicle crash in Queensland, on or after 1 July 2016.



Permanent spinal cord injuries



Traumatic brain injuries



Multiple or high-level limb amputations



Permanent injury to the brachial plexus



Permanent legal blindness



Severe burns

Covers serious personal injury arising from registered vehicle road crash regardless of fault

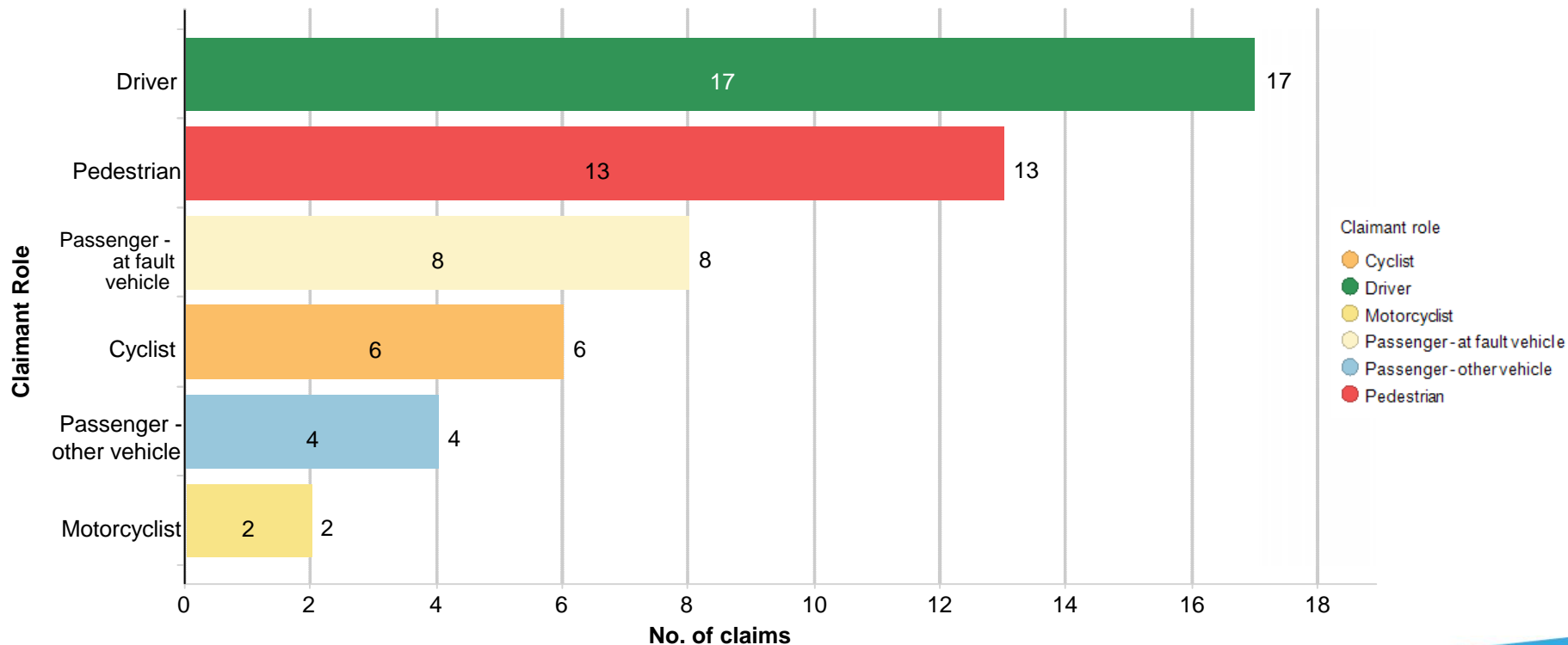
NIISQ provides protection to seriously injured people regardless of their role in a crash.

