

# Motor Accident Guidelines

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Determination of insurance premiums  
for taxis and hire vehicles

**State Insurance  
Regulatory  
Authority**  
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# Introduction

- 1.1 These Motor Accident Guidelines: Determination of premiums for taxis and hire vehicles are made under section 2.26 of the *Motor Accident Injuries Act 2017* (the Act) and under clause 7 of Schedule 4 to the Act.
- 1.2 In these Guidelines, the following words have the same meanings as they have in the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*. As at publication of these Guidelines:

**hire vehicle** means a motor vehicle that is used to provide a passenger service that is not a taxi service.

**passenger service** means the transport, by a motor vehicle (other than a bus), of passengers within, or partly within, NSW for a fare. Note: a taxi service is a type of passenger service, as is a service provided using a hire vehicle.

**provide a booking service** means carry on the business of:

- (a) taking bookings for taxis or hire vehicles to provide passenger services (whether immediately or at a later time), and
- (b) communicating the bookings to drivers for passenger services or providers of passenger services.

**provide a passenger service** means carry on the business of providing a passenger service.

**provide a taxi service** means carry on the business of:

- (a) facilitating the provision of a taxi service, or
- (b) providing a taxi service.

**provider** of a booking service, passenger service or taxi service means the person who provides the service.

**taxi** means a motor vehicle used to provide a taxi service;

**taxi service** means a passenger service where the transport is by a motor vehicle that:

- (a) plies or stands for hire on a road or road related area, or
- (b) is authorised under this Act to ply or stand for hire on a road or road related area (whether or not the motor vehicle is hired by other means for the purposes of providing the passenger service).

## Classes of vehicle to which clause 7 of Schedule 4 to the Act does not apply

- 1.3 Despite anything else that is stated in these Guidelines, Clause 7 of Schedule 4 to the Act does not apply to the following class of vehicles:
- hire vehicles engaged by a booking service provider or a group of related booking service providers who book fewer than 10,000 paid fare trips annually, where *Group of related booking service providers* includes where two or more booking service providers are connected by a “close associate” as described under Section 33 of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*.

## Operation of these Guidelines

- 1.4 Insurance premiums for third party policies held in respect of opt-in taxis and hire vehicles providing passenger services are to be paid as set out in these Guidelines.

## Premiums to be paid before and during the policy period

- 1.5 Insurance premiums for third party policies for taxis (opt-in only) and all hire vehicles must be paid in part before the issue of the policy and in part after the issue of the policy unless otherwise provided for in these Guidelines.

## Relevant factors of comparison to ensure similar premiums are paid by taxis and hire vehicles for the premium part based on distance travelled

- 1.6 Operational time is considered by the Authority to be a relevant factor. Taxis invariably operate 24 hours each day and 7 days per week. Hire vehicles generally operate on a part-time basis for specific trips.
- 1.7 The activities in which the vehicles are engaged is an additional relevant factor. Hire vehicles are predominately private use vehicles that are used intermittently for specified pre-booked passenger services.
- 1.8 Taxis have plying and standing rights in contrast to hire vehicles. Unlike hire vehicles taxis have a pure commercial purpose and cannot be used for private purposes.

## Method of determining distance travelled by taxis and hire vehicles

- 1.9 Considering the relevant factors of comparison in clause 1.6, 1.7 and 1.8, the methodology used to determine the distance travelled differs between taxis and hire vehicles.
- 1.10 The distance travelled for taxis is based on total kilometres travelled, reflecting the vehicle operation time, entirely commercial purpose and types of activities including unbooked work.
- 1.11 For hire vehicles, the distance travelled is restricted to fare paying kilometres travelled, recognising that any other distance travelled is for a private purpose.

## Special provisions for taxis (opt-in or opt-out)

- 1.12 Owners of taxis may choose not to have the premium, or part of the premium, paid on the basis of total distance travelled (opt-out option).
- 1.13 The premium determination for taxis that opt-out is in accordance with Part 1 of the Motor Accident Guidelines: Premium determination and is not varied by these Guidelines.
- 1.14 For taxis that choose to have the premium, or part of the premium, to be paid on the basis of total distance travelled (opt-in option) the premium determination must be in accordance with Table 1.1. For taxis, the cents per total kilometres travelled rates include GST and input tax credit loading.

