SUBMISSION BY THE NSW TAXI COUNCIL

Reforms to the NSW Compulsory Third Party Green Slip Insurance Scheme for the Point to Point Transport Sector

This submission is provided in response to the State Insurance Regulatory Authority Discussion Paper on the Reforms to the Compulsory Third Party Green Slip Insurance Scheme for the Point to Point Transport Sector

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EXECUTIVE SUMMARY

The NSW Taxi Council welcomes the opportunity to provide a submission in response to the NSW State Insurance Regulatory Authority's (SIRA) Discussion Paper on the Reforms to the Compulsory Third Party (CTP) Green Slip Insurance Scheme for the Point to Point (P2P) transport sector.

Like all road vehicle based industries, CTP Insurance is an important part of the NSW taxi industry's operations. It provides cover for taxi operators and owners against damage or loss to third parties arising from injuries sustained in accidents involving taxis. Over a number of years CTP insurance has, however, become a significant cost item for the owners of taxis which is causing financial stress and ongoing viability issues for the industry.

Insurance now represents up to 10% of all costs for taxi operators, and is one of the highest cost categories for owners[1]. As a consequence, the NSW Taxi Council believes that CTP insurance is disproportionately high relative to the overall cost of operating a taxi and is contributing to ongoing viability issues within the industry overall. Furthermore, CTP insurance costs are ultimately passed on to taxi customers through increases in taxi fares, which in turn has contributed to reduced affordability for passengers who use and/or rely upon taxi services.

The NSW Government's recently announced reforms to the P2P transport sector have fundamentally changed the nature of these taxi transport services. With the advent of disruptive business models such as Uber, Lyft, GoCar etc entering the market, the nature of risk in the P2P sector is rapidly changing. The lines between taxis, hire cars and ridesharing vehicles are becoming increasingly blurred and the ability for insurers to properly price risk in the sector is being challenged on a number of levels as a consequence. Government has formalised this blending with a number of recent reforms and has foreshadowed further regulatory change with similar intent.

Reform to the CTPI scheme for the P2P Sector is therefore essential. Different components of the P2P sector are at risk of being structurally disadvantaged by the current system, whilst insurers are potentially becoming increasingly exposed to a lack of transparency regarding risk profiles. 'Mum and Dad' private vehicle owners are also now cross-subsidising vehicles that are being used for P2P services.

It is clear from the claims of firms such as Uber that ridesharing services are being provided increasingly on a full time basis in a manner very similar to taxis. The CTPI costs for ridesharing vehicles are however only a fraction of what taxi operators are required to pay. Should the unviable situation continue, we are going to see the same current taxi drivers shift to rideshare in the same cars and take essentially the same passengers just to reduce costs and remain viable.

[1] IPART Taxi Cost Index Model dated July 2012

This situation is clearly untenable.

At the core of this issue is the proper categorisation and pricing of risk in the P2P transport sector, and effective transparency to enable this to occur in an equitable manner.

It is therefore considered that the most effective solution to this ongoing challenge is the establishment of a single point to point category for the P2P transport sector where vehicles and drivers are properly assessed on their risk profile, based on a transparent compliance regime. Queensland has legislated an increased compliance regime in this space just this month. This category should have sufficient regulatory latitude to allow insurers to properly price risk, reward good performance thereby encouraging investment in effective risk mitigation strategies, and to provide incentives for those operators who need to improve their risk rating.

A single P2P CTPI category with appropriate regulatory settings would encourage innovation and investment in risk mitigation systems such as forward facing cameras and telematics. These systems, available now, would allow insurers to better price risk at a micro level, irrespective of the type of vehicle operating in the P2P sector, and would allow operators, taxis, hire cars and ridesharing services to compete on a level footing.

In short, there are good and bad performers in all parts of the P2P sector and consistent categorisation would provide an appropriate framework to drive better performance across the sector and therefore yield improvement and fairness in the scheme generally.

Whilst the simplest solution would appear to be placing all P2P vehicles in Class 1, this could have an impact on private vehicle owners. The SIRA Discussion Paper outlines however that any increase in cost to Class 1 premiums would be relatively marginal[2].

The NSW Taxi Industry, through its history of high transparency and compliance with the CTPI scheme would be disadvantaged if any of the other options in the Discussion Paper were pursued. Establishing a separate ridesharing category is inconsistent with the NSW Government's reform of the P2P sector which does not recognise ridesharing as a service that is separate to hire cars. Furthermore, as illustrated in the NSW Government CTPI Reform Discussion Paper, there will be a long tail that would occur whilst the true risk profile of a separate category becomes manifest. This in turn would place taxis and hire cars at a significant competitive disadvantage during this transition period that would take many years.

The notion that Uber/ridesharing vehicles being treated differently to other P2P operators is not a valid position. In previous statements, Uber has asserted that its drivers are different, its vehicles are different and its method of operation is also different. This is disingenuous at best.

All point to point sector providers generally operate in a similar manner, whether on a full or part time basis. Furthermore, a significant number of taxis have statutory restrictions on how often they can operate.

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[2] NSW Government, State Insurance Regulatory Authority, ***Discussion Paper Review of Compulsory Third Party (CTP) Motor Vehicle Insurance for Point to Point Transport Vehicles***, March 2016, pp. 15.

Many Uber drivers are ex-taxi drivers who have not changed how they work. Uber's own promotions on driver earnings and volume of operations undermine this part time/lower risk mantra. Taxi drivers self-regulate their operating hours and many are part time. The autonomous nature of driving a taxi is one of the greatest advantages of being a taxi driver.

It is therefore considered inappropriate and inequitable to try and segregate the various segments of the P2P transport sector into different categories. The NSW Government's P2P sector reforms provides an unique opportunity to address these issues and create a genuine level playing field where risk can be properly assessed and performance properly priced as a consequence.

Finally, it is also considered that the CTPI scheme for all NSW vehicles requires further strategic reform. The NSW Taxi Council has previously supported the proposal to reform the CTPI scheme to shift it to a no-fault basis noting that direct claimant benefits represent only 45% of premiums (*On The Road to a Better CTP Scheme Discussion Paper 2016)*. This remains the NSW Taxi Council's position as the longer term benefits of such reform will, if designed effectively, improve efficiency and result in more equitable and sustainable outcomes for all motorists, regardless of class.

INTRODUCTION

The NSW taxi industry is a major contributor to the State's public transport system. It provides approximately 170 million passenger journeys each year and it meets customer travel needs right across NSW. It functions as a door to door transport service that mostly operates 24 hours a day, seven days a week. The NSW taxi industry also provides services at times when other forms of public transport either significantly reduce service levels and or cease operations altogether. Taxis are often the only form of public transport for some members of the community, and they provide essential transport services to some of the most disadvantaged people in the State.

The NSW taxi industry is also a significant contributor to the State's economy, providing employment opportunities for tens of thousands of drivers and operators, network management staff as well as for other industries who rely on economic activity that the NSW taxi industry generates. The taxi industry contributes to the economic generation of the State by connecting people efficiently and effectively for business, education, tourism and essential lifestyle activities. This impact has been independently assessed by Deloitte Access Economics as being over $1.5 billion each year.

The NSW taxi industry is made up of a complex array of providers, ranging from the licence owner (the licence being the principal legal instrument to provide a taxi service), through to operators and drivers. A licence owner may own, operate and drive a taxi, where as some elect only to own and be the operator of the vehicle. Some licence owners have chosen to invest in a licence and then subsequently lease the licence to an operator. Authorised taxi networks are the principal means through which taxi services are coordinated. They provide direct booking services to the public and a range of safety and other services to operators and drivers. This regulatory system is in the process of change and we expect the regulatory regime to be very similar for both rideshare and taxis.

The taxi operator, who is the owner of the actual taxi vehicle, is required to take a range of insurances in order to make the vehicle suitable to operate as a passenger vehicle under the State's transport system. This includes compulsory third party insurance which represents the most significant proportion of the taxi operator's insurance requirements.

The NSW taxi industry, being an essential component of the NSW public transport service, has been able to be established and operate as a consequence of the investment and work of many thousands of people. The largest majority of these people are best classified as small business/owner operators and drivers, part time investors and self-funded retirees.

The NSW Government does not procure taxi services from the NSW taxi industry unlike other forms of public transport. Whilst some financial support is provided to assist disadvantaged members of the community to access taxi services, on the whole the taxi transport system has been created and continues to operate as a consequence of the many people and organisations that have committed capital to invest in the industry. The NSW taxi industry also generates revenue for the NSW Government through the sale of licences and

stamp duty on third party licence sales. It also generates other revenues through authorisation fees and indirect taxes.

COMMENTS ON THE ISSUES PAPER

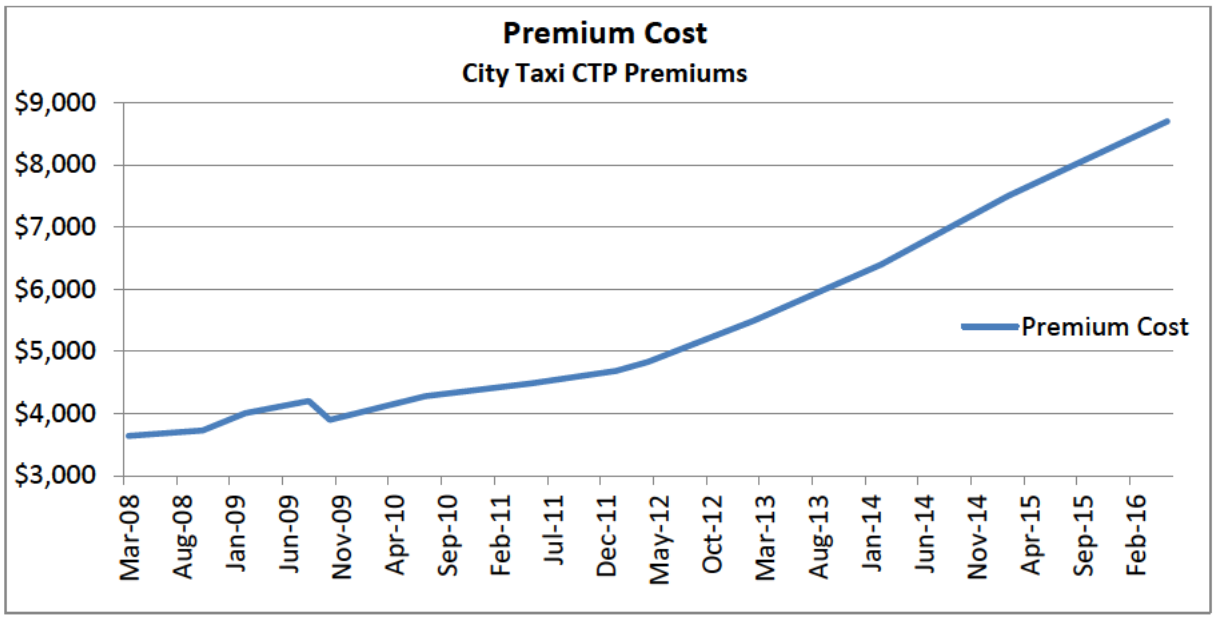
The following comments are provided in response to the NSW Government's Issues Paper on the Reforms to the Compulsory Third Party (CTP) Green Slip Insurance Scheme[3].

CTP Premiums for Taxis

The cost of CTP premiums is a major issue within the NSW Taxi industry. Like other classes of vehicles in NSW, when compared on a national basis, CTP premiums are amongst the highest for taxi operators in NSW.

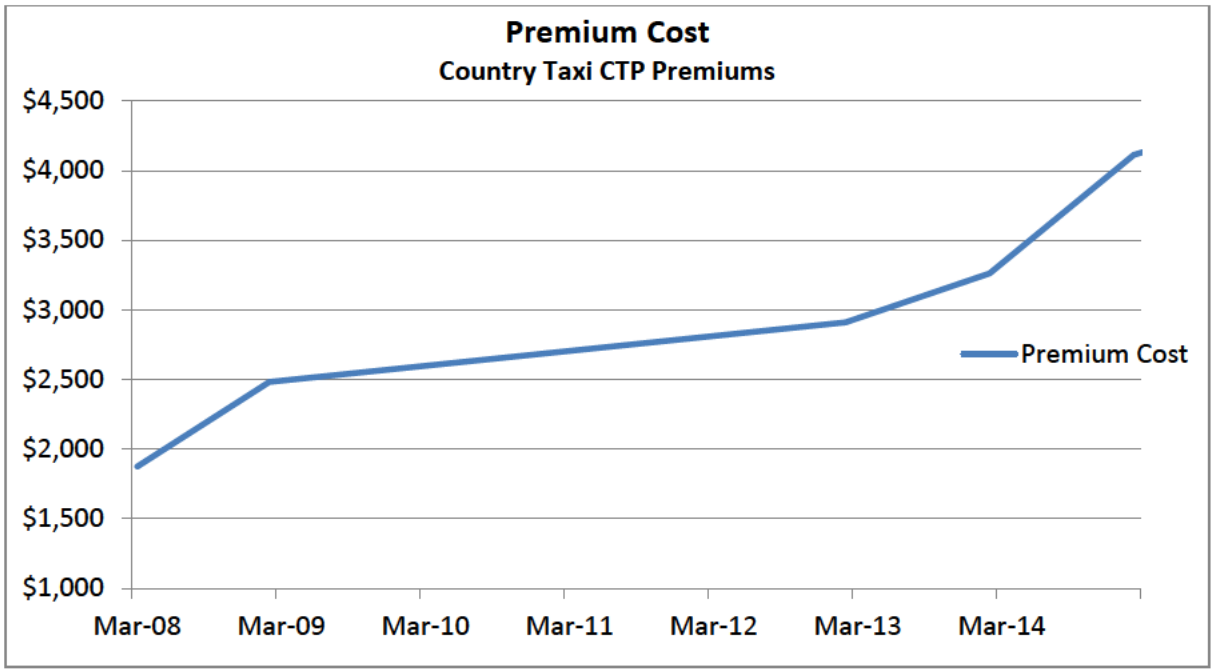
Over recent years, CTP insurance premiums have increased significantly for the NSW taxi industry. As highlighted in the table below, in 2008 metropolitan taxi operators were paying $3,640 for a CTP premium. In 2016, CTP insurance premiums for metropolitan taxi operators has risen to over $7,200 with further increases occurring in the near future[4]. The experience for outer urban, Wollongong, Newcastle and country taxi operators has been similar to this significant upward movement in CTP prices.

The movement in prices as outlined in the table below represents an increase of over 55% across a five year period and if this trend continues, it will become unsustainable for the taxi industry in the medium term.



