

SIRA

Motor Accident Guidelines:
Determination of Insurance
Premiums for Taxis and Hire
Vehicles

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About these guidelines

Publication Note

The *Motor Accident Guidelines: Determination of Insurance Premiums for Taxis and Hire Vehicles* (the Guidelines) are published by the State Insurance Regulatory Authority (the Authority). The Authority was established on 1 September 2015 under the *State Insurance and Care Governance Act 2015* (SICG Act) and is responsible for regulating workers compensation insurance, motor accidents compulsory third-party (CTP) insurance and home building compensation insurance in NSW.

Purpose

The Guidelines set out the special provisions applicable for the determination and payment of premiums including additional premium payments by instalments for certain taxis and hire vehicles.

Legislative Framework

The *Motor Accident Injuries Act 2017* (the Act) establishes a scheme of CTP insurance and the provision of benefits and support relating to the death of, or injury to persons as a result of motor accidents on and after 1 December 2017.

Injury or death to a person as a result of a motor accident occurring before 1 December 2017 is governed by either the *Motor Accidents Act 1988* or the *Motor Accidents Compensation Act 1999* and the relevant Regulation and Guidelines made under the *Motor Accidents Compensation Act 1999*.

The objects of the Act, as described in Section 1.3(2) are to:

- encourage early and appropriate treatment and care to achieve optimum recovery of persons from injuries sustained in motor accidents and to maximise their return to work or other activities.
- provide early and ongoing financial support for persons injured in motor accidents.
- continue to make third-party insurance compulsory for all owners of motor vehicles registered in NSW.
- keep premiums for third-party policies affordable by ensuring that profits achieved by insurers do not exceed the amount that is sufficient to underwrite the relevant risk and by limiting benefits payable for minor injuries.
- promote competition and innovation in the setting of premiums for third-party policies and provide the Authority with a role to ensure the sustainability and affordability of the compulsory third-party insurance scheme and fair market practices.
- deter fraud in connection with CTP insurance.
- encourage the early resolution of motor accident claims and the quick, cost-effective and just resolution of disputes.
- ensure the collection and use of data to facilitate the effective management of the CTP insurance scheme.

Guideline-making power

The *Motor Accident Injuries Act 2017* as amended (16 June 2022) includes legislative provisions relevant to the Point to Point industry. Specifically, section 2.26 of the Act details special requirements for authorised service providers that are enforceable under these guidelines.

The Guidelines are made under sections 2.19, 2.26, 9.16 and 10.2 of the Act.

Commencement and operation

The Guidelines commence on **1 July 2023**.

They replace the *Motor Accident Guidelines: Determination of insurance premiums for taxis and hire vehicles* published on 5 October 2018 and apply for taxi and hire vehicle third-party policies taken to be issued with a commencement date on or after 1 July 2023.

The Guidelines apply until the Authority amends, revokes or replaces them in whole or in part.

The *Motor Accident Guidelines: Determination of insurance premiums for taxis and hire vehicles* published on 5 October 2018 continue to apply to the determination and payment of taxi and hire vehicle third-party policies issued under the Act up to but not including 1 July 2023.

Interpretation

The Guidelines are to be read in conjunction with relevant provisions of the Act, the *Motor Accident Injuries Regulation 2017* (the Regulation), and the Motor Accident Guidelines, and in a manner that supports the objects of the Act as described in section 1.3 of the Act.

These Guidelines are supplementary to Parts 1 and 2 of the Motor Accident Guidelines in force in respect of the determination of premiums and issuing of third-party policies for taxis and hire vehicles.

Compliance

SIRA will monitor and review compliance with the guidelines in line with its statutory functions.

