



CTP Insurer Enforcement Approach

Updated January 2021

Purpose

This document provides general information to insurers about MAiC's CTP insurer enforcement approach.

Background

The Motor Accident Insurance Commission (**MAiC**) is the regulatory authority responsible for the ongoing management of the Compulsory Third Party (**CTP**) insurance scheme in Queensland.

A key function of MAiC is the supervision and monitoring of licensed insurers under the CTP scheme. MAiC monitors insurer compliance with obligations under the *Motor Accident Insurance Act 1994 (Qld)* (**MAI Act**), *Motor Accident Insurance Regulation 2018* (**MAI Regulation**) and Industry Deed (Schedule 4, MAI Regulation).

In performing its monitoring and supervision role, MAiC has regard to social expectations and the importance of balancing the cost of compliance with expected scheme outcomes and benefits for the community.

Enforcement approach

MAiC is a forward-looking regulator that seeks to identify risks to the CTP scheme proactively and take action to prevent harm before it occurs.

In seeking to deliver this mandate, MAiC has a range of formal and non-formal tools available. Non-formal approaches include supervisory methods such as thematic reviews, scheme analysis and heightened engagement and reporting requirements.

Formal approaches involve the use of MAiC's enforcement powers such as the imposition of licence conditions on the way in which a business must operate.

Much of MAiC's work is achieved through using non-formal approaches and working cooperatively with entities to identify and rectify problems before they negatively impact the fairness, efficiency or affordability of the CTP insurance scheme.

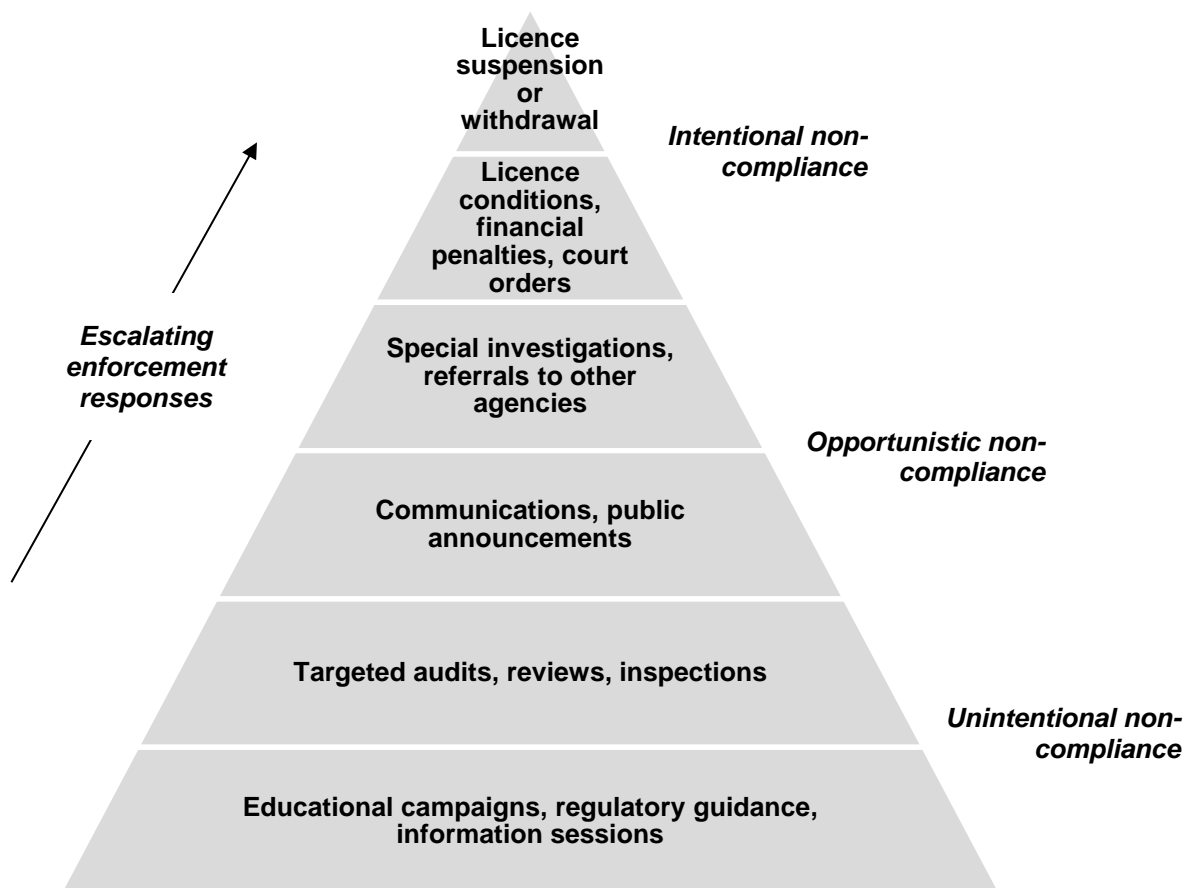
However, MAiC is prepared to take enforcement action to deliver its mandate when appropriate, including where non-formal approaches are not delivering satisfactory outcomes due to a lack of cooperation from an insurer. Enforcement powers may have different tests or triggers, depending on the precise provision that creates the power. Before using a power, MAiC must be satisfied that the provisions of the relevant test or trigger are met.

Escalating enforcement model

The regulatory enforcement model adopted by MAiC is based on the sanctions pyramid model of regulation developed by Ayres and Braithwaite¹. The model (shown in Figure 1) is hierarchical in that it promotes the consideration of regulatory tools, such as education and persuasion, at the base of the pyramid before considering the use of licence suspension or withdrawal at the apex of the pyramid.

¹ Ayres, I. and Braithwaite, J., "Responsive Regulation: Transcending the Deregulation Debate", Oxford University Press, New York, 1992

Figure 1: Escalating enforcement model



Overview of the regulatory response process

Non-compliance with insurer obligations may be identified in various ways, including voluntary disclosures and through the normal course of MAiC conducting its monitoring and supervision activities.

Where necessary, MAiC will conduct further investigation into actual or suspected non-compliances. MAiC will then proceed to assess the seriousness of a non-compliance before taking appropriate regulatory action to address it.

MAiC's regulatory response process comprises four stages, as shown in Figure 2 below.

Contact us

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Figure 2: Regulatory response process