[3]NSW Government, ***On the road to a better CTP scheme – Options for Reforming Green slip Insurance in NSW***, March 2016

[4] These insurance premium costs represent the best available premium price at the time of purchase.



This increase in the cost of CTP insurance premiums is also placing upward pressure on taxi fares which is having flow on negative effects for the consumer. This is also contributing to a perception amongst some stakeholders that the NSW taxi industry is becoming uncompetitive[5]. Whilst the NSW Taxi Council strongly contends that this perception is not correct, the upward pressure on taxi fares arising from, amongst other matters, the costs of CTP insurance premiums does not assist in this regard.

The NSW Taxi Council therefore supports the NSW Government's proposed reforms to the CTP Green Slip Insurance Scheme on the principle that these reforms will place downward pressure on the costs of CTP insurance premiums generally and will improve the efficiency of the scheme overall. This will have direct benefits for the NSW taxi industry which will contribute to the long term viability and sustainability of the industry, particularly for taxi operators.

Furthermore, as outlined above, the successful implementation of these proposed reforms will have flow-on benefits to taxi passengers as it will also help place downward pressure on taxi fare increases into the future.

CTP Premium Price Pressure

The causes of the above upward pressure on taxi CTP prices are varied, however at the centre is the issue of transparency and efficiencies of the scheme. A number of these issues are set our below:

[5] IPART Review of Taxi Fares 2013, Issues paper dated February 2013

Systemic Trends

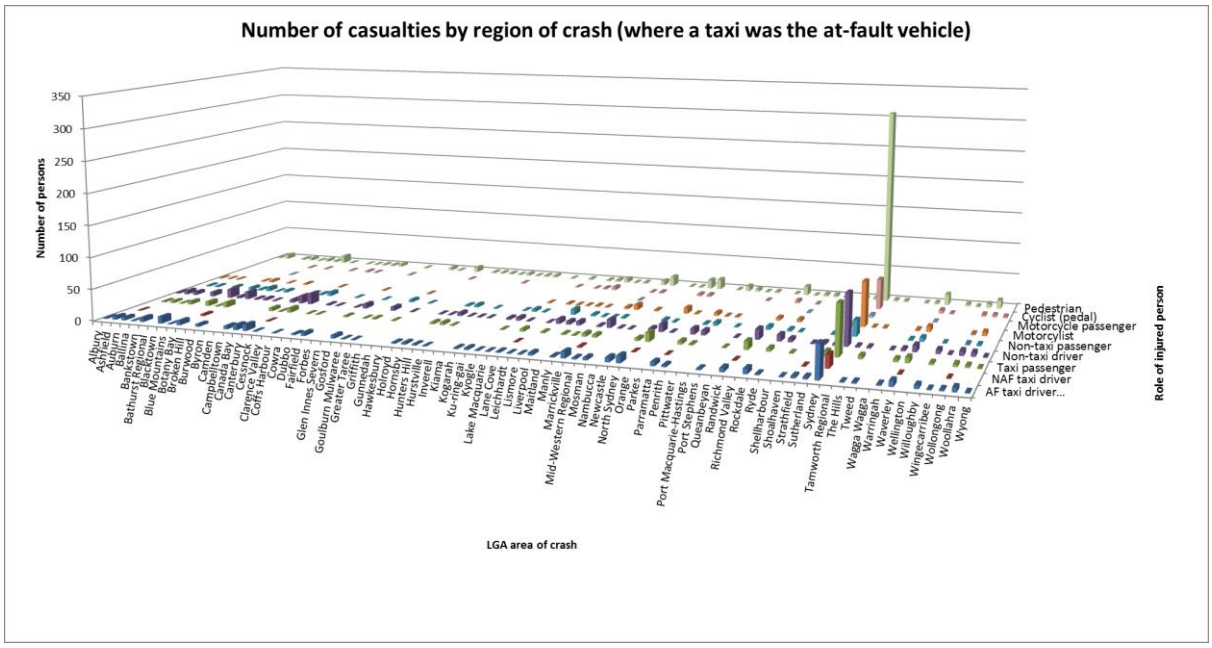
As outlined in the NSW Government's Issues Paper, there have been systemic causes that have been putting upward pressure on CTPI premiums. These include the increasing inefficiency in the overall CTPI scheme, a greater propensity to claim for minor injuries, particularly since the GFC, a greater awareness of rights under the scheme through active marketing by the legal fraternity and ultimately the adversarial nature of an at-fault scheme.[6]

As outlined in the Issues Paper, the overall trend in premium prices is upward and this, combined with a lack of efficiency in the scheme has seen NSW CTPI costs becoming the highest in the Australia.

Accidents

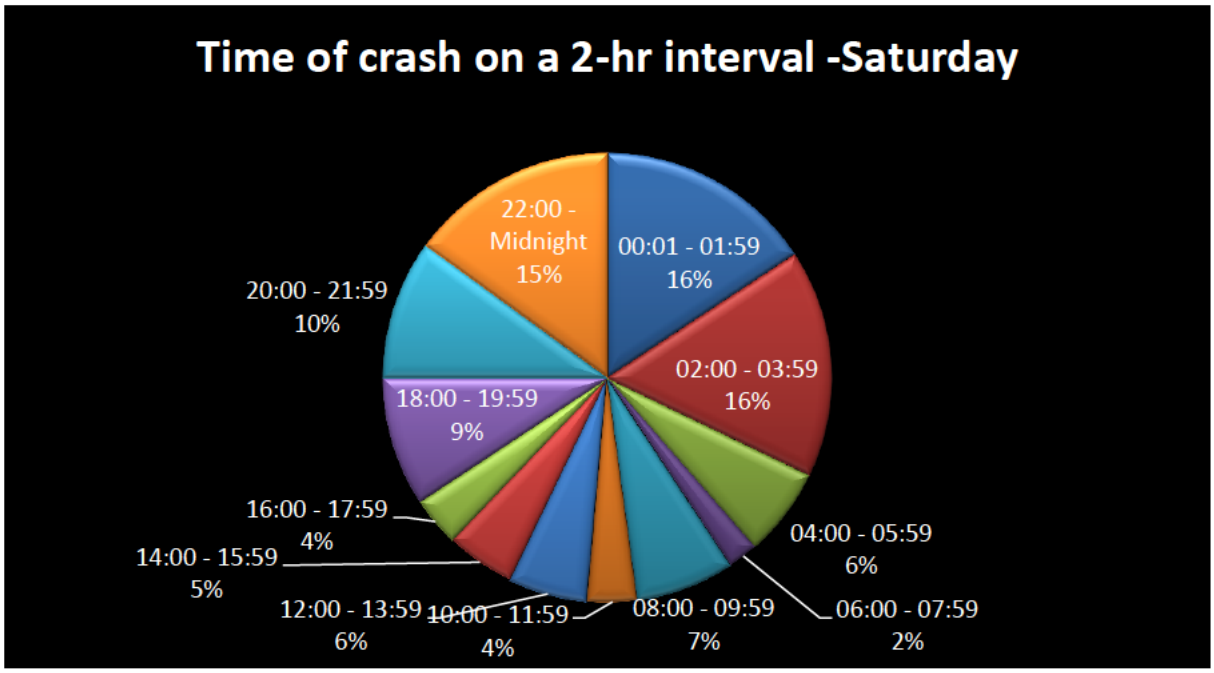
Whilst taxis are involved in accidents, a detailed analysis of the accident data reveals that the vast majority of accidents are confined to a small area of the Sydney CBD and that the type of collision mostly involves a pedestrian.

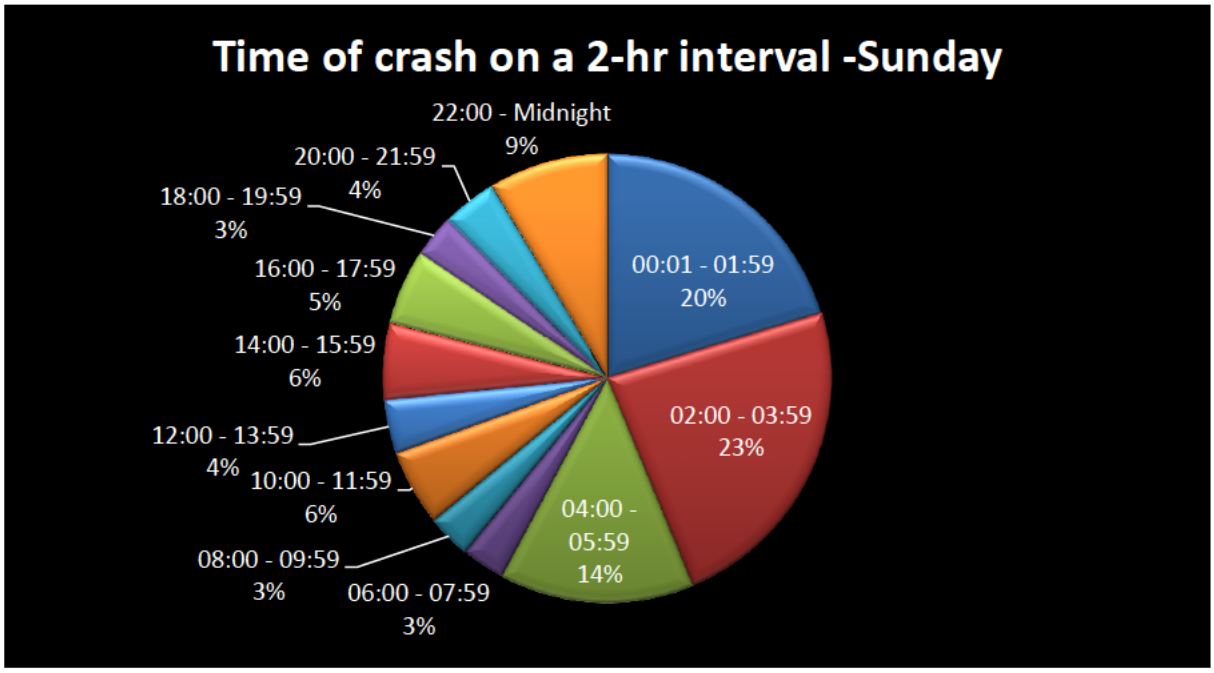
This is clearly illustrated in the graph below.



Further analysis of accident data reveals that the time and day of these accidents are most likely to occur on Friday and Saturday evenings between the hours of 10 pm to 6 am. Operation in these hours is incentivised by some rideshare providers through dynamic increased pricing models.

[6]NSW Government, ***On the road to a better CTP scheme – Options for Reforming Green slip Insurance in NSW***, March 2016, p. 7.





At these times, there is a high prevalence of erratic pedestrian behaviour which contributes to an increased risk for all P2P operators including taxis, hire cars and ridesharing vehicles.

In this context, it should be noted that the recent City of Sydney report into the Council's Night Time City Summer Program details that its Take Kare Ambassadors intervened in

over 94 potential serious incidents involving people who were vulnerable to serious vehicle accidents; 25% of all incidents dealt with by City of Sydney staff[7].

Lack of Competition

As outlined in the SIRA Discussion Paper, there has been a reduction in the number of insurers who are providing CTPI premiums for taxis. Over the last three years, the number of insurers that provide CTP premiums for taxi operators has reduced from three to one. QBE and Zurich no longer provide competitive CTP premiums to taxis, leaving just one CTP insurer, Allianz, involved in this sector.

This lack of competitive pressure has resulted in upward movement in prices, with the two most recent rises coming within months of Zurich's withdrawal[8].

The reasons for the lack of competition for CTP in class 7 are unclear however informal feedback indicates lack of market size is a key factor. Whilst theory would dictate a single insurer would reduce the overall risk to that insurer, premium costs to taxi operators have continued to rise.

Classification of the Point to Point Vehicle Sector

There are approximately 7,000 taxis in NSW, compared to over 3 million private vehicles in class 1. Whilst it is acknowledged that a taxi will have a greater risk profile than most private vehicles based on kilometres travelled offset by experience, the narrow nature of the taxi classification leads to a disproportionate assessment of risk. It structurally disadvantages taxis as opposed to other road users.

Class 7 (taxis) is therefore more sensitive to increases in premiums from the cost of claims from a smaller number of accidents. High claims, typically arising from accidents involving pedestrians have a significant and disproportionate impact on class size.

This disadvantage is more prevalent when the issue of ridesharing is considered. Rideshare vehicles are currently operating in class 1. The lack of transparency for example an Uber vehicle, ie it is privately owned, and has no indicator like a taxi plate number at registration, has resulted in this situation being exacerbated.

Uber vehicles (and other ridesharing service providers) therefore gain a significant (and inequitable) competitive advantage as they are charged CTP premiums that are a fraction of a cost of other P2P providers, notably taxis. Rideshare vehicles are therefore able to charge significantly less, despite having the majority of similar risks. Taxis will offer less and less of the services in the point-to-point sector as a result, and the structural inequity will become worse.

[7] City of Sydney, ***Night Time City Summer Program Report November 2015 –March 2016*** p.5.
[8] Allianz Taxi Pricing Structure

This inequity is illustrated in the table below:

Average CTP Annual Premium in NSW	
Taxi	Private Use
$7262	$604
*Calculation based on March 2016 Allianz quotation for a 2012 Toyota Camry, 30 year old driver with Third Party Property Damage insurance, no demerits, and no accidents.	

Ridesharing Operations

A key issue in this reform process is how do the respective segments of the P2P transport sector compare in method of operations and how does this translate to the risk profile of these segments.

This is considered critical when considering whether P2P transport segments should be classified separately or together. This decision must be based on whether there is sufficient difference in operation between the segments to warrant separate classification or whether a combined class is more appropriate.

This is particularly challenging with ridesharing services as they are relatively recent market entrants, however it is considered that there is sufficient emerging evidence to make a determination that points to a combined classification.

In this context, Uber often claims it offers a flexible and supplementary income stream to the people of the cities it enters (often unlawfully).

Uber notes that 52% of its drivers are part time drivers with no previous driving experience (a risk factor in itself) and are driving UberX less than 30 hours per week (US figures). The study by Jonathan Hall[9] and Alan Krueger at Princeton[10] provide a breakdown of the make-up of the driver body:

However, Professor Noah Zatz at UCLA highlights a mathematical 'problem' with such a point of view[11]. Zatz notes that though the driver body may be made up predominately by part time workers (i.e. those working less than 1-15 hours), the majority of the 'hours worked' is done by those working closer to a full time arrangement. Zatz arrives at this by taking the mid-point of each hour range category and determining the average total hours worked based on the percentage of Uber drivers in each category.