**Table 1.1 Premium determination for taxis that choose to have the premium, or part of the premium, paid on the basis of total distance travelled (opt-in option)**

Clause 1.2 definition	Plate type	Part paid before issue of policy (deposit insurance premium)	Part paid after issue of policy (instalment insurance premium, pre-paid kms)	Part adjusted/after issue of policy (net kms)
Taxi	T-plate	A third of the annual opt-out premium	A third of the annual opt-out premium at 4 months and 8 months after the policy commencement date	5¢ per km up to 107,000 km limit
Taxi	TC-plate	Half of the annual opt-out premium	Half of the annual opt-out premium at 6 months after the policy commencement date	3.3¢ per km up to 85,000 km limit

## Special provisions for hire vehicles

- 1.15 For hire vehicles, the part of the premium paid before the issue of the policy is the annual premium determined in accordance with Part 1 of the Motor Accident Guidelines: Premium determination. The basis on which the remainder of the premium is to be paid includes the number of fare-paying trips undertaken by the vehicles, the fare-paying distance travelled by the vehicles and the booking service provider activity in which the vehicles are engaged.
- 1.16 If the activity of the booking service provider or a group of related booking service providers used by a hire vehicle is reasonably expected to carry out 10,000 or more paid fare trips annually the premium determination must be based on each paid fare trip undertaken by the hire vehicle in accordance with Table 1.2. The cents per fare paying kilometres travelled by hire vehicles includes GST and input tax credit loading.

**Table 1.2 Premium determination when the booking service provider is reasonably expected to carry out 10,000 or more paid fare trips annually**

Clause 1.2 definition	Part paid before issue of policy	Rating region trip commences	Part paid after issue of policy
Hire vehicle	Annual premium determined in accordance with Part 1 of the Motor Accident Guidelines: Premium determination	Metro, Newcastle/Central Coast or Wollongong	10¢ per fare paying km for each trip
		Outer Metro or Country	6.6¢ per fare paying km for each trip

## Premiums paid on behalf of policy holders

- 1.17 The part of the premium paid after the third party policy is issued may be paid by another person on behalf of the policy holder in the manner provided for in these Guidelines.
- 1.18 Where the remainder of a premium has not been paid by the policy holder during the period for which the policy was issued, under these Guidelines, those premiums may be paid on behalf of the policy holder by:
- 1.18.1 the provider of a booking service;
  - 1.18.2 the provider of a passenger service; or
  - 1.18.3 any other person conducting a business in relation to those vehicles.
- 1.19 It remains the responsibility of the holders of third-party policies to ensure that the part of their policies to be paid during the period of the policy are paid on an ongoing ¢ per kilometre basis, as provided for in these Guidelines.
- 1.20 It remains the responsibility of the holders of third-party policies to enter into appropriate arrangements to ensure that any premiums payable on the policy

holder's behalf during the period for which the policy was issued are paid in the manner required by these Guidelines and any other relevant instrument or agreement.

## T-plate taxis (opt-in) premium determination

- 1.21 Determination of the ***deposit insurance premium for all taxis registered with a T-plate*** (including applicable stand-by taxis) must be derived by applying one third of the annual total premium payable (opt-out premium). Insurers must immediately issue a third-party policy after accepting payment of the deposit premium.
- 1.22 Subsequent instalment premiums charged after 4 and 8 months of cover must equal one-third of the annual total premium payable (opt-out premium). These instalments represent a pre-payment for an expected number of kilometres that is determined with reference to the specified rate per kilometre.
- 1.23 In these Guidelines, ***declared kilometres*** means a taxi's odometer readings entered into the Authority's online portal. For taxis where the policy holder has opted in, to having part of the premium paid on the basis of total distance travelled, declared kilometres must be provided to the Authority:
- 1.23.1 at the issue of the policy, and
  - 1.23.2 no more than 28 days prior to 4 months after the policy commencement date, and
  - 1.23.3 no more than 28 days prior to 8 months after the policy commencement date, and
  - 1.23.4 no more than 28 days prior to the policy's expiry date.
- 1.24 For T-plate taxis (opt-in), net kilometres are calculated by taking the difference between a taxi's declared kilometres and the pre-paid kilometres at 4 and 8 months after the policy commencement date and at the policy expiry date.