Part 1: Determination of instalment insurance premiums for taxi and hire vehicle third-party policies

Special provisions for payment of instalment premiums

- 1.1. Generally, under section 2.7 of the Act and Part 2 of the Motor Accident Guidelines the total insurance premium for a third-party policy must be paid for the period of registration before a third-party policy can be issued by a licensed insurer. These Guidelines provide for licensed insurers to modify:
 - a) the prescribed premium determination methodology for taxis and hire vehicles under Part 1 of the Motor Accident Guidelines, and
 - b) the timing and frequency of payments for the total insurance premium during the period for which the third-party policy is issued.
- 1.2. Special provisions relating to taxis and hire vehicles enable a third-party policy to be issued without the total insurance premium being paid before the policy is issued.
- 1.3. For taxi and hire vehicles the part of the insurance premium paid before the issue of the third-party policy must be paid by the policy holder.
- 1.4. The minimum premium amount a licensed insurer must charge and be paid before the third-party policy is issued is for:
 - a) taxis: the class 1 vehicle premium corresponding to the rating region that the taxi is garaged and calculated in accordance with the provisions prescribed in Part 1 of the Motor Accident Guidelines.
 - b) hire vehicles: the premium for the applicable motor accident vehicle classification calculated in accordance with the provisions prescribed in Part 1 of the Motor Accident Guidelines.
- 1.5. The remainder of the total insurance premium must be paid during the period for which the policy is issued and can be paid in one or more payments (instalment premiums).
- 1.6. Instalment premium payments may, subject to these guidelines be paid on behalf of the policy holder by authorised service providers.
- 1.7. The maximum premium for a taxi or hire vehicle third-party policy paid directly by a policy holder under these Guidelines must not exceed the maximum premium price for a taxi filed by a licensed insurer and not rejected by the Authority under Part 1 of the Motor Accident Guidelines.

- 1.8. If a required instalment of the premium for a third-party policy is not paid at the required time during the period for which the third-party policy is issued, a licensed insurer may request cancellation of the taxi or hire vehicle registration under section 2.8 of the Act and clause 6 of the Regulation.
- 1.9. These guidelines do not prescribe a methodology for the premium determination for taxi and hire vehicle instalment premiums. Licensed insurers may, subject to the Act and the Guidelines made under the Act, file innovative instalment premium determination and payment methods for taxis and hire vehicles.

Part 2: Premium filing process

Filing requirements for taxi and hire vehicle instalment premiums

- 2.1. A premium filing for instalment premiums under Division 2.3 of the Act must be provided in electronic format to the Authority and must include:
 - a) covering letter
 - b) filing report, and
 - c) any other additional information reasonably required by the Authority.

Covering letter

- 2.2. The premium filing covering letter must be signed by the NSW CTP product executive or equivalent office holder of the licenced insurer and include:
 - a) the proposed commencement date for the taxi and hire vehicle premiums and the period nominated by the insurer for the Authority to reject the premium (cannot be less than six weeks)
 - b) an executive summary of the filing, and
 - c) an implementation plan detailing how the insurer will meet the proposed commencement date.

Filing report

- 2.3. A licensed insurer proposing to issue third-party policies payable by instalments must file its proposed premium determination and payment methods for taxi and hire vehicle instalment premiums.
- 2.4. A licensed insurer must document the methods and arrangements the licensed insurer will use to collect the remainder of the premium instalments.
- 2.5. Every filing report must include:
 - a) the instalment premium methodologies proposed
 - b) the data requirements for each premium methodology proposed
 - c) any proposed resulting changes in business strategy and/or distribution
 - d) description of the risk mitigation strategies implemented for each of the proposed instalment premium methodologies
 - e) an analysis or commercial reasoning to justify any differences in the instalment premium determination methods for taxis and hire vehicles, having regard to relevant factors of comparison
 - f) signed endorsement of the filing from the NSW CTP Product Executive or equivalent office holder, and
 - g) any other information requested by the Authority.

Requirements for Point to Point authorised service providers to pay instalment premiums

- 2.6. Unless the policy holder is paying instalment premiums directly to a licensed insurer, an authorised service provider that:

- a) reasonably expects to carry out 100,000 or more fare-paid trips annually must collect and pay instalment insurance premiums on behalf of taxi and hire vehicle policy holders that use their services
 - b) does not reasonably expect to carry out 100,000 or more fare-paid trips annually may collect and pay instalment insurance premiums on behalf of taxi and hire vehicle policy holders that use their services if they can meet the instalment premium requirements under these Guidelines.
- 2.7. A licensed insurer and an authorised service provider may agree on arrangements to facilitate the collection and payment of premiums payable in instalments for taxis and hire vehicles with authorised service providers.
- 2.8. Any agreement as referred to above must be consistent with the law including the Act, regulations and guidelines made under the Act.