[www.niis.qld.gov.au](http://www.niis.qld.gov.au)

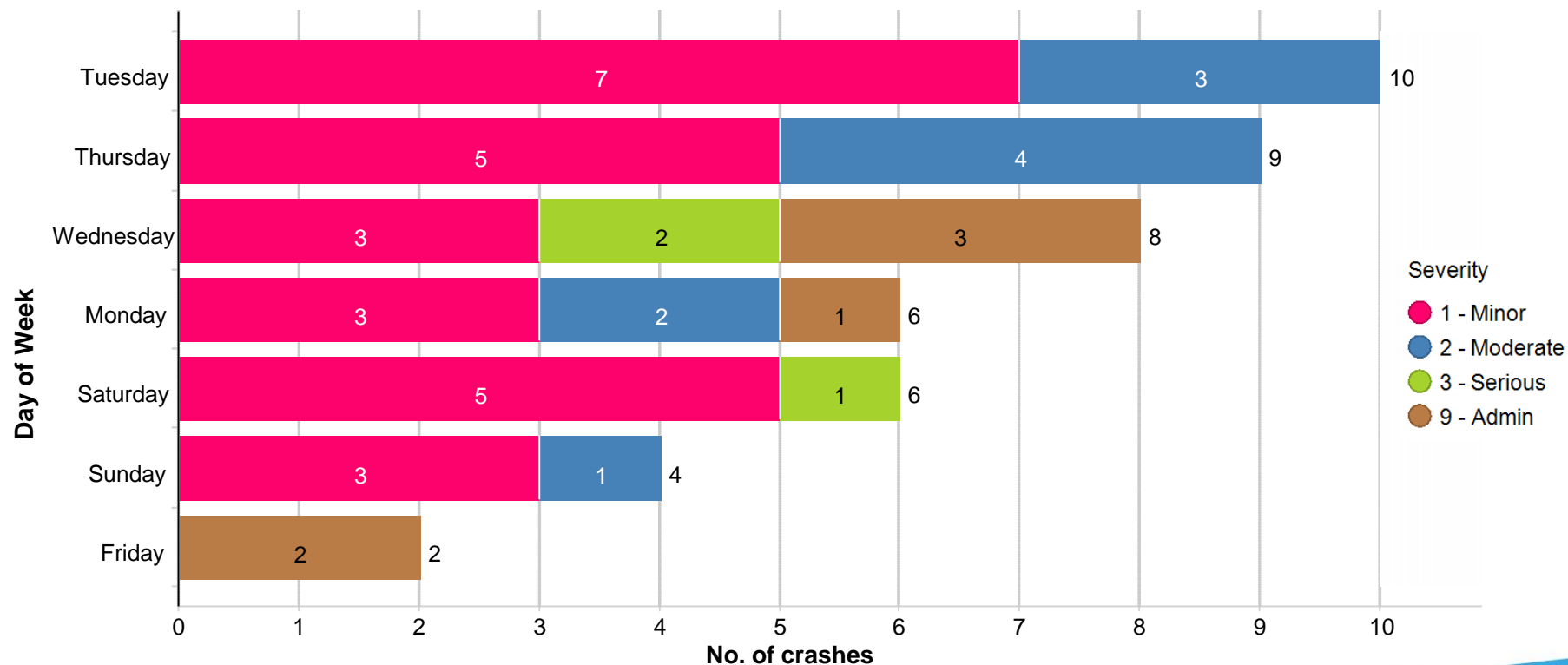


Class 3: NIISQ levy \$566.60 per annum. Will collect around \$1.5million per annum