## TC-plate taxis (opt-in) premium determination

- 1.25 Determination of the ***deposit insurance premium for all taxis registered with a TC-plate*** (including applicable stand-by taxis) must be derived by applying one half of the annual total premium payable (opt-out premium). Insurers must immediately issue a third party policy after accepting payment of the deposit premium.
- 1.26 One subsequent instalment premium is charged after 6 months of cover and must equal one half of the annual total premium payable (opt-out premium). This instalment represents a pre-payment for an expected number of kilometres that is determined with reference to the specified rate per kilometre.

- 1.27 For taxis where the policy holder has opted-in to having part of the premium paid on the basis of total distance travelled, declared kilometres must be provided:
- 1.27.1 at the issue of the policy, and
  - 1.27.2 no more than 28 days prior to 6 months after the policy commencement date, and
  - 1.27.3 no more than 28 days prior to the policy's expiry date.
- 1.28 For TC-plate taxis (opt-in), net kilometres are calculated by taking the difference between a taxi's declared kilometres and the pre-paid kilometres at 6 months after the policy commencement date and at the policy expiry date.

## Taxis (opt-in) premium adjustments

- 1.29 For insurance premium adjustments during or after the policy period, insurers must, (subject to the cumulative premium not exceeding the opt-out premium), where applicable either:
- charge extra insurance premiums for additional kilometres travelled compared to the number of kilometres pre-paid as part of the previous instalment period premium, or
  - credit insurance premiums to the current instalment for reduced kilometres travelled compared to the number of kilometres pre-paid as part of the previous instalment period premium.
- 1.30 These adjustments can be either:
- charged to the policy holder or refunded as a separate transaction subject to the adjustment exceeding \$5; or
  - added to or credited against the policy holder's current instalment.

## Taxis (opt-out) refunds by reference to distance travelled

- 1.31 For the purposes of these Guidelines *digital information* includes taxi odometer readings.
- 1.32 Insurers must provide refunds for taxis registered with plates that have 'T' or 'TC' as the prefix, and applicable stand-by taxis, after the expiry of an annual policy period only if the following conditions are applicable:
- 1.32.1 An annual policy was issued with an effective date after 30 November 2017 and before 1 April 2018; and
  - 1.32.2 The full and correct premium for a taxi was paid; and
  - 1.32.3 The policy has expired (and was not cancelled prior to expiration); and
  - 1.32.4 The digital information provided relates to two dates on which declared kilometres have been entered into the Authority's online



portal, being the date on or up to 28 days before the policy commencement date and the date on or up to 28 days before the policy expiry date; and

1.32.5 Total kilometres travelled during the policy period calculated by deducting the initial declared kilometres from the final declared kilometres does not exceed 107,000 kilometres for T-plate taxis and 85,000 kilometres for TC-plate taxis.

1.33 The refund is the difference between the annual premium paid and the derived total opt-in premium applicable to the total kilometres travelled.

## Hire vehicles premium determination

1.34 The insurance premium payable before the issue of a third-party policy for all hire vehicles that provide a passenger service must be determined in accordance with Part 1 of the Motor Accident Guidelines: Premium determination.

1.35 Determination of the part of the insurance premium to be paid based on distance travelled during the period for which the policy is issued must be calculated by:

1.35.1 Determining the total fare paying kilometres while providing a passenger service, during the period for which the policy is issued. Non-fare paying kilometres travelled are excluded.

1.35.2 Charging an insurance premium (including GST and input tax credit loading) at the rate as defined in Table 1.2.

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Motor Accidents Insurance Regulation, Level 6, McKell Building, 2-24 Rawson Place, Sydney NSW 2000

CTP Assist 1300 656 919

Website [www.sira.nsw.gov.au](http://www.sira.nsw.gov.au)

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