Refusal to issue a third-party policy with instalment premiums

- 2.9. A licensed insurer may decline to determine or continue to accept payment of a premium payable in instalments as below:
- a) an invoice for a premium instalment payment is not paid in accordance with these Guidelines, or
 - b) the policy holder has a history of vehicle registration and third-party policy cancellations under section 2.8 of the Act for non-payment of an instalment premium, or
 - c) the relevant policy holder or the relevant authorised service provider has failed to provide the instalment premium data requirements of the licensed insurer for the determination and payment of an instalment premium under these guidelines, or in response to a notice issued by the Authority under s 2.26(5) of the Act.
- 2.10. If a licensed insurer declines to continue charging a premium payable in instalments during the period for which the policy is issued, the licensed insurer may for both taxis and hire vehicles charge the balance outstanding equivalent to an annual premium for a taxi determined under Part 1 of the Motor Accident Guidelines.

Premiums paid on behalf of policy holders

- 2.11. The policy holder is responsible for ensuring that the required instalments of premium are paid during the period for which the policy is issued:
- a) in accordance with the Act and guidelines made under the Act, and
 - b) including circumstances where the policy holder has arranged for a relevant authorised service provider to make such payments on behalf of the policy holder.

Refunds applicable under these Guidelines to policy holders

- 2.12. Any required refunds payable by a licensed insurer to a policy holder may be made during or after the period for which the policy is issued where:
- a) the premium methodology allows refunds to policy holders, and
 - b) the instalment premiums were paid by the policy holder.

Part 3: Reporting and premium collection requirements for Point to Point authorised service providers

- 3.1. An authorised service provider must collect specified information (the **Data**) that a licensed insurer reasonably requires for the purposes of determining a premium payable by instalments.

- 3.2. An authorised service provider must provide the Data that a licensed insurer reasonably requires for the purposes of determining a policy holder's premium payable by instalments.
- 3.3. Before providing the Data to a licensed insurer the authorised service provider must take all reasonable steps to ensure that the Data is complete and accurate.
- 3.4. An authorised service provider must collect all instalment premiums required by a licensed insurer.

Invoicing of instalment premiums by a licensed insurer to an authorised provider

- 3.5. After receipt of the Data from the authorised service provider, the licensed insurer must invoice the authorised service provider for the aggregated instalment premium payable for all vehicle owners for whom the insurer has issued a policy payable by instalments and whose vehicle is providing passenger services with the authorised service provider.

Payment of premium instalments by an authorised service provider

- 3.6. After receipt of the licensed insurer invoice the authorised service provider must pay the instalment total aggregated premiums due to the licensed insurer within the timeframe set out in the invoice.

Part 4: Requirements for policy holders when paying instalment premiums directly to a licensed insurer

Reporting requirements by a policy holder to a licensed insurer

- 4.1. If a premium is to be payable by instalments directly by the policy holder, the licensed insurer must provide written explanation to a policy holder at the time the policy is issued and must include:
 - a) the instalment premium methodology applicable
 - b) the Data the insurer will require from the policy holder to determine the premium instalment payment amount due
 - c) refunds that may be applicable under the instalment premium methodology, and
 - d) the maximum premium to be paid during the period for which the policy is issued.
- 4.2. The policy holder must collect the Data that a licensed insurer reasonably requires for the purposes of determining a premium payable by instalments.
- 4.3. Before providing Data to a licensed insurer the policy holder must take all reasonable steps to ensure that the Data is complete and accurate.
- 4.4. The policy holder must provide to the licensed insurer the Data reasonably required by a licensed insurer to determine an instalment premium payable by the policy holder.

Invoicing of instalment premiums by a licensed insurer directly to a policy holder

- 4.5. After receipt of the Data from the policy holder, the licensed insurer must invoice the policy holder the premium instalment amount payable.

Payment of premium instalments by a policy holder

- 4.6. After receipt of the licensed insurer's invoice for the premium instalment, the policy holder must pay the instalment premium due to the licensed insurer within the timeframe set out in the invoice.

Disclaimer

This publication may contain information that relates to the regulation of workers compensation insurance, motor accident compulsory third - party (CTP) insurance and home building compensation in NSW. This publication does not represent a comprehensive statement of the law as it applies to particular problems or to individuals, or as a substitute for legal advice.

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