

MOTOR ACCIDENT INSURANCE COMMISSION

Commission Guideline 3

RE: Surcharge for Racing Activity [Motor Accident Insurance Regulation – Section 5(10)]

This Section sets the applicable surcharge by which premiums are to be increased where the insured vehicle is involved in racing, pacemaking, or in reliability, speed or other trials.

It is evident that for vehicles involved in racing and rallies there is a speed or reliability component and these vehicles would be subject to the surcharge. However, there are many activities akin to normal on road driving that could in a broad sense be determined as subject to the surcharge. Specifically I would refer to:

- (i) historical and vintage car touring,
- (ii) events based on observational and navigational skill without a speed or reliability component.

The intention of the provision is aimed at activities where the risk is increased for the insurer. In the cases outlined above (i, ii) there would not be any real added risk and consequently the surcharge should not apply.

Conversely, if such events were modified to be in any way based on speed or reliability then the relevant surcharge would be applicable.

Graham Hughes
Insurance Commissioner

15 February 1995