

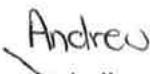


NSW TAXI COUNCIL LTD

Ref: 091/2016

13 May 2016

Mr Andrew Nicholls
Executive Director
Motor Accident Insurance Regulation
State Insurance Regulatory Authority
Level 25, 580 George Street
SYDNEY NSW 2000


Dear Mr ~~Nicholls~~,

Re: NSW Taxi Council Submission to the NSW Government Compulsory Third Party Insurance (CTPI) Reforms

Thank you for the opportunity to provide a response to the NSW Government's Options Paper for the reform of the CTPI scheme, On the Road to a Better CTPI Scheme.

As you are aware, the NSW Taxi Council has provided submissions (attached) to the NSW Government review of the CPTI scheme for point to point transport providers and in these submissions we have highlighted the need for reform to CTPI scheme as a whole in order for the challenges around taxi viability to be addressed.

As you will also recall, the NSW Taxi Council provided a submission (attached) in response to the NSW Governments Discussion Paper on CTPI reform when this matter was last considered by the NSW Parliament.

This letter, which covers these submissions, generally represents our response to the Options Paper titled On the Road to a Better CTP Scheme.

Further to the issues raised in our submissions, we would like to provide the following comments in response to the Options Paper.

Basis for Reform

To reaffirm our position of 2013, we strongly support the NSW Government's attempt to reform the CTPI scheme. The inherent (and growing) inefficiencies in the current CTPI scheme have direct impacts on the viability of the NSW Taxi Industry and contribute to the upward pressure that the industry is facing on insurance premiums. The extent of the upward movement in CTPI premiums is outlined in detail in our aforementioned submissions and it should be noted that this situation has

worsened in the last six (6) months due to the lack of competition in the insurance sector in providing CTPI cover for taxis.

Profit and Competition

The NSW Taxi Council notes the findings and recommendations of the 2015 independent review of insurer profit in the CTP scheme, however it would not agree with the finding that premiums today are comparable to those of 14 years ago¹. As outlined in the attached submissions, insurance premiums for the NSW Taxi Industry have increased in nominal terms by over 80% in the last four years alone, putting these increases in premium prices significantly ahead of the consumer price index.

The NSW Taxi Council does however support the findings and recommendations in this review that promote competition between insurers with the CTPI scheme. As outlined above, the lack of competition among insurers to provide CTPI schemes for taxis has coincided in recent increases in premiums. This lack of competitive tension, further highlighted by the fact that there have been no new insurers enter the CTPI scheme in the last 14 years², is of concern to the Council.

The increasing incidence of scheme fraud is also a significant concern to the NSW Taxi Industry and we would welcome further engagement with the NSW Government and SIRA to help address this issue where appropriate.

Wrong Doing

There is anecdotal evidence that a number of accidents involving taxis involve an element of wrong doing by the other party. This is particularly the case on Friday and Saturday nights (the highest risk periods for taxi drivers) where there can be contributory negligence by other road users (including pedestrians). The reform of the CTPI scheme must therefore take this into consideration, particularly in respect of any shift to a no-fault approach for the scheme.

Reform Options

As outlined in our submission of 2013, the NSW Taxi Council supports reform of the CTPI scheme that is built on a no-fault, defined benefits basis. Therefore the NSW Taxi Council would welcome further examination of Options 3 and 4 as outlined in the Options Paper.

Central to achieving improvement of the scheme must be greater efficiency and reduced opportunities for abuse and/or fraud. In this context, it is considered that no-fault/defined benefit schemes more effectively achieve these outcomes.

¹ 2015 independent review of insurer profit in the CTP scheme, p.iv

² Ibid, p. vi

Reducing the number of legally represented minor injury claims must be a high priority for the reform process.

It is acknowledged, however, that there are more complex cases that emerge from serious injuries and therefore common law remedies should still be available to address any unintended failures of defined benefits that cannot realistically consider all possibilities for damages arising out of a serious accident.

It is therefore considered that a hybrid model, as operated in other jurisdictions, may be most suitable for the NSW Government to pursue in this regard.

It is hoped that this submission assists the NSW Government in its deliberations on this matter. Please do not hesitate to contact the undersigned should you require any further information in relation to this submission.

[Redacted]

Yours sincerely,

[Redacted]

Roy Wakelin-King, AM
Chief Executive Officer

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