# Queensland Taxi Crash Statistics 2017.....50 claims received

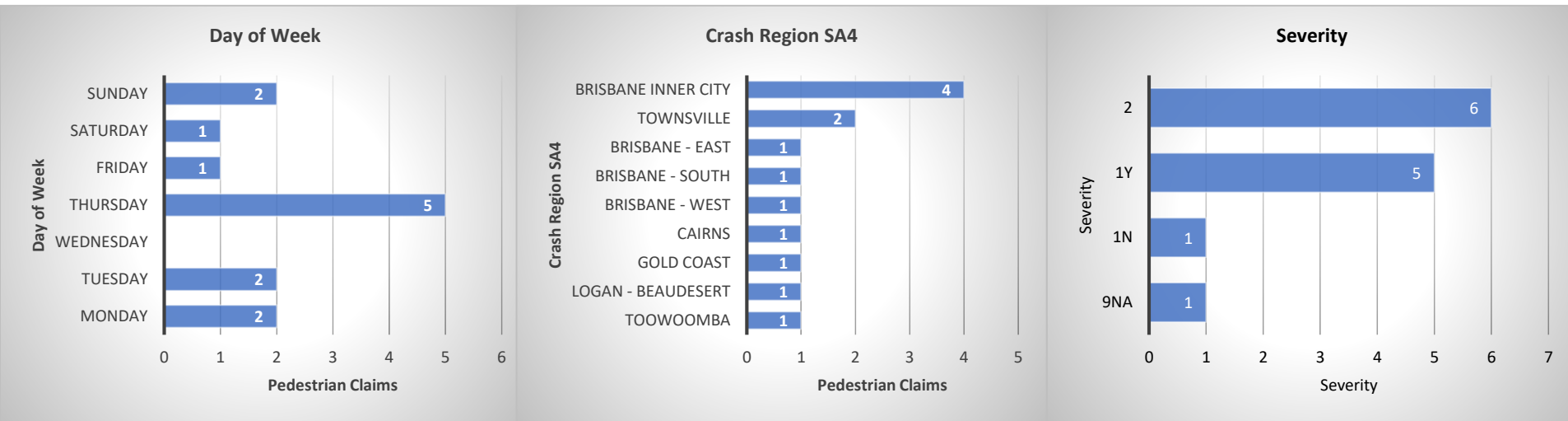


# Class 3 accidents – by severity of claimant injury





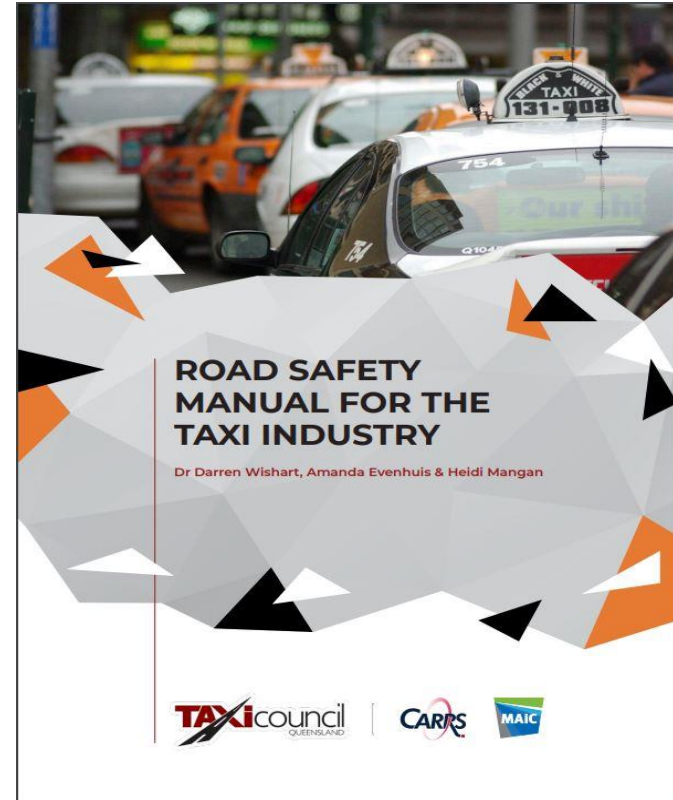
## Class 3 accidents with pedestrians....focusing on a specific cohort of claims



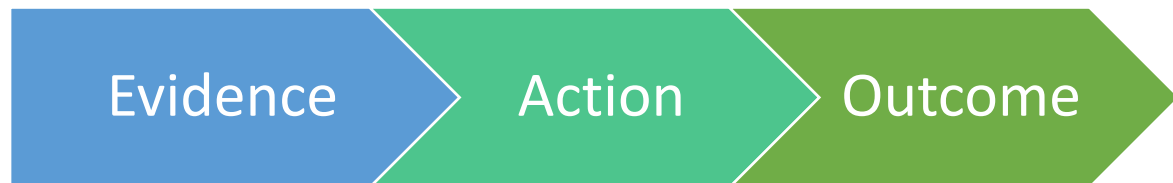
- Helping taxi drivers reduce incidence of crashes with pedestrians will improve safety outcomes