[9] Head of Policy Research at Uber Technologies

[10] https://s3.amazonaws.com/uber-static/comms/PDF/Uber_Driver-Partners_Hall_Kreuger_2015.pdf, Jonathan Hall and Alan Krueger, ***An Analysis of the Labor Market for Uber's Driver-Partners in the United States***, January 22, 2015

[11] http://onlabor.org/2016/02/01/is-uber-wagging-the-dog-with-its-moonlighting-drivers/ Noah Zatz, February 1, 2016

Uber may provide flexible work options for some, however, this is in addition to a more familiar full time work arrangement, not unlike hours kept by taxi drivers, bus drivers, etc. The majority of the service provided to Uber passengers is from this well-established labour segment, as opposed to the flexible share-'esque' segment Uber promotes.

Description of Uber's method of operation and increasing risk profile is borne out of its own representations to reviews around Australia into P2P Transport.

Uber and ridesharing trips are growing on a significant scale. At the recent NSW Future Transport Summit, the CEO of Uber Australia NZ, David Rorshiem advised that in just the last 12 months Uber has done 10 million trips in Australia and over 7 billion trips worldwide[12].

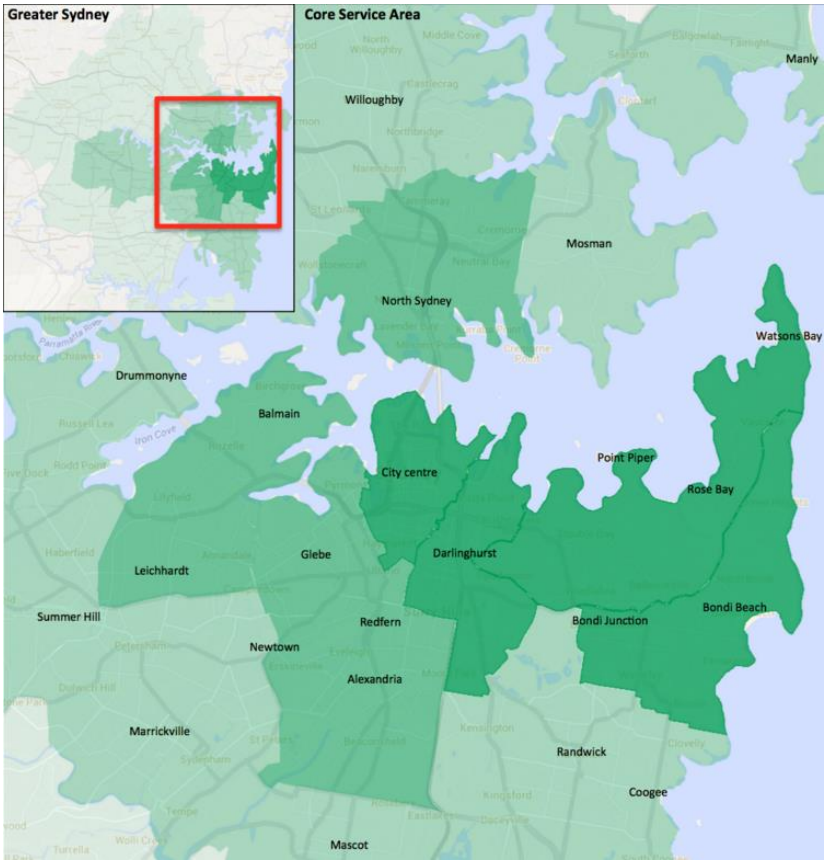
Furthermore, when reviewing the operation of Uber in the United States. The growth is even more significant, particularly on the riskier Friday and Saturday night trips. When data shows a large number of incidents giving rise to claims occur. As outlined in the graph below, Uber's trips are rapidly approaching those of taxis at the riskiest times. Uber's trips in the United States are rapidly catching up to taxis and if this trend continues, will have a greater market share in the near future.

Uber Market Share – Friday and Saturday Nights (US)[13]

When an analysis of Uber's operations in Sydney is undertaken, it reveals risk patterns that are similar if not identical to taxis.

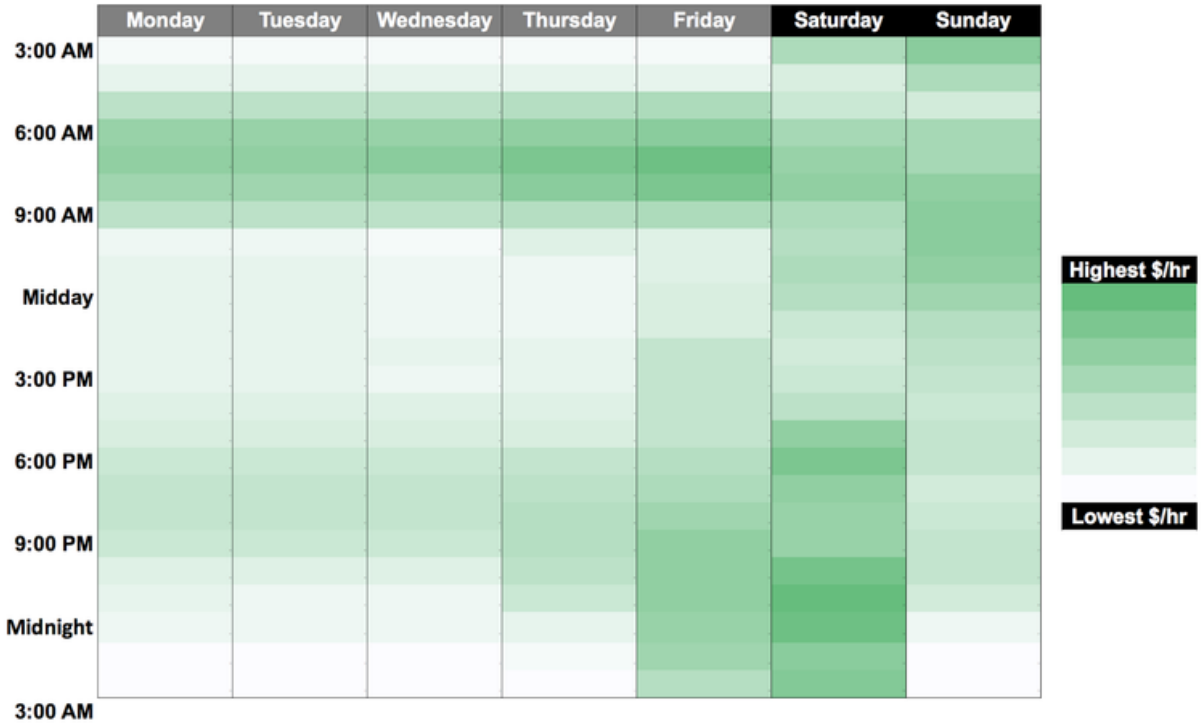
[12] David Rorshiem, CEO Uber AUS/NZ, ***Presentation to the NSW Future Transport Forum***, 19 April 2016
[13] ACT Review of Point to Point Regulations, ***Uber Submission***, 26 June 2015, pp. 24

The map below shows the density of Uber trips across Sydney. The dark areas represent higher trips per week starting in that area. This clearly demonstrates that Uber is operating in the areas identified in taxi claims (see earlier table) as the higher risk of the inner city and the east.[14]



When times of operation are reviewed there are also strong similarities with the operations of taxis with a trend towards operations on Friday and Saturday nights. Again, this is highly indicative of a risk profile that is comparable to taxis.

[14] http://www.ubersydney.info/core-hours-areas/



The table above shows the time of the day and the day of the week (Monday to Sunday) where the darker green means higher fares for Uber operators per hour.[15]

Notably, the darkest areas are between the hours of 10pm and 6am which is also the same time period the highest number of casualties occur.

Uber also promotes themselves as a solution to late night issues around Sydney's CBD lockout on the weekends after midnight. It has promoted where the most pickups occur after midnight on Friday and Saturday nights including:

- Oxford St – Slide, Mr Crackles
- CBD – Argyle, Cargo Lounge, Star Casino
- Kings Cross – Hugos, World Bar and the 4 Seasons Chicken Spot
- Newtown – The Imperial Hotel, Zanzibar, Istanbul on King
- Double Bay – Casablanca, Pelicano, The Sheaf[16]

All of the above locations are in the higher risk areas of the inner city and Eastern suburbs.

When reviewing Uber's wider operations, there is also a pattern of similarity to taxis. As can be seen from the graph below, Uber vehicles connect in significant numbers with other transport nodes, particularly train stations. This is a common pattern of travel for taxis, all with similar risk profiles.

[15] http://www.ubersydney.info/core-hours-areas/
[16] http://techau.com.au/uber-celebrates-1000000-rides-in-sydney-20-million-kms-in-aus/ TechAU, Jason Cartwright, May 8, 2015

Uber Trips Linked to other Public Transport[17]

In summary, Uber and ridesharing services are closely aligned with that of taxis. Their method of operation is based on a high turnover of jobs, productive fleets and therefore a high exposure to risk. In this context ridesharing vehicles are much more aligned to taxi operations than they are to hire cars which have been traditionally linked to a higher market segment which results in higher wait times and less turnover of passengers.

The information outlined above also demonstrates that Uber vehicles operate in the same higher risk environments, at the same time and in increasingly the same number as taxis.

Based on overseas experience, particularly in the US, current trends indicate that ridesharing services could surpass that of taxis in the near future.

This blurring of the lines between taxis and ridesharing clearly points to a need for a single P2P CTPI vehicle classification where a level playing field can be established and the risk for all P2P operators be transparently identified.

[17] ACT Review of Point to Point Regulations, ***Uber Submission***, 26 June 2015, pp. 24

CTP Compliance

As CTP is a statutory and compulsory scheme, *every* registered vehicle in NSW will have a "Greenslip" of some kind. The issue is whether or not they have an *appropriate* one.

Following the phasing out of HC plates for Private Hire Vehicles (Hire Cars) which is NSW Government policy; in the absence of any special registration plate type - any vehicle involved in private hire will have a Greenslip and will be able to drive on public roads with that Greenslip and the owner will be able to register that vehicle with RMS.

The very same international and domestic ridesharing and private hire entities who together with their drivers and partners, who have made compliance so difficult in recent years, are highly unlikely to suddenly change their behaviour when it comes to compliance in relation to "*expensive"* (that is, more accurately risk-priced) Greenslips. In fact in recent weeks RMS enforcement activity shows poor compliance with Driver authority requirements, even though legalised paths are now available to drivers.

A self-selection compliance problem is likely to arise if PHV (Private Hire Vehicle) Greenslips are significantly different in price to Class 1 or "Mum & Dad" Greenslips. The likely process being that the unidentified vehicles will simply take the Class 1 Greenslip, knowing that insurance cover will be provided in the event of any injury. At the time of registration they may not be identified as a PHV, or may not have yet been converted to PHV use (which could happen the very next day). It is far from certain that there will even be identification of the vehicle as a rideshare vehicle in event of any injury or claim.

Other results of this behaviour are that the number of such vehicles will be underestimated; their time on the road and their number of claims will all be understated. Even long-term it becomes very difficult to correctly identify, and therefore price behaviour, and such correct pricing leads to poor compliance, placing an unfair burden on those who do comply, as they are in an unreasonably small pool.

The option of a class for the new NSW Private Hire Vehicles only is problematic. There are two difficulties:

1. Pricing new categories correctly in a long tail claims market.
2. Compliance. It will be even harder to price because not all risks are included. The nature of ride sharing drivers has been to adopt a "it's ok, if it's all in good spirits" approach to compliance.

There is no real barrier for Hire Vehicles to operate with an incorrect CTP policy, as opposed to a taxi. For a taxi at registration, the existence of T registration plate enforces the regulation at annual RMS registration with a Taxi Greenslip. This is not the case with private hire vehicles or rideshare such as Uber.

Even at the time of a claim, the claimant, say a pedestrian, does not realise the car was a rideshare PHV, there is not HC or T plate, and if not correctly insured, it won't be

identified as incorrect or non-compliant. The claim will proceed in any case, but it may be incorrectly recorded against the wrong pool.

Although the law has removed any distinction between traditional hire cars and rideshare, the NSW Taxi Council would argue there is a significant difference between the driver behaviours of these two groups.

The traditional NSW metropolitan hire car has been a luxury vehicle with associated safety features, typically driven by drivers who have invested in vehicle and licence, carrying out long individual trips with lots of paid waiting time.

Compare this with the any type of vehicle short trip, late night, party-to-nightclub trips marketed by some rideshare participants. The NSW Taxi Council considers that traditional hire car class pricing is becoming less and less relevant to the future of NSW PHVs.

In addition the NSW Taxi Council seeks further investigation of the hire car data presented in the SIRA Discussion Paper Review of CTP Motor Vehicle Insurance for Point-To-Point Transport Vehicles. Whilst average claim size is similar for taxis and for Class 1 “Mum and Dad” vehicles, the discussion paper reports it is a tiny fraction of that figure for hire cars. We suspect that the rapid increase in the number of Hire Car vehicles in the data (doubling in the past 5 years) may have given rise to an anomaly. The suggestion that there are only 700 hire cars probably represents less than half the number at the time of publication.

Essentially, large Taxi CTP premiums arise because of the increased kilometres travelled by a taxi compared with general motorists. But even within taxis there are variations. Smaller groups already exist within metropolitan taxis. In Sydney for example, there is a large group of Peak Availability Taxis which attract the same CTP charges as other taxis, but have only been able to work for approximately 2/3 of the time of the others. These have always borne the identical charges.

Industry Safety Reforms

Recently the NSW taxi industry has undergone a number of reforms designed at improving vehicle and driver/passenger safety. This includes the introduction of compulsory wearing of seat belts by taxi drivers, the introduction of improved camera standards and the compulsory use of airbags. These have potential flow on benefits to the safe operation of taxis which in turn will reduce the risk exposure of the industry in the context CTP insurance scheme.

More recently the NSW Government has amended the *Passenger Transport Regulation 2007* to rebalance the risk relationship between driver and taxi operators. Prior to this amendment, taxi operators were required to indemnify drivers at all time, irrespective of driver conduct.

This recent amendment now allows operators and drivers to reach a commercial arrangement where the driver may be required to pay the excess on a claim where the driver is at fault. This reform helps rebalance the risk allocation between the parties and creates a more even share of responsibilities between the providers of taxi services.

With greater responsibility, taxi drivers will be required to take more care on the road and therefore will contribute to safer driving practices. This in turn will help contribute to a lower accident rate.

