

Proposed Draft Motor Accident Guidelines to support model for consultation

Determination of insurance premiums
for taxis and hire vehicles

[Month] 2021

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Introduction

- 8.1. These Motor Accident Guidelines: Determination of insurance premiums for taxis and hire vehicles are made under section 2.19, 2.26, and 9.16 of the *Motor Accident Injuries Act 2017* (the Act).
- 8.2. In these Guidelines (Determination of insurance premiums for taxis and hire vehicles), any words appearing in the definitions below 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:

authorised service provider means a provider of a passenger service that is authorised by the Point to Point Transport Commission to provide booking services or taxi services in NSW.

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).

Operation of these Guidelines (taxis and hire vehicles)

- 8.3. These Guidelines apply to taxis and hire vehicles and, in the case of taxis and hire vehicles, these guidelines apply in place of other Motor Accident Guidelines, but only to the extent of any inconsistency.

- 8.4. These Guidelines come into effect for premium rate filings issued on or after [DATE].
- 8.5. Insurance premiums for third party policies held in respect of taxis and hire vehicles providing passenger services are to be paid as set out in these Guidelines (taxis and hire vehicles).

Alternate premium determination methods

- 8.6. This section applies to taxis and hire vehicles engaged by an authorised service provider or a group of related service providers who reasonably expect to carry out 100,000 or more paid fare trips annually.
- A '**group of related service providers**' means two or more authorised service providers that are connected by a "close associate" as described under Section 33 of the *Point to Point Transport (Taxis and Hire Vehicles) Act 2016*.
- 8.7. Insurers must offer insurance premiums that have been filed and not rejected by SIRA based on one or more alternate premium determination methods. Insurers must include details of these methods, including justification, and relevant analysis in their premium filings, as prescribed in Part 1 of the Motor Accident Guidelines.
- 8.8. Alternate premium determination methods may include initial premium payments combined with premium refund or extra premium options.
- 8.9. The minimum premium amount an insurer must charge is:
- (a) For taxis: the class 1 vehicle premium corresponding to the region that the taxi is licensed to operate passenger services in and calculated in accordance with those provisions prescribed in Part 1 of the Motor Accident Guidelines.
 - (b) For hire vehicles: the premium for each vehicle classification calculated in accordance with those provisions prescribed in Part 1 of the Motor Accident Guidelines.
- 8.10. An insurer shall not charge more than the class 1 base premium times the class 7 premium relativity times the class 7 maximum malus. If insurers wish to charge more than this amount, the evidence and reasoned assessment of risk must be included in their filings.
- 8.11. Alternate premium determination methods should demonstrate the Guiding principles set out under Part 1 of the Motor Accident Guidelines. The Authority encourages insurers to use innovative factors that differentiate risk with quantifiable data, including telematics.
- 8.12. An insurer may refuse to provide access to an alternate premium determination method if they are not satisfied with the quality of data provided by an authorised service provider. Data quality requirements may involve:
- (a) completeness
 - (b) correctness
 - (c) adequate data governance
 - (d) data can be audited or validated.

- 8.13. If insurers refuse to allow an alternate premium determination method for a customer, then the insurer must charge a premium of class 1 metro vehicle base premium times the class 7 relativity.
- 8.14. Insurers must notify the Authority of all instances of refusal to allow an alternate premium determination method in their business plans, together with the justification and remedial action plan.

Premium refund or extra premium options

- 8.15. Alternate premium determination methods may include initial premium payments combined with premium refund or extra premium options.
- 8.16. Insurers may refund part of the premium paid for a third party policy for taxis or hire vehicles during or after the period for which the policy is issued by reference to digital information recorded about the safe driving of the insured vehicle during that period or to other factors.
- 8.17. Refunds may provide incentives for authorised service providers to undertake effective risk management aimed at promoting safer driving.
- 8.18. If insurers wish to apply these refund provisions to a third party policy for taxis or hire vehicles, the basis and methodology must be filed and not rejected by the Authority.
- 8.19. Insurers may charge an extra premium for a third party policy for taxis or hire vehicles during or after the period for which the policy is issued based on the number of fare-paying trips undertaken by the vehicles, the fare-paying distance travelled by the vehicles and the activity in which the vehicles are engaged or to other factors.
- 8.20. If these extra premium provisions are applied, insurers must as soon as practicable issue a third party policy after accepting payment of the initial premium payment.
- 8.21. If insurers wish to apply these extra premium provisions to a third party policy for taxis or hire vehicles, the basis and methodology must be filed and not rejected by the Authority.

Premiums paid on behalf of policy holders

- 8.22. 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.
- 8.23. 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:
- (a) the provider of a booking service;
 - (b) the provider of a passenger service; or
 - (c) any other person conducting a business in relation to those vehicles.

- 8.24. 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 as provided for in these Guidelines.
- 8.25. 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.

Other than alternate premium determination methods

- 8.26. This section applies to taxis and hire vehicles not engaged by an authorised service provider or a group of related service providers who reasonably expect to carry out 100,000 or more fare paid trips annually.
- 8.27. Insurers are not required to but can charge insurance premiums that have been filed and not rejected by the Authority based on one or more alternate premium determination methods, in line with clauses 8.6 - 8.25 of these Guidelines.
- 8.28. If not charging premiums in accordance with 8.27, insurers must charge:
- (a) For taxis: a premium of class 1 metro vehicle base premium times the class 7 relativity and calculated in accordance with those provisions prescribed in Part 1 of the Motor Accident Guidelines.
 - (b) For hire vehicles: the premium for each vehicle classification calculated in accordance with those provisions prescribed in Part 1 of the Motor Accident Guidelines.

Additional premium filing requirements

- 8.29. In line with Part 1 of the Motor Accident Guidelines, insurers must include in their premium filing to the Authority, an analysis comparing any differences in the premium determination methods for taxis and hire vehicles, including how the methods are fair, affordable, not excessive, reflect risk, and that there is no disadvantage between premium determination methods for taxis and hire vehicles.
- 8.30. Insurers may on request be required to provide a supplementary data submission related to their premium filing, or at any other time, that includes premium and trip data for third party policies for taxis and hire vehicles.
- Insurers must include in their premium filings to the Authority the method and justification for the premium determination method for a taxi or hire vehicle engaged by multiple authorised service providers.

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. It may include details of some of your obligations under the various schemes that the State Insurance Regulatory Authority (SIRA) administers.

However, to ensure you comply with your legal obligations you must refer to the appropriate legislation as currently in force. Up to date legislation can be found at the NSW Legislation website legislation.nsw.gov.au

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SIRA, Level 14-15, 231 Elizabeth Street, Sydney NSW 2000

Website www.sira.nsw.gov.au

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