# Actions to support improved road safety outcomes for taxis...

- MAIC funded research analysis - identify opportunities to improve taxi road safety outcomes
- Resulted in preparation of Road Safety Manual.....available to all taxi operators
- Currently exploring further opportunities in collaboration with TCQ
- CTP claims are 'long-tailed' with average life around three to four years.
- Creates uncertainty about how quickly the benefit of safety initiatives can be seen



## Class 3 accidents with pedestrians....focusing on a specific cohort of claims



- Pedestrians unpredictable, drunk, aggressive
- Pedestrians put themselves in danger but taxi blamed?
- Drivers tired towards end of shift, not concentrating?
- Undertake claim file reviews – look at the specifics of the crashes/claims?
- Identify what could be done differently to anticipate and prevent incidents

# Class 3 'same direction' crashes



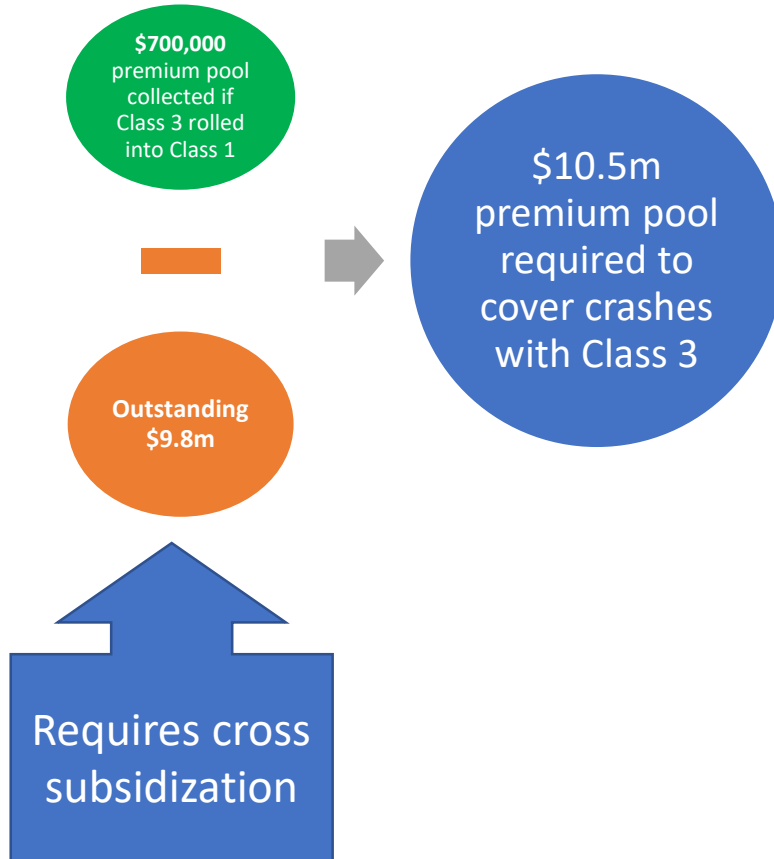
- Distracted driving...mobile phones
- Driving too close, vehicle braking distances?
- Looking at initiatives to increase public awareness
- Explore factors that are specific to taxi drivers?