The opportunities for further improvement that P2P transport sector reform can produce in this context are significant. With the correct incentives, taxi providers will be encouraged to provide fleets that are better equipped to reduce the risk of collision and/or improve the efficiency of CTP claims through investment in relevant infrastructure.

The greatest opportunity to reduce risk for P2P operators is the integration of camera technology with telematics. This innovation has the potential to allow insurers to better price risk at a micro level and to reward good performance with lower premiums. Forward facing camera technology will also improve the efficiency of claims processing by helping determine fault quickly and reducing legal costs for insurers.

Combining these two technologies with smart cloud based analytics will provide big data opportunities for operators and the industry more broadly and lead to significant improvements in risk management and vehicle productivity in the P2P transport sector.

The combination of these two technologies is considered to represent a step-change in this context and is therefore being actively explored by the NSW taxi industry in this reform context.

An example of the product now available on the market that provides this capability can be found at the web link below.

https://www.youtube.com/watch?v=PtmGfsRe438

REVIEW OF OPTIONS

The following is the NSW Taxi Council's position on the options provided in the SIRA Discussion Paper on the review of CTPI for P2P transport vehicles.

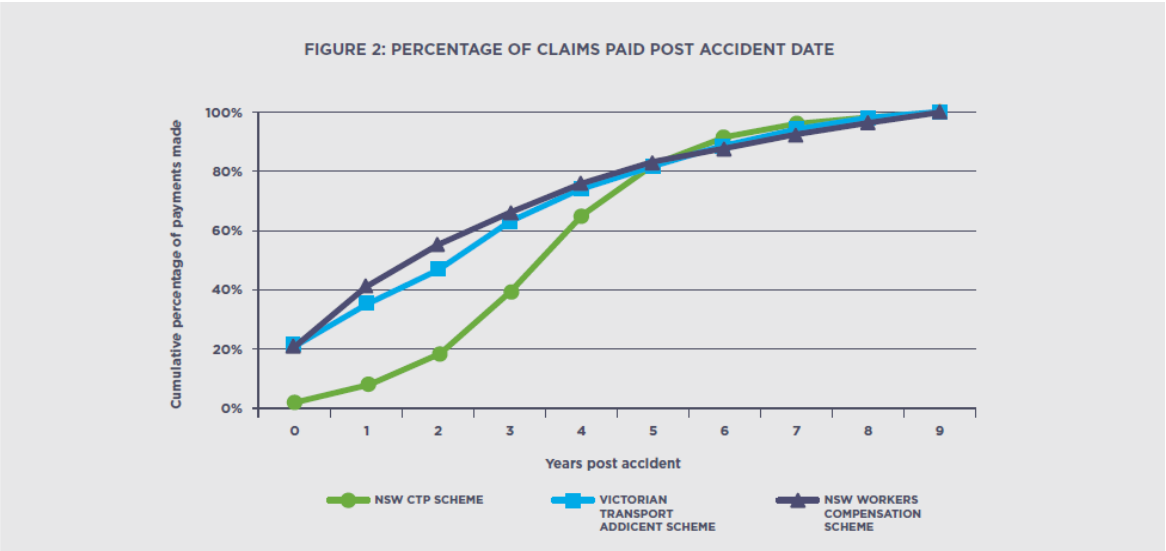
Option 1 – Creation of a new vehicle class for rideshare vehicles

As outlined in this submission, the NSW Taxi Council does not support the establishment of a separate class for rideshare vehicles. There is growing evidence that ridesharing vehicles perform in a manner that is closely aligned to taxis and are on the road in increasing frequency, in the highest risk areas and in the same high risk periods.

Ridesharing services operate on a high turnover, high productivity basis and, based on overseas and emerging local experience, are rapidly increasing in market share. Rank and hail arrangements for taxis is having little if any mitigating impact on this growth in ridesharing services.

Based on remuneration assessment by Uber, some ridesharing vehicles are operating at a greater frequency than taxis and therefore have similar if not greater risk exposures as a consequence.

The long tail (at least five (5) years) for the claims experience to ultimately identify the complete risk profile of ridesharing will put taxis and hire cars at a structural disadvantage and will diminish viability of the industry in a manner that is not consistent with the P2P reforms announced by the NSW Government in 2015. The extent of this long tail is illustrated in the graph below[18];



[18] NSW Government, ***On the road to a better CTP scheme – Options for Reforming Green slip Insurance in NSW***, March 2016, p.7.

Option 2 – Creation of a point to point vehicle class

This NSW Taxi Council strongly supports this option. As outlined in this submission, it is the most equitable solution to the structural inequities that exist in relation to insurance and, as highlighted in the SIRA Discussion Paper, will provide for a genuine level playing field.

The introduction of a P2P insurance class provides opportunities for insurers to better price risk at a micro level and will also incentivise operators to invest in risk mitigation measures that have the potential to significantly improve performance.

The effective implementation of a single classification will depend on effective compliance. In this context, it is strongly recommended that an 'identifier' for ridesharing vehicles, supported by robust back of house registration systems be introduced to ensure that this can be achieved.

Option 3 – Deregulation of point to point premiums to allow risk rating

This option is not supported as it will potentially encourage non-compliance and insurers are likely to raise premiums to cover risk. P2P operators who have a high transparency due to registration ie T and HC plated vehicles will be placed at a significant disadvantage in this context.

Option 4 – Rate all point to point vehicles as class 1 vehicles

This option has a high level of attractiveness due to its simplicity and relatively low marginal cost increase on existing Class 1 premium holders. It will also deal with the issue of compliance.

Option 5 – Risk Pool (insurance levy on fares)

This option is not supported. This disadvantages all point to point providers and there are significant challenges associated with levy collection including cost of collection, credit risk and transition arrangements. There are issues with measurement compliance and implementation. Further issues with identification and classification result in taxis and hire cars being unfairly disadvantaged.

As point to point transport services (particularly taxis) provide a public good, a more broad based levy (eg through vehicle registration) would be preferable if this option was to be further considered.

Option 6 – Retaining current vehicles class arrangement, but freeing up risk factors

This option is not supported. It does not address the structural issues associated with the CTPI scheme for the P2P transport sector

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NSW TAXI COUNCIL LTD

4 May 2016

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

Dear Mr Nicholls,

Re: Supplementary Submission – Compulsory Third Party Insurance (CTPI) Reforms for the Point to Point (P2P) Transport Sector

Introduction

We refer to our previous submission on the P2P transport sector CTPI reform (the Submission) and wish to make a further submission. We would also like to respond to some of the comments that were made at the P2P Transport Sector CTPI Reform Roundtable that was held on Tuesday 26 April 2016. We thank you for the opportunity to provide this additional information.

As outlined in our submission, and as reaffirmed at the Roundtable, the NSW Taxi Council recommends that the most effective way to regulate CTP insurance for the P2P transport sector is through the establishment of a single P2P category. This category should have sufficient regulatory latitude to allow insurers to reward good operator performance irrespective of whether the vehicle is a taxi, hire car or ridesharing vehicle, and provide incentive pathways for other operators to improve their risk management in this regard.

It is considered that the above CTPI regulatory arrangement is the most effective way of creating a level playing field for the P2P sector and allowing the insurance industry to properly assess and price risk. It is also consistent with the intent of the NSW Government's reforms for the P2P transport sector.

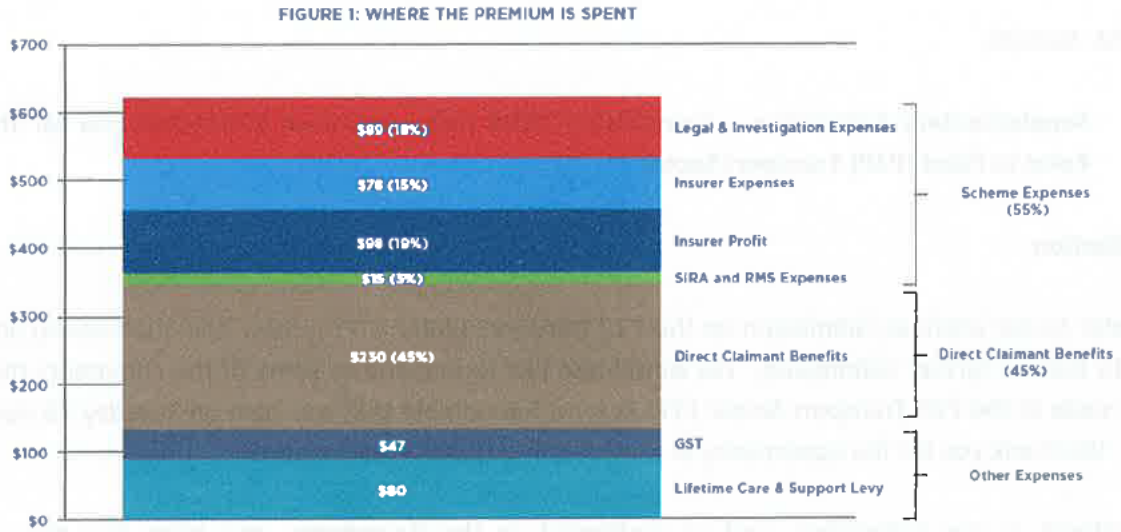
CTPI Scheme Systemic Issues

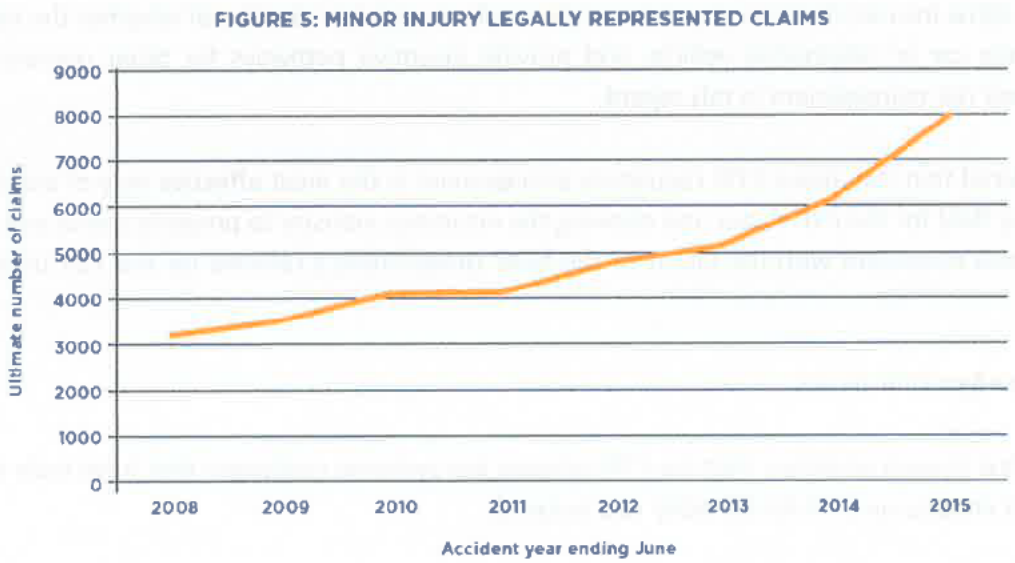
The NSW Taxi Council considers that the CTPI scheme has systemic challenges that have both direct and indirect impacts on CTPI for the NSW Taxi Industry.

As outlined in the NSW Government's CTPI Reforms Discussion Paper, *On the road to a better CTP scheme – Options for Reforming Green slip Insurance in NSW* dated March 2016, there are significant challenges facing the overall performance of the CTPI scheme. These include, but are not limited to:

- The at-fault structure and adversarial nature of the CTPI scheme
- The inefficiency of the CTPI scheme
- The CTPI scheme being privately underwritten therefore requiring relatively high insurance industry margins to cover catastrophic events
- Greater propensity to claim and particularly the increase in minor injury legally represented claims
- High legal costs associated with the scheme generally
- Significant incidence of fraud

The impacts of these inefficiencies in the current CTPI scheme are highlighted in the graphs below[1]:





[1] NSW Government, ***On the road to a better CTP scheme – Options for Reforming Green slip Insurance in NSW***, March 2016

These issues have direct implications for the P2P transport sector and particularly for the NSW Taxi Industry. The increases in taxi industry CTPI premiums have been exacerbated by these issues.

Risk Profiles of Point to Point Vehicle Classes

As outlined in the Submission, it is clear that the relationship between taxis, hire cars and ridesharing vehicles is becoming less distinguishable. The recently introduced reforms for the P2P sector have further broken down these vehicle categorisations, particularly between hire cars and ridesharing, and there is strong evidence that ridesharing vehicles are operating in a manner that is essentially identical to taxis.

In addition to the substantial evidence provided in the Submission, it has also been recently reported that there are Uber 'fleet operators' entering the market.

In an article in the Sydney Morning Herald (**Attachment A**) it was reported that some Uber 'fleet operators' were running fleets in excess of 30 vehicles. Furthermore, there were admissions from these fleet operators that vehicles were operating 24/7 and that sub-leasing was common practice. Of particular note was the insurance risk identified by these operators when the practice of sub-leasing occurred.

It is instructive that Uber acknowledged the existence of Uber fleet operators; an acknowledgement that is very important in the context of this CTPI reform process.

It is in this context that we also wish to respond to the comments made by Uber at the roundtable that they are so different from other P2P transport providers that they should receive the benefit of the cross-subsidisation from mum and dad private vehicle owners in Class One (1) to cover the risk of their operations.

As outlined in the Submission, Uber's risk profile is similar to that of taxi operators and drivers. Uber's own public information clearly sets out that they operate in the same high risk environment, at the same high risk periods as what taxis do. Furthermore, the publicly stated remuneration figures for Uber drivers is clearly at odds with the statements made at the roundtable by Uber representatives that the vast majority of its drivers operate less than 20 hours a week.

It is also worth noting that in the recent judgement by the Western Australian Supreme Court, HI Honour, Justice Paul Tottle observed that Uber X (ridesharing service) is the functional equivalent of a taxi service[2]. Justice Tottle also noted that:

> *Uber Australia's financial statements for the year ended 30 June 2013 recorded its principal activity as* ***the provision of taxi cab services***[3] *(our emphasis)*

---

[2] ***WASC\CIV\2016WASC0138***, dated 3 May 2016, p.5

[3] ***Ibid***

The nature of ridesharing being a direct substitute for taxi services was also acknowledged by the City of New York in its For Hire Vehicle Transportation Study, dated January 2016 which states:

> *Increases in e-dispatch trips (ridesharing) are largely substituting yellow taxi trips in the CBD.*[4]

This report further acknowledged that if there was growth in e-dispatch services (ridesharing, this would contribute to increased congestion[5].

