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7 September 2016

Motor Accident Insurance Commission Review

Dear Sir

I wish to comment on the MAIC Review. As a taxi owner I am well aware of what MAIC does and of what the consequences of their decisions are on my premiums.

I am a taxi operator and no insurance expert but I do know what is fair, and MAIC is definitely not fair to Class 3 sedan type taxis.

Sedan Taxis are required to have Class 3 CTP, each vehicle currently costs around \$6131 for CTP. This higher CTP reflects the 24/7 nature of taxis and higher risk.

This makes sense to a degree, more time on the road = more chance of crashes. Assuming that Joe Average drives 1 hour per day and taxis drive 24 hours per day (though this is not accurate) taxi CTP should be 24 times Class 1 CTP, it is actually 17.5, proving that taxis don't drive 24 hours per day and with more experienced drivers crash likelihood declines.

Van type taxis (for some unbeknownst to me reason) are lumped in Class 10 or 11 and pay around \$850 CTP, similar to large bus companies. WHY?? They are on the road as much as car taxis are AND they can kill/injure up to three times more people inside the vehicle compared to a car taxi. They have the same operating conditions as Class 3 Taxis.

Joe Average pays around \$350 to CTP a Class 1 normal private vehicle. Now that ride sourcing has been legalised there are thousands of people transporting people around like taxis and hiding behind Class 1 CTP. There can only be one result from this Class 1 CTP claims will rise due to a high number of inexperienced drivers driving members of the public around in unfamiliar surroundings.

Mr Average drives set routes, to work, school, shops, kids sports and friends places, he also drives with the same people all the time...his friends and family. He drives these routes regularly and knows the potential trouble spots and very rarely has a crash.

Now Mr Uber drives anybody everywhere and has NO knowledge of the streets or local area. (taxi drivers used to have to have a minimum of training) He has unstable/drunk people in the car who are quite likely to become aggressive, the potential for a crash has increased exponentially.

Mr Uber also may have a normal day job, or maybe two, or be studying, either way he is too tired to be driving people around, again increasing the risk of a crash. Taxi drivers have fatigue management provisions administered by the Taxi Company's computer system.

You will no doubt be aware of the Government's recent White Paper on ride sourcing and the Taxi Industry. Why CTP (and Comprehensive) Insurance for ride sourcing vehicles was barely mentioned was beyond a joke to anyone.

As I see it you have a couple of options –

Do nothing, the Government's most popular one. I have been urging MAIC to review Taxi CTP class inequities for over 20 years and NOTHING has been done so far...

Merge ALL Public Transport Vehicles into a new Class, this will reduce Class 3 premiums, raise Class 10/11 premiums and make ride sourcing pay a fair share.

Make a new Class for ride sourcing with an acceptable higher premium...it needs to be at least \$1000 or so, purely to keep out the "part timers" and only have professional full time drivers doing it to minimise claims and safety while transporting vulnerable members of the public. Uber claims most of its driver's do "only a few hours a week" so three times Class 1 seems a fair place to start. If they all prove to be better drivers, premiums can go down.

Put Class 3 Taxis back into Class 1 with ride sourcing. If ride sourcing can sponge off Class 1 CTP why can't taxis. Remember there is NO UPPER LIMIT on the number of ride sourcing vehicles in Qld, there is also NO LIMIT on the number of hours they can drive. Taxis DO have limits.

Make ALL Public Transport vehicles pay on a per km basis...this is the fairest way though enforcement of this will be difficult. Perhaps a set fee to start with based on estimated kms and then an adjustment of price when actual kms are revealed at the Compulsory yearly Inspections.

I doubt the majority of Class 1 Queenslanders would like to be paying for ride sourcing drivers mistakes...they do not currently pay for taxi or bus drivers mistakes.

And don't go on about Claims History...it is true that ride sourcing has NO claims history, but only a complete moron would think it will stay that way. Just google and see how many people have been injured or killed overseas.

To other topics in the review:

MAIC should just set the prices and be done with it, as you have pointed out there was only a \$25 price difference at MAXIMUM in the last years...indeed I have never found any difference in price for Class 3 premiums. In the same way that Taxis never charge less than maximum, or workers never give their boss some of their pay back at week's end, neither will insurance companies charge less than the maximum allowed.

Switching CTP insurance midyear is not allowed. It can only be done at renewal or sale. This is OK as it is the only time people actually think about it anyway. As we know there is NO difference in price so there is no point in changing this rule...DTMR and insurance companies would only add on another fee or levy to cover the switch cost anyway rendering switching pointless.

Keep CTP bundled along with registration renewal, people will forget if it is separate. Indeed many people forget to register their car as there are no windscreen stickers to remind them anymore. The same people also forget to tell DTMR they have changed their address 4 times in the last year.

Inevitable Accident should be removed, though legally correct the whole point of MAIC is to pay a fair compensation to injured parties who have no other recompense. The children thing should be allowed as well on the same grounds.

In my experience insurers are all too slack at vetting claims and just whack up the premiums next year...vigilance is still needed. You say there are very few cases of fraud reported...I say this is because they don't find them. If they do find them there are not strong enough penalties...just look at SPER's. There is no such thing as an accident unless you are hit by a meteorite from outer space...even then YOU chose to be on that road at that time. It is always somebody(ies) fault...that is the whole point of insurance and courts.

If you have any questions contact me at the above address.

Thank You

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