VMS

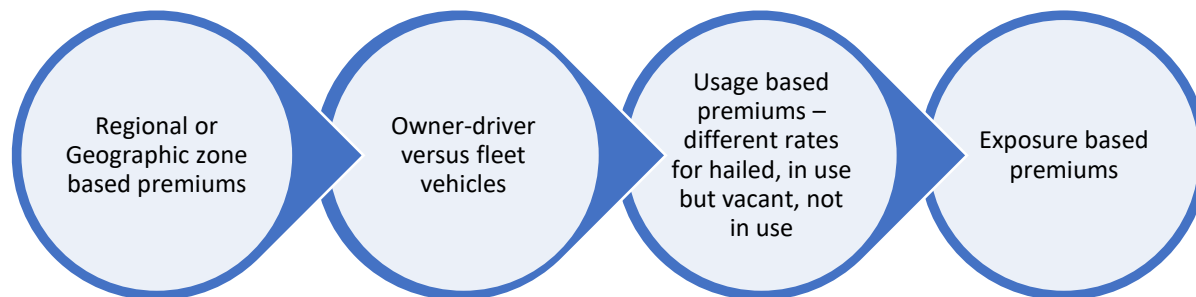


# Alternative models: Roll Class 3 into Class 1



- Licensed insurers have raised strong concerns about any such change given the significant cross-subsidisation that would arise.
- The claim cost doesn't go away simply by moving vehicles to a different Class
- Still need to maintain overall premium sufficiency

# Alternative models: Risk based system



- Individual premiums might change under various options but the overall 'pool' still needs to remain sufficient
- Likely to result in premium volatility for each sub-set based on even modest changes in claims experience

# A quick look at Maxi Taxis...

- Vehicle Classes 10A or 11 based on size/seating capacity

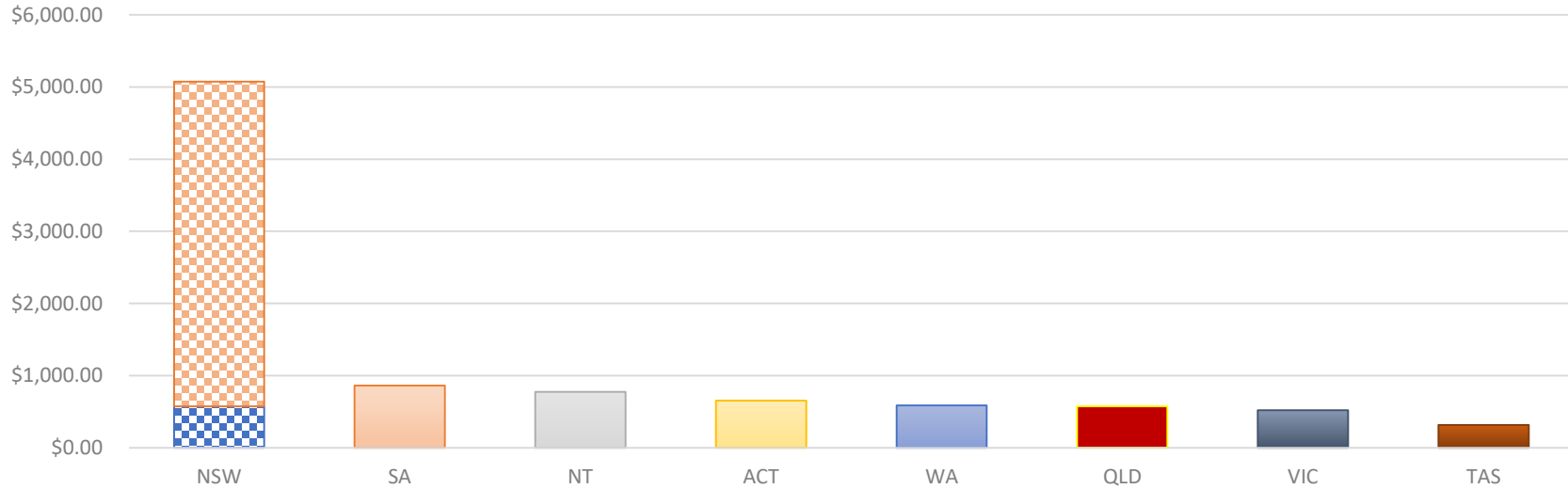
Class	Number of maxi taxis	Overall Class Size
10A	66	2,734
11	641	6,839
<b>Total</b>	<b>707</b>	<b>9,573</b>

Class	Quarter commencing 1 Jul 2018	Quarter commencing 1 Oct 2018
10A	\$914.40	\$904.80
11	\$994.80	\$985.20