Transparency and Compliance

As outlined in the Submission, central to the effective implementation of any reform to the CTPI arrangements for the point to point transport sector is effective transparency regarding vehicle use and compliance with the scheme more broadly.

It is considered imperative that all P2P transport vehicles are readily identifiable for the purpose of identifying the service at registration and subsequently when in operation. It is considered that this will become more complex as a consequence of ridesharing cars, and soon to be all hire cars being privately plated.

Taxis and hire cars are highly transparent, both at the time of registration and also in the event of an accident. This is plainly illustrated in the image below

It is therefore efficient for the parties involved in the accident and the insurance industry to identify taxis and, should the taxi be found at fault, attribute the cost of claim accordingly.

---

[4] City of New York, ***For Hire Vehicle Transportation Study***, dated January 2016, p.5
[5] ***Ibid***

If the accident involves privately plated vehicles however, then the issue of transparency and compliance becomes more complex and challenging.

Accident involving a ridesharing vehicle in the United States [6]

Not only is the insurance industry (and the CTPI scheme more broadly) faced with the cost of proving fault, it is also unclear as to how the cost of the accident will be allocated to the CTPI scheme, particularly if

1. the driver has not properly registered the vehicle

2. the driver (or the ridesharing firm) claims that the driver was not engaged in ridesharing at the time[7]

3. The driver has had the vehicle registered as a private car and subsequently starts driving for a ridesharing firm but has bothered to change the registration details accordingly.

These are genuine issues and are likely to manifest themselves in any new scheme that relies heavily on self-declaration regarding the type of P2P operation a driver is undertaking. There is a conflict for ridesharing drivers to not disclose the true nature of their work with their private vehicles, as to do so is likely to incur greater cost. Furthermore, ridesharing companies may seek to defray both allocation fault and costs and enter into disputes with all parties involved, including the ridesharing driver, as to the nature of the driver's operation at the time of the accident, ie

1. Was the driver engaged with the booking service at the time of the accident

2. Did the driver have a passenger in the vehicle

[6] http://www.nbcbayarea.com/investigations/Is-Uber-Keeping-Riders-Safe-256438921.html
[7] In the United States in the case of

3. Was the driver taking a break between bookings but was still intending to ply for hire during his/her shift etc

4. Was the driver returning home from his/her shift and, despite not having a passenger in the vehicle, nor even looking for one, would not have been on the road at all if they had not been operating for a rideshare firm.

Disputes of this nature, as seen overseas[8], will add to the overall structural inefficiencies of the CPTI scheme (as outlined earlier in this supplementary submission) and will potentially have longer term impacts on reform transition issues as outlined below.

It is therefore considered that part of the cost of providing a ridesharing service is that the vehicle operator must insure to the overall risk of the scheme (ie a fixed price) and then be subject to variable risk pricing based on their performance. Ridesharing firms, and more specifically, government regulators and insurance companies, must recognise that ridesharing operations draw vehicles onto the road when they otherwise would not have been there. This is the very nature of ridesharing operations ie, utilising 'under-utilised' assets.

The reforms to the CTPI scheme for the P2P transport sector therefore need to address the issues of transparency and risk to compliance if the scheme is to function in a sustainable and equitable manner. Appropriate regulatory measures, supported by a strict enforcement regime needs to be implemented to achieve this critical outcome.

Additional Options

The NSW Taxi Council Provides Comments on the additional options presented at the Roundtable as follows:

Option 7

The NSW Taxi Council does not support this option. As outlined in the Submission and reaffirmed in this supplementary submission, ridesharing vehicles operate at a similar risk profile as taxis. This option would therefore further entrench the structural inequities that exist between the relevant segments of the P2P transport sector.

The NSW Taxi Council would however in-principle support an option of a similar nature if this was based on all P2P transport vehicles, irrespective of class.

As outlined in our Submission, there are many taxis that operate lower kilometres and in lower risk areas. There are many taxis that have not had an at-fault accident at all in over a decade. It

[8] http://abc7news.com/business/family-of-6-year-old-girl-killed-by-uber-driver-settles-lawsuit/852108/

is therefore considered that Option 7 could equally apply to taxis as it could to ridesharing vehicles.

There are however, as with all options presented thus far with this reform process, issues of transparency and compliance, particularly with vehicles that are not easily identified as a hire car or a taxi.

As outlined in the Submission, with effective and efficient compliance systems, this option (and others) would advantage non-disclosure of the P2P purpose and therefore may encourage a culture of non-compliance.

Option 8

This option has potential merit in that it applies a risk based approach to all P2P vehicles irrespective of class. Caution needs to be exercised with this option however to ensure that there are not unintended consequences and/or perverse incentives created such as minimising kilometres travelled and lowering service levels as a consequence.

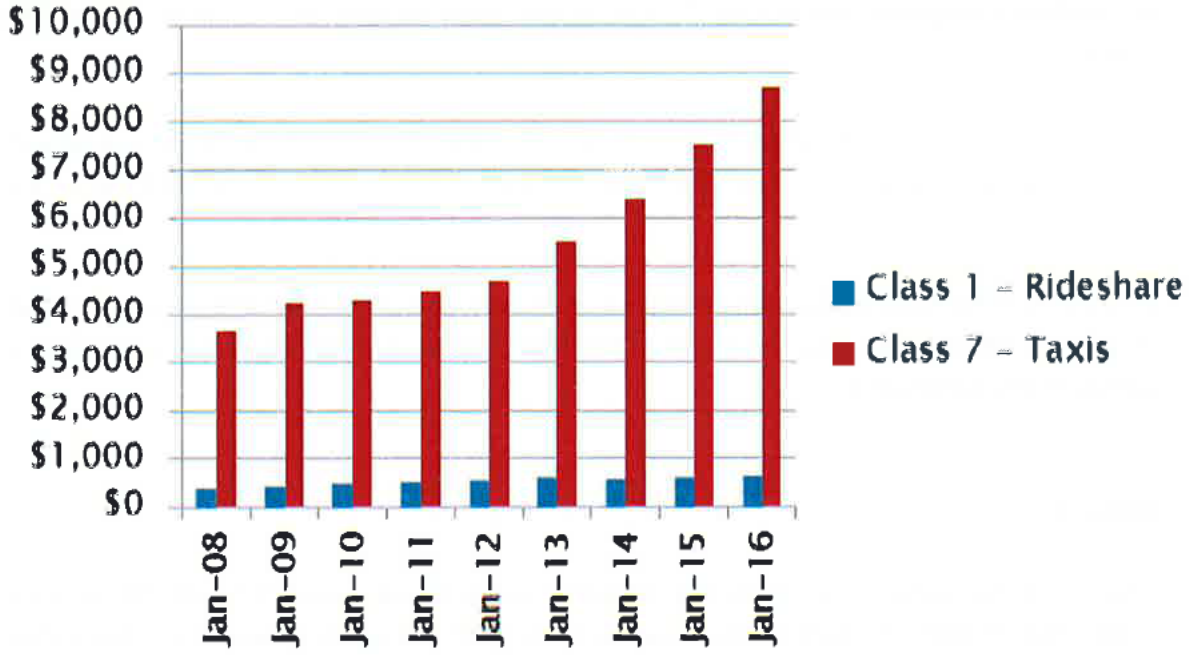
The concept of a fixed and variable component to the CTPI scheme has the potential to achieve the reform objectives through a broad based risk cost that is shared across all P2P vehicles and a variable component that reflects the true risk of the vehicle relative to its performance.

This option also has merit in terms of encouraging investment in risk management innovation.

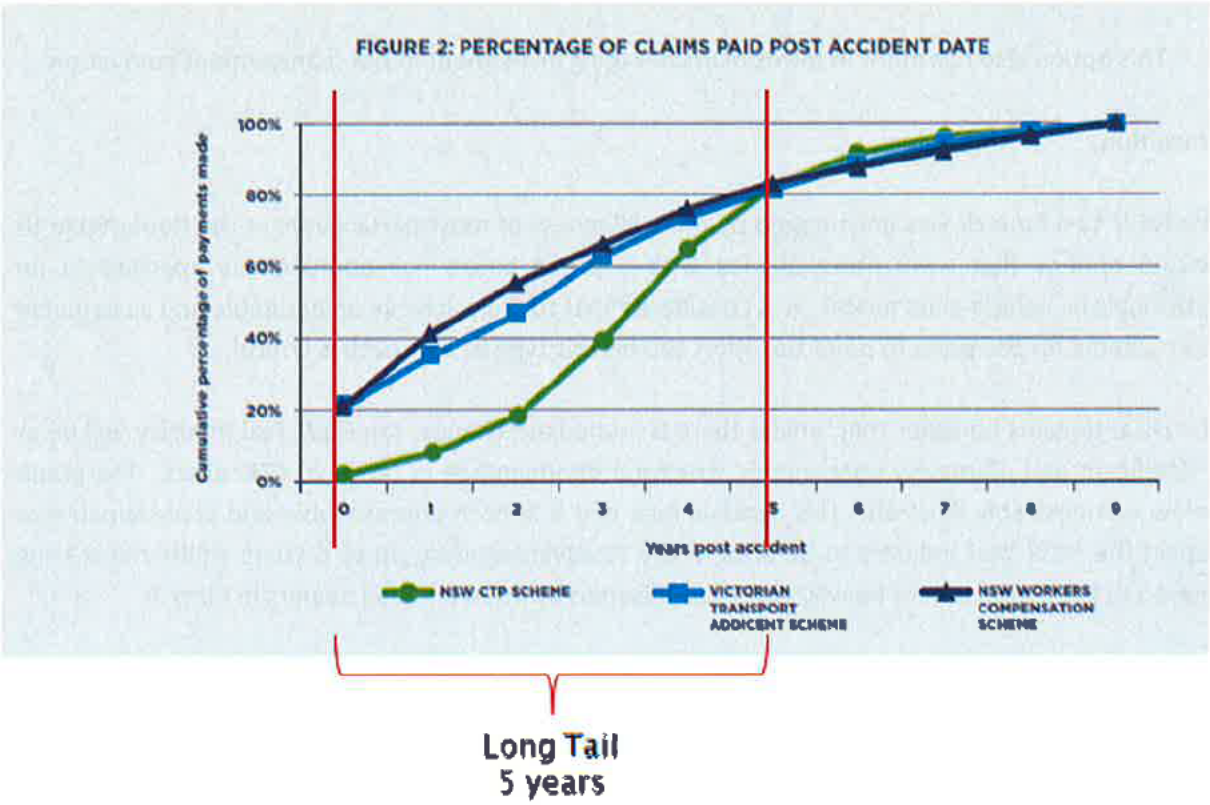
Transition

The NSW Taxi Council was encouraged by the willingness of most participants at the Roundtable to discuss options that were more aligned with a broad based risk approach as opposed to an individualistic vehicle class model. It is considered that to truly achieve an equitable and sustainable CTPI Scheme for the point to point transport sector, this type of approach is critical.

The issue remains however that, unless there is immediate change, the NSW Taxi Industry will be at a significant and ultimately uneconomic structural disadvantage in terms of CTPI costs. The graph below demonstrably illustrates this disadvantage and it is both unreasonable and unsustainable to expect the NSW Taxi Industry to be structurally disadvantaged by up to 6 years whilst ridesharing operators get the benefit of heavily cross subsidisation by mum and dad owners in Class 1.



As claims have a long tail of five to six years before they are finalised (due to the systemic challenges with a privately funded at-fault CTPI scheme) , then it is reasonable to expect that the true risk picture for ridesharing vehicles takes a similar amount of time to emerge. This is illustrated in the graph below



The NSW Taxi Council therefore considers that it is critical that the point to point sector is moved to an equitable scheme as soon as is possible; a transition arrangement that is not subject to the

systemic problems of the present at-fault privately funded scheme. Whilst it is acknowledged that the NSW Government is proposing to reform the wider CTPI scheme that may address some of these issues, it is considered that these changes will not flow through in time to address the structural inequities that are manifest in the current P2P transport CTPI arrangements.

We trust that this additional information is of assistance in helping SIRA address this critical issue. We have also attached a presentation that summarises the Submission and this supplementary information. Please note that the presentation contains a link to a video that demonstrates some of the key initiatives that are being pursued by the taxi industry to help improve its overall performance in terms of managing the risk of accidents.

Please do not hesitate to contact the undersigned should you require any further information in relation to this matter.

Roy Wakelin-King, AM
Chief Executive Officer

Uber attracts more car-less drivers as entrepreneurs buy up ride-share fleets

April 23, 2016

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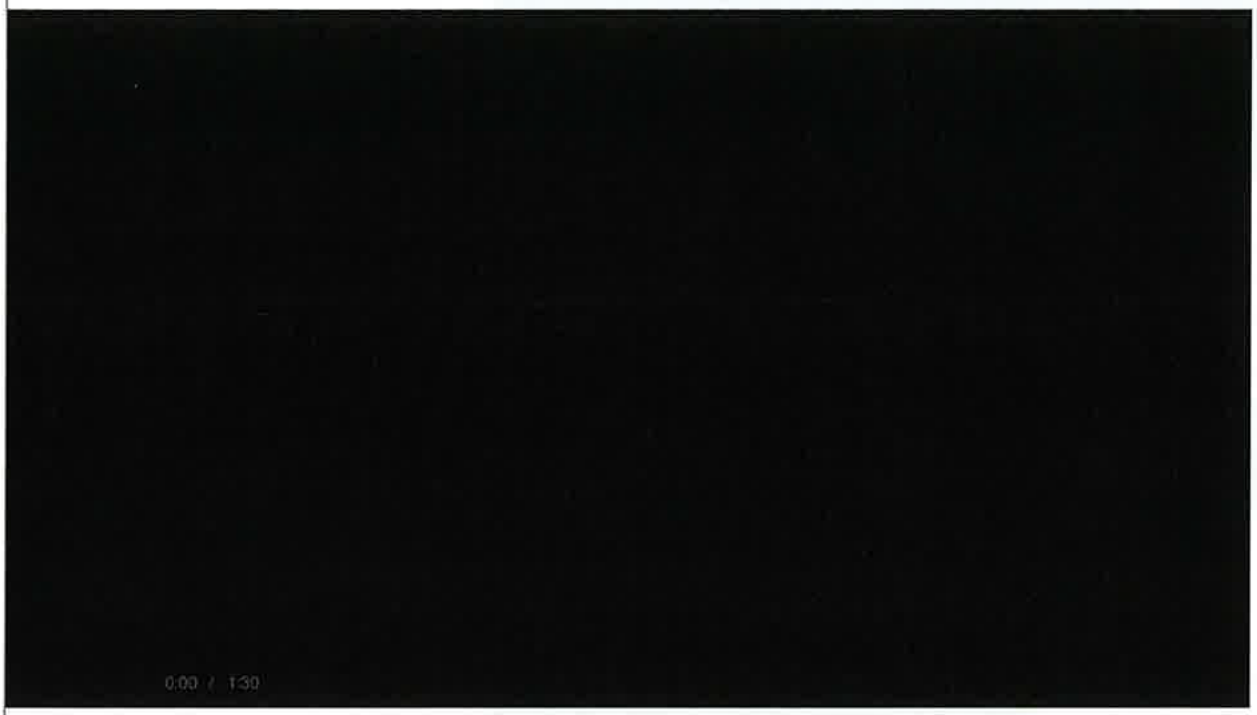


Uber is 'not going anywhere'
Fines for drivers have doubled in Queensland but Uber is urging them not to pay as it vows to continue operating. *7 News Queensland*

Ever wondered how a young Uber driver can afford such a nice car? It turns out they could be leasing it or sharing it with other drivers.

