

Motor Accident Guidelines

Determination of insurance premiums for
taxis and hire vehicles – Version 2

July 2021



State Insurance
Regulatory Authority

Contents

Introduction	3
Operation of these Guidelines (taxis and hire vehicles)	3
Premium methodology A.....	4
Premium methodology B.....	5
Additional premium filing requirements	6
Default terms of agreement	6
Premiums paid on behalf of policy holders.....	7

DRAFT

Introduction

- 8.1. These *Motor Accident Guidelines: Determination of insurance premiums for taxis and hire vehicles* (these Guidelines) are made under section 2.19, 2.26, and 9.16 of the *Motor Accident Injuries Act 2017*.
- 8.2. In these Guidelines, any **emphasised** 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 current Motor Accident Guidelines, but only to the extent of any inconsistency.
- 8.4. These Guidelines replace the Motor Accident Guidelines: Determination of insurance premiums for taxis and hire vehicles, published on 5 October 2018.

- 8.5. These Guidelines come into effect for any premium filing received by the Authority after the time of publication.
- 8.6. 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.

Premium methodology A

- 8.7. 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 fare-paid 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*.
- 8.8. Unless an insurer has determined not to permit a policy holder to access premium methodology A, insurers must determine insurance premiums based on premium methodology A, which includes the use of one or more premium determination methods.
- 8.9. Insurers must include details in their premium filings of these premium determination methods, including justification for the methods used and the data insurers will request from authorised service providers, and must satisfy the criteria prescribed in Part 1 of the Motor Accident Guidelines.
- 8.10. Premium methodology A may include initial premium payments combined with premium refund or extra premium options.
- 8.11. Insurers may refund part of the premium paid or 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 by reference to the number of fare-paid trips, the activity in which the vehicles are engaged, digital information recorded about safe driving including telematics data, or other factors.
- 8.12. Insurers must issue a third-party policy as soon as practicable after receiving the initial premium payment.
- 8.13. 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 the provisions prescribed in Part 1 of the Motor Accident Guidelines.
 - (b) For hire vehicles: the premium for each vehicle classification calculated in accordance with the provisions prescribed in Part 1 of the Motor Accident Guidelines.
- 8.14. Unless the Authority approves a higher charge based on information provided by the insurer, including the evidence and reasoned assessment of risk included in the insurer's filings, an insurer shall not charge more than:

$$\text{class 1 base premium} \times \text{class 7 relativity} \times \text{class 7 maximum malus}$$

- 8.15. Premium methodology A 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.
- 8.16. An insurer may refuse to allow a policy holder to access premium methodology A in the current or subsequent policy period if:
- (a) an invoice is not paid according to the agreed terms; or
 - (b) the insurer is reasonably not satisfied with the quality of data provided by an authorised service provider.
- 8.17. Data quality requirements may involve but are not limited to:
- (a) completeness
 - (b) correctness
 - (c) adequate data governance
 - (d) data can be audited or validated.
- 8.18. If an insurer refuses to allow a policy holder to access premium methodology A in the current or subsequent policy period, the insurer must charge a premium of:
- $$\text{class 1 metro base premium} \times \text{class 7 relativity} \times \text{class 7 bonus/malus}$$
- 8.19. Insurers must notify the Authority, before any communication of the decision with an authorised service provider, any instance of a refusal to allow a relevant policy holder to access premium methodology A, together with the justification and a proposed remedial action plan.
- 8.20. The proposed remedial action plan should include the proposed solution, processes, and controls to ensure quality and integrity of data and implementation timeframes.

Premium methodology B

- 8.21. This section applies to taxis and hire vehicles engaged by an authorised service provider or a group of related service providers who do not reasonably expect to carry out 100,000 or more fare paid trips annually.
- 8.22. Unless charging premiums in accordance with clauses 8.7-8.20, insurers must charge:
- (a) For taxis: a premium calculated in accordance with the provisions prescribed in Part 1 of the Motor Accident Guidelines, as:
$$\text{class 1 metro base premium} \times \text{class 7 relativity} \times \text{class 7 bonus/malus}$$
 - (b) For hire vehicles: the premium for each vehicle classification calculated in accordance with the provisions prescribed in Part 1 of the Motor Accident Guidelines.

Additional premium filing requirements

- 8.23. Insurers must include in their premium filings to the Authority an analysis comparing any differences in the premium determination methods for taxis and hire vehicles, including how the methods and filed premiums are fair, affordable, not excessive, reflect risk, and confirming that, in the insurer's evidence-based view (explained in the filings), there is no disadvantage between premium determination methods for taxis and hire vehicles.
- 8.24. 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.
- 8.25. Insurers may, on request, be required to provide a supplementary data submission related to their premium filings that includes relevant data provided by an authorised service provider used by an insurer to determine premiums.
- 8.26. If insurers wish to vary the data they require from authorised service providers included with their premium filings, they must submit a supplementary data submission to the Authority to reflect this variance, including justification for the change and how they will use the data in calculating premiums.

Default terms of agreement

- 8.27. Unless otherwise agreed by an insurer and an authorised service provider, there is taken to be an agreement between the insurer and the authorised service provider (or group of related service providers) in the terms set out in clauses 8.28-8.30.
- 8.28. In relation to invoicing, the following terms apply:
 - (a) Upon receipt of the data, the insurer will invoice the authorised service provider (or group of related service providers) for the premium in relation to a reference period.
 - (b) The invoice must include all applicable taxes, levies, duties, or fees payable by law and will be a tax invoice for the purpose of the *GST Act 1999*.
- 8.29. In relation to payment, the authorised service provider (or group of related service providers) must pay each invoice within 30 days of receipt of the relevant invoice from the insurer.
- 8.30. The following miscellaneous terms apply:
 - (a) Authorised service providers (or group of related service providers) provide data that is required by insurers, monthly.
 - (b) Insurers invoice the authorised service providers (or group of related service providers) for any additional premium calculated using this data.
 - (c) Authorised service providers (or group of related service providers) pay that invoice within 30 days.
 - (d) Insurers pay any refunds owed to authorised service providers (or group of related service providers) within 30 days.

Premiums paid on behalf of policy holders

- 8.31. 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.
- 8.32. 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.
- 8.33. 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.
- 8.34. 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.

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

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. You should seek independent legal advice if you need assistance on the application of the law to your situation.

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

Website www.sira.nsw.gov.au

Catalogue no. SIRA09125 | ISBN 978-0-7347-4648-1 © State of New South Wales through the State Insurance Regulatory Authority NSW. This copyright work is licensed under a Creative Commons Australia Attribution 4.0 license, <http://creativecommons.org/licenses/bynd/4.0/legalcode>