- Premium based on experience of all vehicles in the Class...not just maxi taxis

# Ride-booking premiums nationally

Annual ITCE Ride-booking Premium Comparison (ITCE basis) as at 1 July 2018

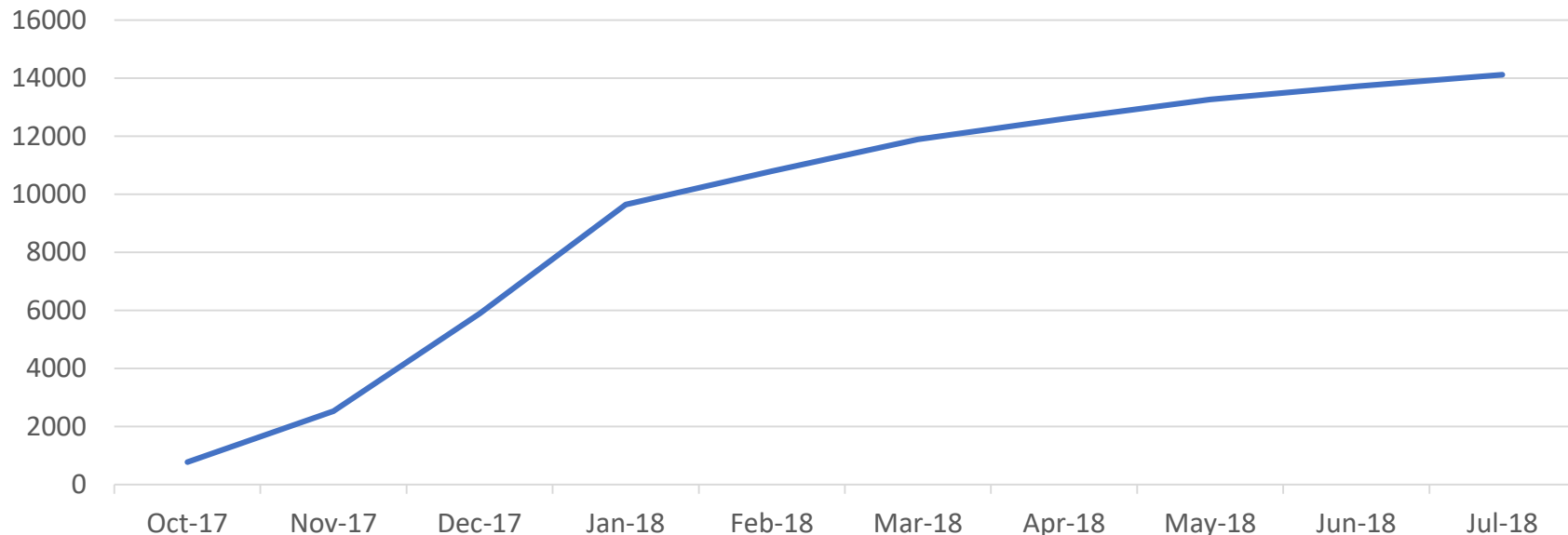


- Approach to pricing and premium factors varies by jurisdiction.
- NSW charge base premium (vehicle class) plus 10 cents per km when booked....uncapped.
- All other jurisdictions have a set premium but may have geographic zone pricing.
- Ride booking vehicles as a Class are relatively new – limited claims experience
- (Class 26 October quarter premium \$566.60)



# Ride-booking – growth since Class 26 inception

Growth in Class 26 Queensland Registered Vehicles



- Class 26 showing steady growth – but yet to have a full year's experience
- Claims lodged to date are slightly lower than premium expectations.....but very early days

# Concluding Remarks

- Comparing premiums across jurisdictions is not a simple exercise.
- All jurisdictions classify taxis and ride-booking vehicles separately
- NSW exposure based model will be watched closely....but cautiously
- Queensland ride-booking premiums and taxi premiums will evolve in response to claims experience
- MAIC remains committed to supporting TCQ in continuing to improve CTP claims experience.
- TCQ is an important stakeholder in the Queensland CTP scheme



# Thank you