One man who spoke to Fairfax Media owns 32 cars that he leases out to Uber drivers for up to $400 per week, with most cars taken for three to six months at a time.

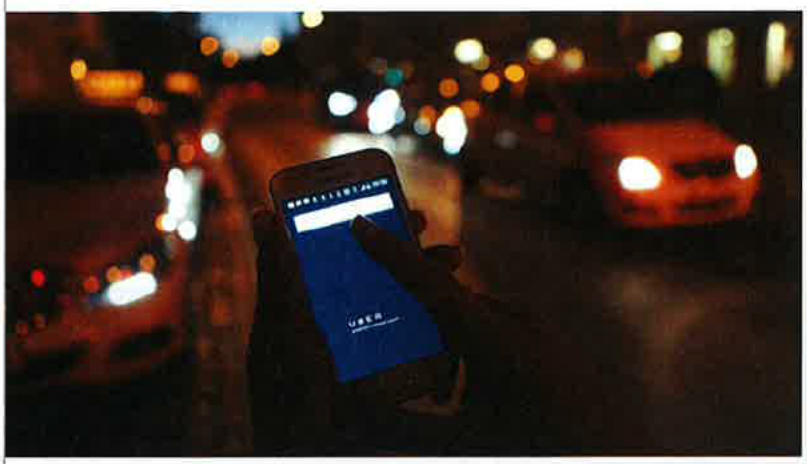
This widespread car leasing resembles the old taxi industry model of wealthy cab-owners letting multiple vehicles out to employees. Only this time there is no licence, nor regulatory structure.

Danny and Jo lease 32 cars out to people who are driving for Uber. They say there is a 'neverending' demand from people who want to lease a car for up to six months. *Photo: Simon O'Dwyer*

It also contradicts Uber's image of car-owners sharing rides with passengers to earn extra money during their spare time.

There has been "neverending demand" for lease vehicles from car-less Uber drivers, according to "Danny" from MMBB Logistics. He runs a fleet of 32 vehicles which have been approved by Uber for use in ride-sharing. Danny asked for his full name not to be used due to Uber's legal status in Victoria.

"I bought three more [cars] yesterday," he told Fairfax Media this week.



Ride-sharing drivers can lease a car and borrow a smartphone, and require nearly nothing to start driving passengers around. *Photo: Getty Images*

He says drivers were still able to earn money even if they lease a car and pay for petrol and cleaning costs. He charges between $270 and $400 a week.

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Insurance questions

Uber remains illegal in Victoria, with nearly 500 drivers fined in the past year. *Photo: Supplied*

"I have got commercial insurance on every car. [But] at the end of the day you are not insured for Uber. No one is," Danny said.

His business partner, Jo, added they put the name of the driver leasing the car on the insurance certificate.

But some cars had done so many kilometres during the lease that they suspect drivers were sub-leasing to other drivers not named on the insurance and keeping the cars on the road 24 hours a day. This means there would be no insurance cover if the sub-lease driver was involved in an accident.

Uber claims to have its own insurance for every ride-share trip.

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A spokesman for Uber said multiple drivers could share a single car, but that each driver was registered. Uber does monitor the number of hours a driver stays logged into the app.

This also prevents multiple people using a single Uber profile.

"Anyone who is 21 years or older, holds a full [unconditional] valid driver's licence and has access to a four-door car nine years [old] or younger, can apply to become an UberX partner," the spokesman said.

All Uber drivers get a police check when they register and a driving history check. However, only taxi drivers are subject to regular re-checking to ensure their records remain clean.

And Uber does not check the eligibility of drivers to work in Australia, as they are not considered employees.

Illustration: Matt Golding

Victoria holds out

Meanwhile the Victorian government remains one of the in Australia to introduce legislation to legalise ride-sharing services. Transport minister Jacinta Allan is yet to reveal the government's long term plans. The state's Taxi Services Commission [TSC] continues to issue fines, including 488 infringements against UberX drivers since May 2015.

"The TSC has prosecuted a number of drivers, one of which was found guilty in December 2015. This matter is the subject of an appeal, which is slated for 16 May 2016. An additional 11 cases have been adjourned until 26 July 2016," a TSC spokesman said, referring to the case against driver Nathan Brenner in the Melbourne Magistrate's Court.

One driver who wanted to be known as TJ, used to lease a car from Danny and said he was picked up by the TSC in October while waiting in traffic because they spotted the Uber app open on his dashboard-mounted smartphone.

They fined him for driving an unauthorised car and Uber paid his fine, TJ told Fairfax Media. But they were unable to fine him for driving without a proper licence because he had an old taxi driver's licence.

TJ stopped driving taxis because he didn't feel safe carrying a lot of cash around, had trouble getting paid, and could not refuse passengers.

He claims to make about $800 per week from ride-sharing, after paying GST, but says a recent rate cut has knocked up to $60 off his weekend earnings.

NSW TAXI COUNCIL

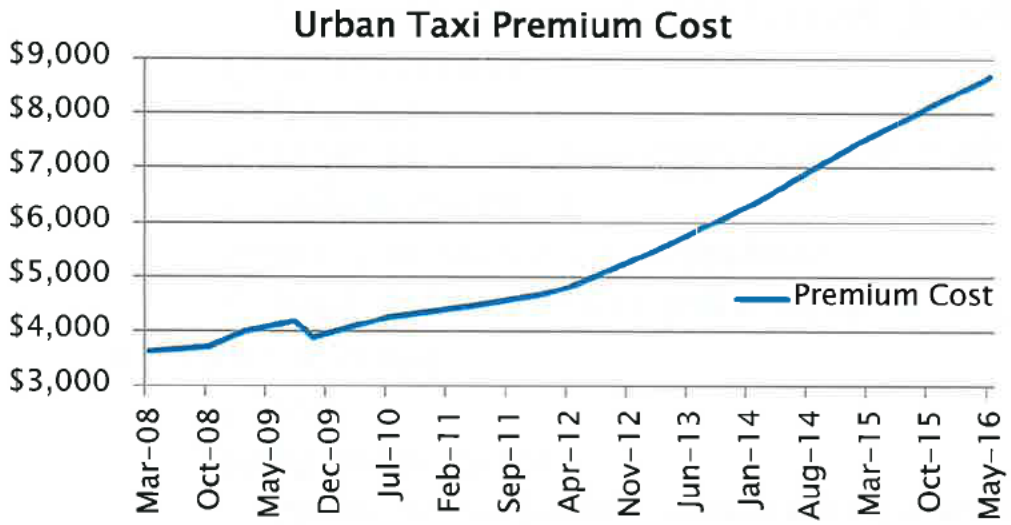
NSW COMPULSORY THIRD PARTY INSURANCE SCHEME

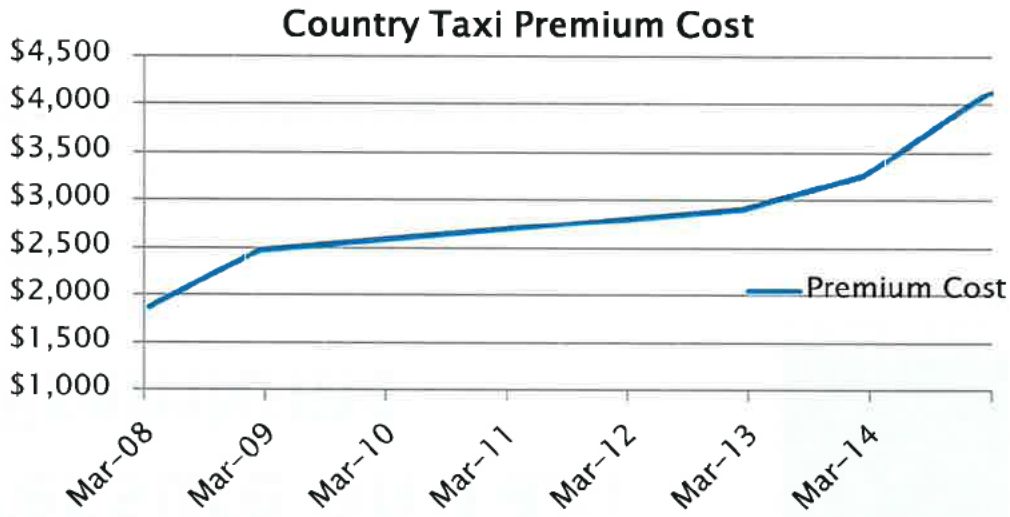
Point to Point Transport Sector

Background

- NSW Taxis require CTPI to be registered
- Categorised in Class 7 of the NSW Government's CTP Regulatory framework
  - 7,200 taxis in NSW
    - 6,000 Sydney/Wollongong/Newcastle
    - 1,200 country
- One main insurance provider – Allianz
  - QBE and Zurich withdrawn over last three years
    - Lack of competition is putting upward pressure on taxi CTP premiums
- CTPI prices have increased by over 80% in last four years
  - Insurance now more than 10% of all costs associated with operating a taxi
  - Current situation untenable

NSW Taxi CTPI Premium Prices

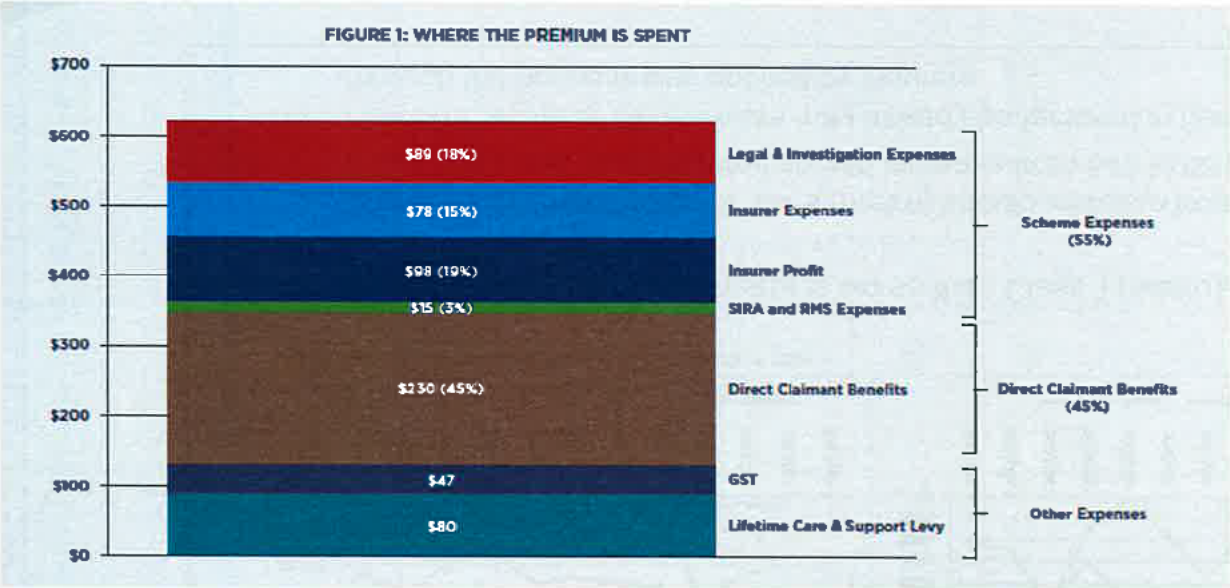


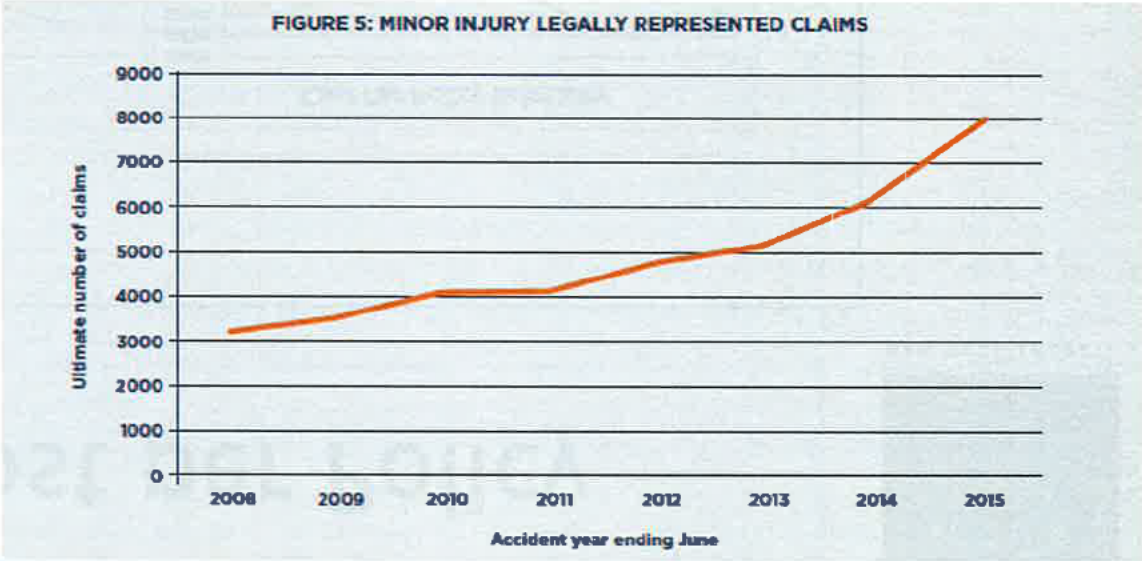


Upward Pressure on Taxi CTP Premiums

- Scheme Issues
  - Inefficient CTP scheme generally
  - At-fault
  - Privately underwritten
    - High insurance industry margins to cover catastrophic events
  - Greater propensity to claim
    - Post GFC
    - Minor injury legally represented claims
  - High legal costs
  - Fraud
- Taxi issues
  - Claims experience is high relative to Class 1
  - Class 7 is very small category
    - Highly sensitive
  - Accidents in Sydney CBD causing disproportionate deterioration of claims experience
  - Cultural issues
    - Driver conduct not accountable for claims
      - Recently changed

CTPI Scheme Issues





Taxi Cost per Policy

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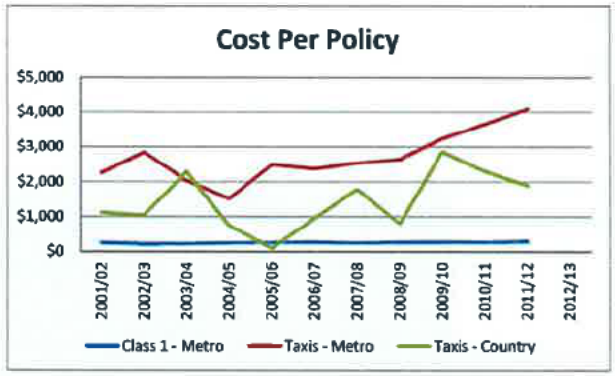
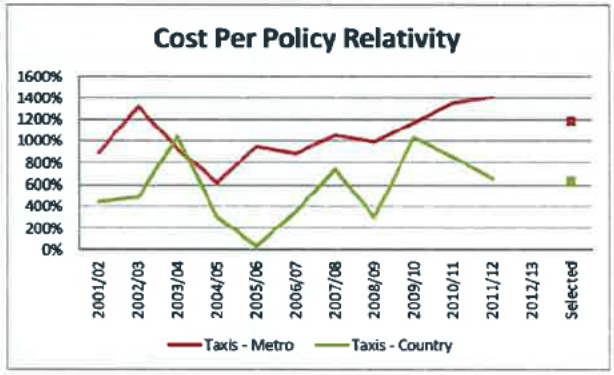
Taxis Experience

Cost Per Policy





Cost per policy = claim frequency x average claim size

- Cost per policy for Taxis (metro) is worse than Class 1 (metro), mostly driven by claim frequency
- Suggests that relativities for Taxis (metro) should increase from 1070 to 1188 (i.e. +11%), and Taxi (country) should increase from 540 to 631 (i.e. +17%)
- However, some of the increase may already be factored in taxi premiums through the bonus/malus applied by insurers

Taxi Average Claim Size

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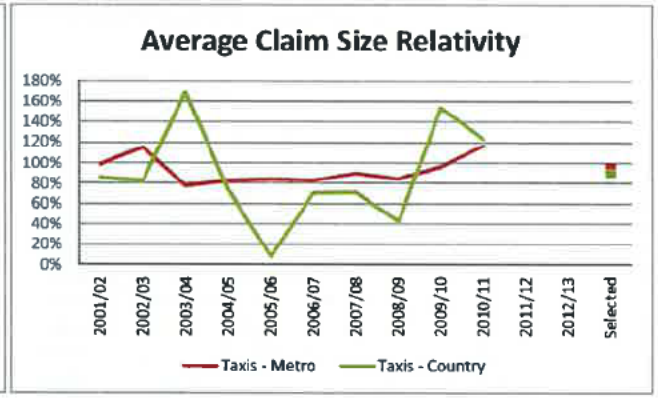
Taxis Experience

Average Claim Size



- Average claim size of Taxis (metro) is slightly better than Class 1 (metro) and this is recognised when selecting relativities
- Average claim size of Taxis (metro) has deteriorated since 2008/09

Taxi Claim Frequency

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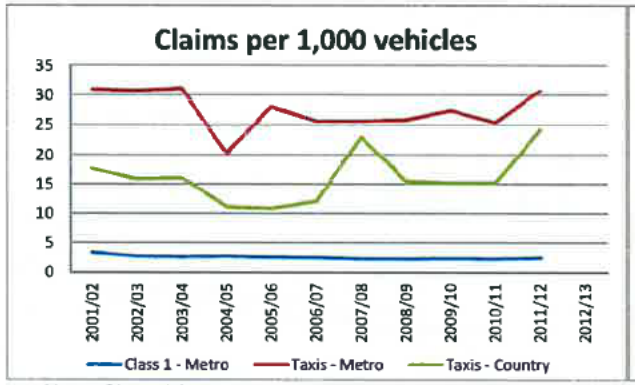
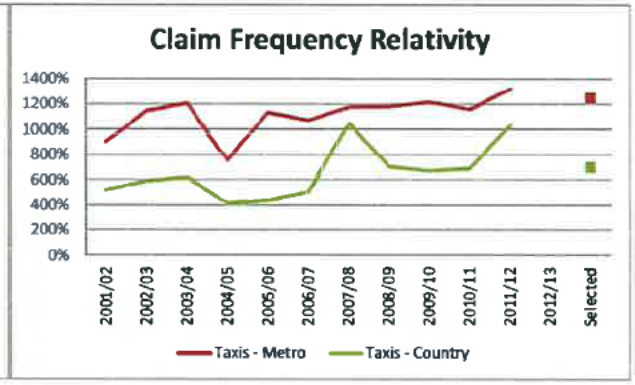
Taxis Experience

Claim Frequency





Note: Class 1 is passenger vehicles

- Claim frequency of Taxis (metro) is worse than Class 1 (metro)
- Claim frequency of Taxis (metro) has deteriorated relative to Class 1 (metro) since 2006/07
- Claim frequency of Taxis (country) is better than Taxis (metro), but showing strong signs of deterioration over time

Taxi Crash Statistics

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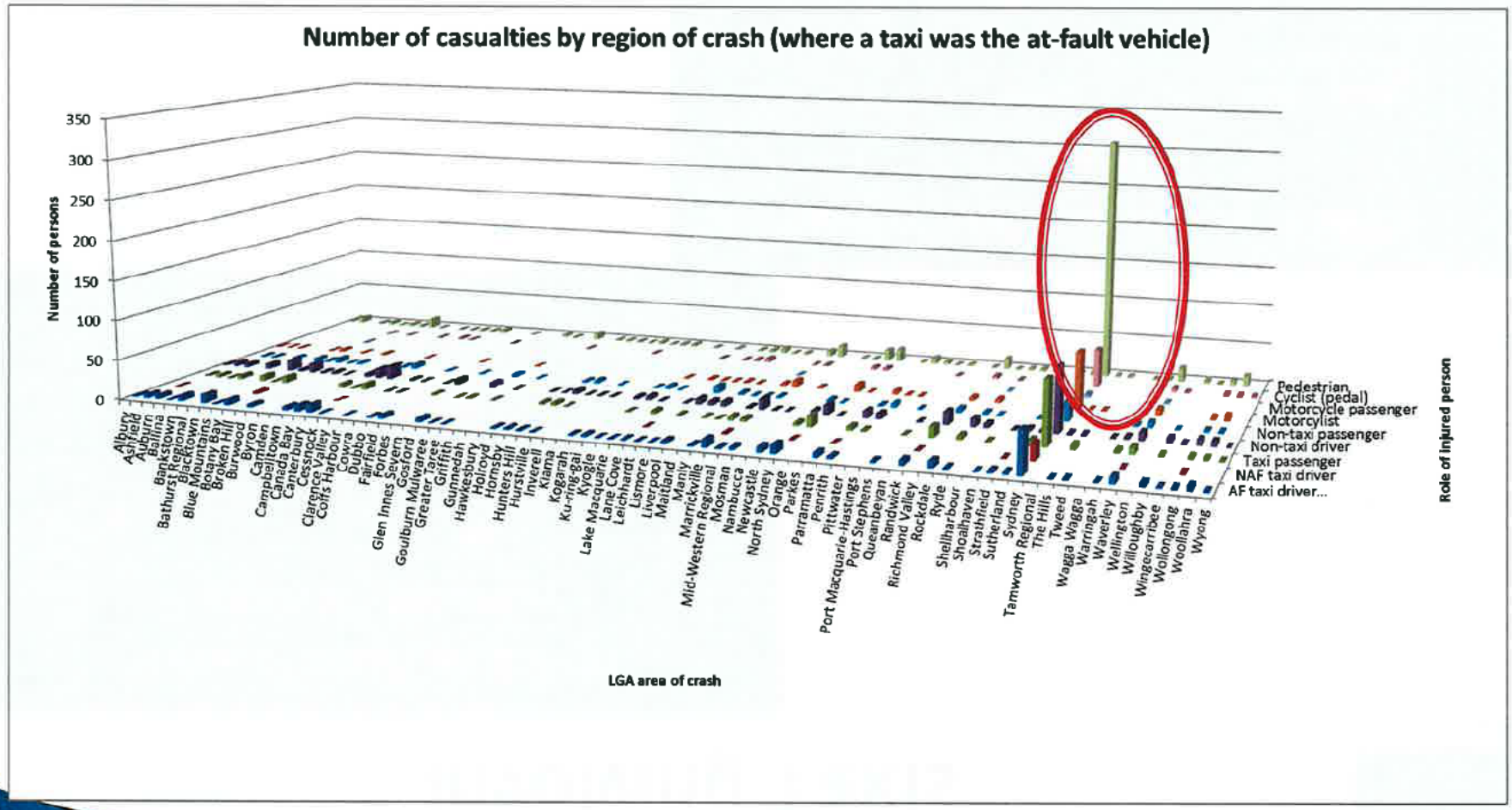
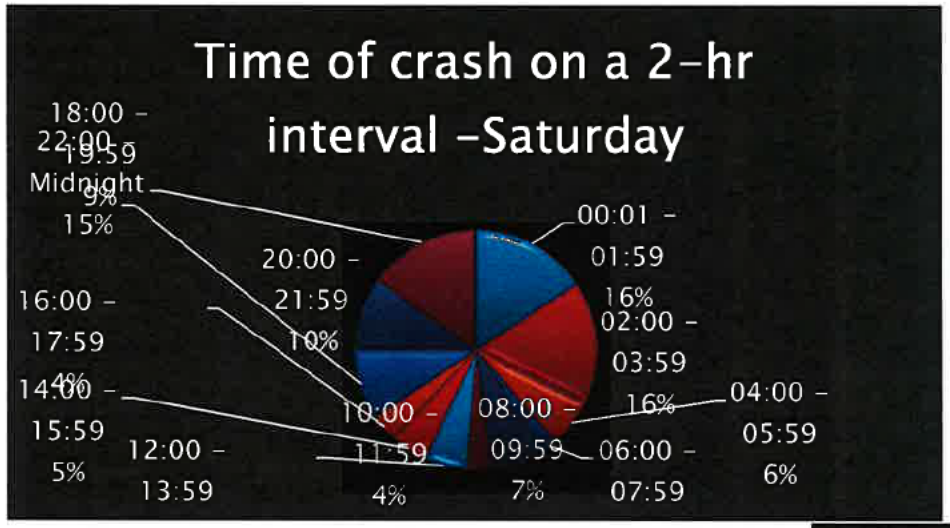
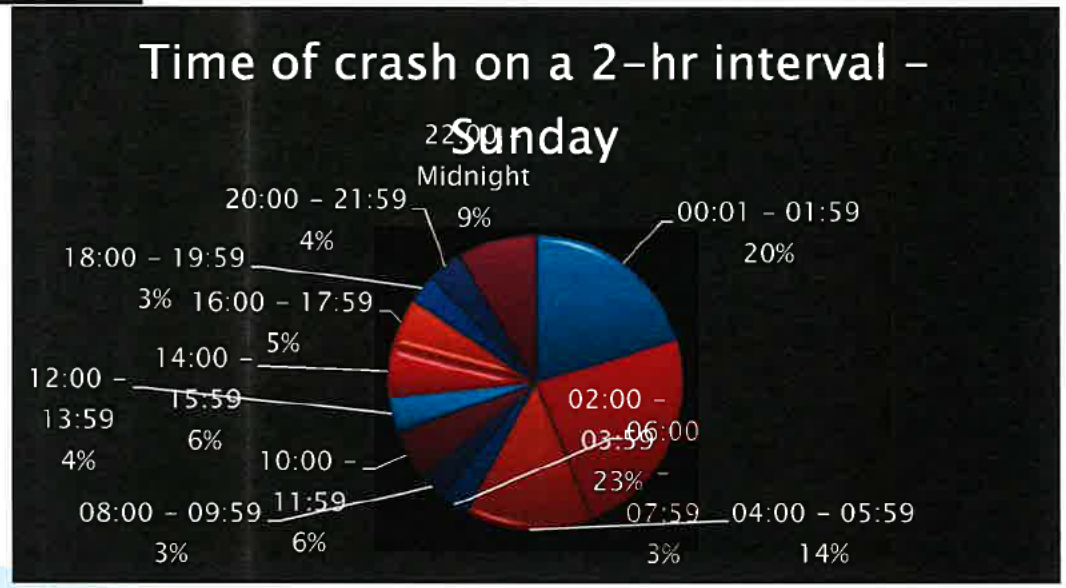


Date/Time Sydney CBD Accidents involving Taxis

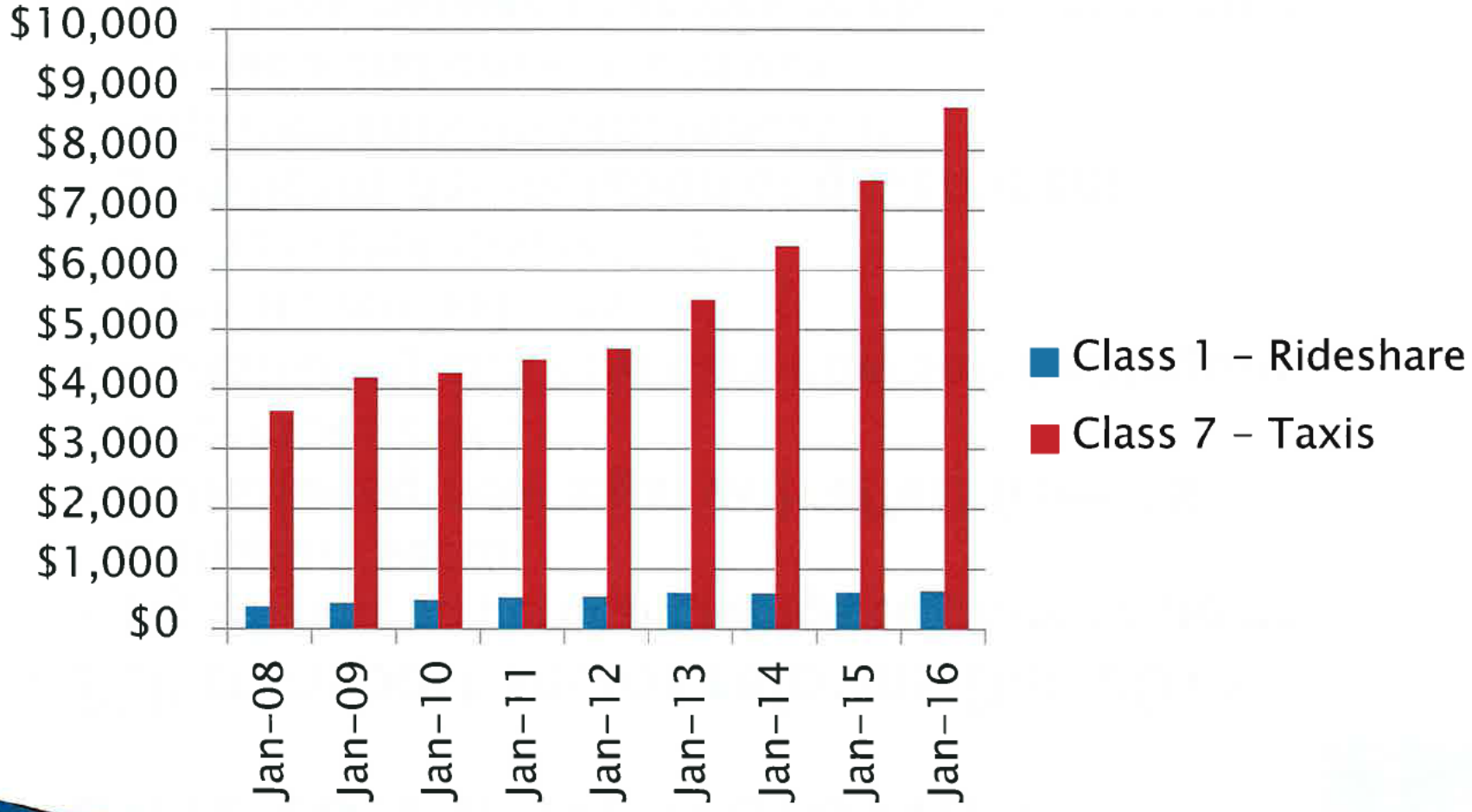




Point to Point Reforms

- P2P transport sector reforms Dec 2015
  - Significant structural change to point to point transport sector
  - Ridesharing now legal with effect from 18 December 2015
  - Ridesharing and hire cars now same category
    - Private hire vehicles
      - No licence required = $0
  - Significant deregulation of government requirements on taxi industry
    - Vehicle and driver standards
  - The lines between sectors of the point to point transport sector are becoming increasingly blurred

Taxi CTP Premiums Vs Rideshare Premiums



Ridesharing Risk Profile

- Ridesharing operations closer to taxis than hire cares
- High volume/high productivity operation
- Rapidly increasing market share of the point to point sector
- Key operating times and demand locations are mirroring the taxi industry
- Increasing number of 'Uber operators'
  - Operating fleets up to 30 vehicles
  - Cars leased on shifts up to a week
    - Sub-leasing occurs without lessor's knowledge

http://www.smh.com.au/business/innovation/uber-cars-used-all-day-and-night-as-drivers-take-turns-using-cars-20160419-goa0ip.html

Uber Market Share – US

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Friday and Saturday Night Trips in a Top-10 US Metropolitan Area

Source: Uber Submission to the ACT Point to Point Transport Review

Uber Trips – Most Popular Trips Sydney Metropolitan Area

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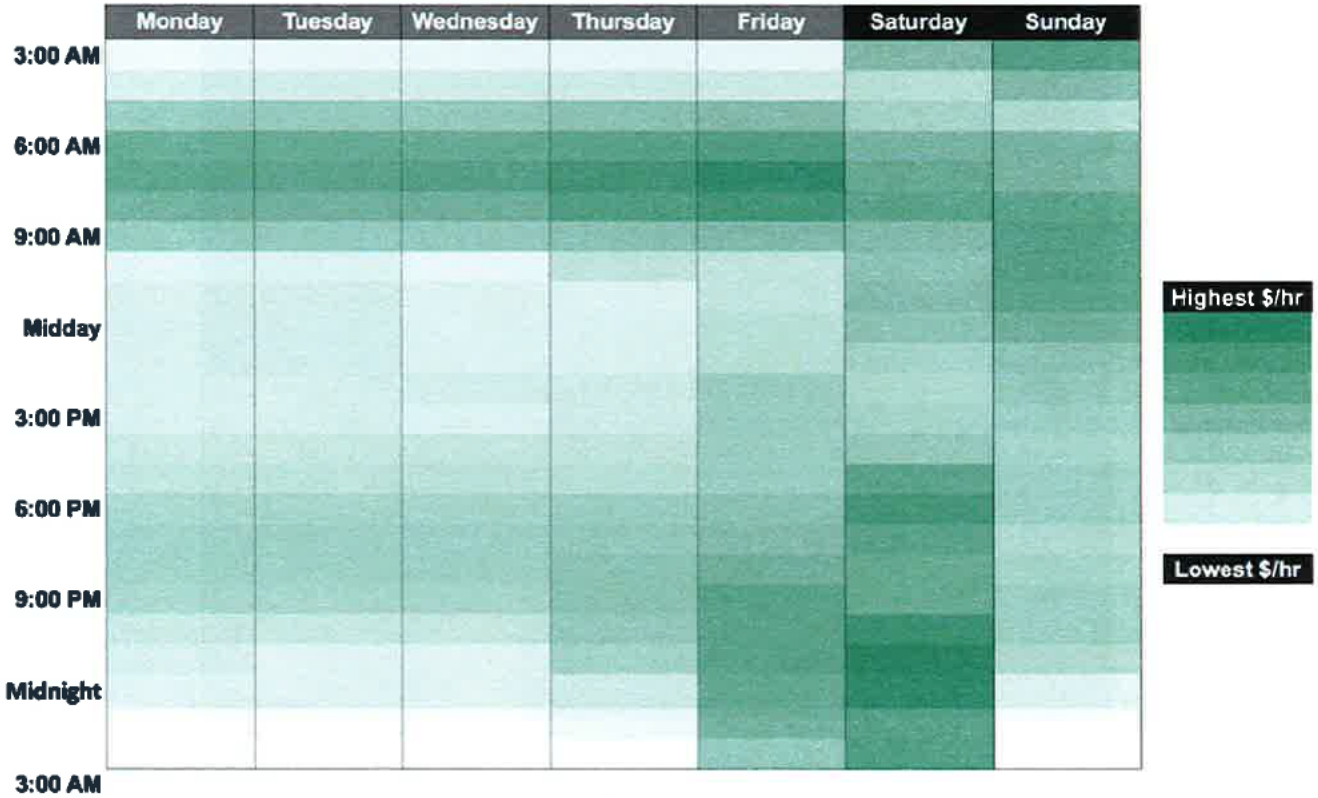
Source: Uber website

Uber Trips
Most Popular Times

NSW TAXI COUNCIL



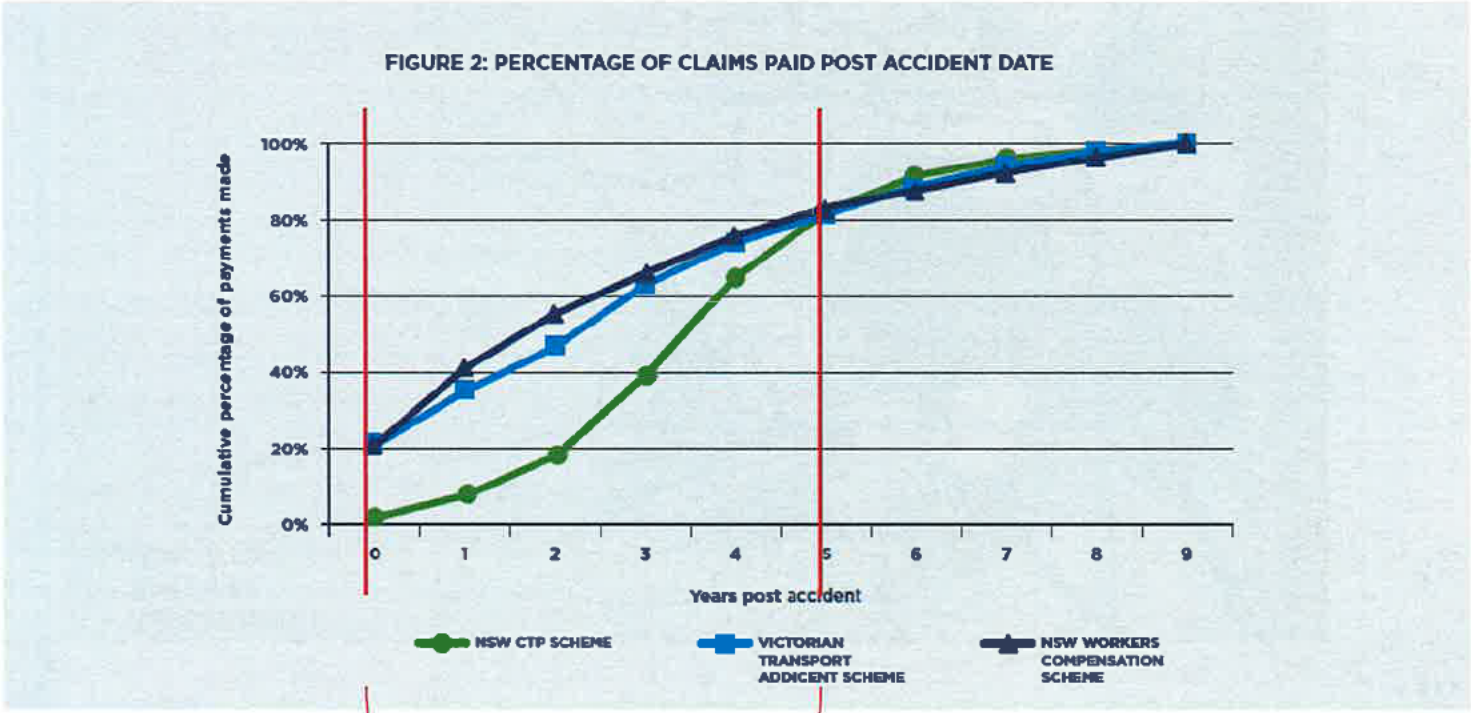
Source: Uber website

Uber Trips – Connection to Public Transport Modes – Sydney

NSW TAXI COUNCIL

Source: Uber Submission to the ACT Point to Point Transport Review

CTPI Claims – Long Tail
Separate Class for Ridesharing Leads to Structural Inequities



Long Tail
5 years

Transparency of taxis in an accident

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- Taxis highly transparent
  - Separate registration requirements
  - T or TC vehicle number plate
  - Required to be highly visible
    - Government policy
    - Livery & roof top light
- Ability to attribute costs of claim is efficient for insurers
- Ability to identify class of vehicles for litigants is efficient
- Taxis must be covered 24/7 by law
  - Part time operators
  - Restricted taxi licences

Transparency of ridesharing vehicles in an accident

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- Ridesharing vehicles are privately plated
- High degree of self-declaration is required
  - Issues of operator/driver and ridesharing company conflict of interest
  - Mid-policy (post registration) changes of operation
    - Starts/stops ridesharing
- Transparency in an accident is complex
  - Was the driver working (on the app) at the time
  - Was a passenger in the vehicle
  - Would the vehicle have been on the road in the first place if not doing ridesharing

CTPI Reform Must Encourage Investment in Safety and Risk Management Capabilities

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- Single Point to Point CTPI class to have regulatory latitude to encourage investment in safety and risk management systems
  - Telematics
  - Forward facing cameras
  - Collision avoidance technology
  - Cloud based data management
  - Autonomous vehicles

  https://youtu.be/PtmGfsRe438

- Operators should be provided with incentives to invest in technologies that improve risk management

SIRA CTPI Point to Point Discussion Paper and Roundtable Option Analysis

- Option 1
  - Not Supported
    - Leads to structural inequities in point to point transport sector
    - Does not properly reflect true risk
- Option 2
  - Supported
    - Most equitable regulatory solution
    - Reflects risk across all sectors
- Option 3
  - Not supported
- Option 4
  - Supported in-principle
    - Simplest solution
- Option 5
  - Not supported
- Option 6
  - Not supported
    - Levy on passengers to narrow a subsidy
- Option 7
  - Not supported in current form
    - Relates only to ridesharing vehicles
    - Will lead to structural inequities
- Option 8
  - Supported in-principle
    - Potential to create level playing field based on risk
    - Fixed and variable components allow for innovation and investment

Transition Issues

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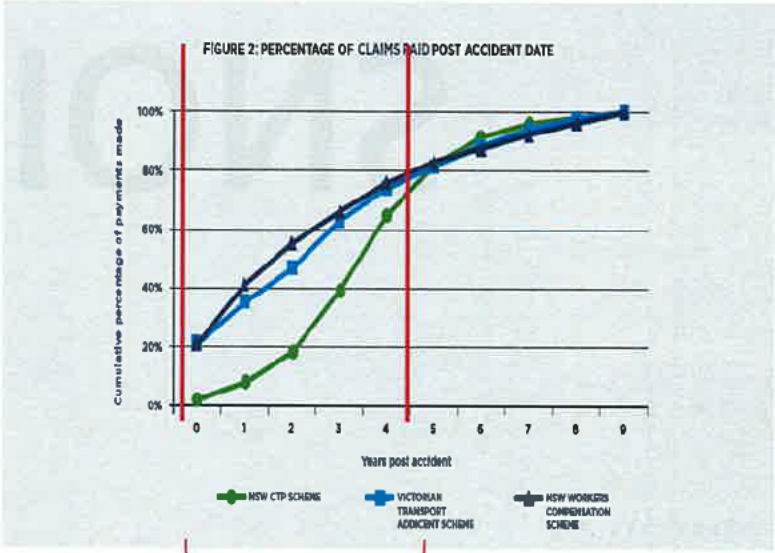
- Long tail issues mean that transition must address structural inequities in short term
  - Levy options must be considered in this context
- Taxis cannot be structurally disadvantaged through anti-competitive regulations and model design, including the transition phase
  - Ridesharing firms will have a commercial competitive advantage if these issues are not addressed
- Insurance industry must support final model and transition process
  - Transparency, compliance and enforcement issues must be resolved and implemented effectively.



Long Tail
5 years

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QUESTIONS