

**Executive summary:** GM Cabs provides this submission in response to the discussion paper by the SIRA titled 'Review of Compulsory Third Party (CTP) Motor Vehicle Insurance for Point-to-Point Transport Vehicles.' The main objective of the discussion paper is to address issues of the CTP scheme within the 'point-to-point' transport market in light of the emergence of the 'ride-share' services (such as UberX, GoCar and Lyft). 'Point-to-point' transport is a broad term essentially used to define the provision of transport services whereby the customer determines the time and route of their destination. As the number of ride-sharing operators which have been now classified with the Private Hire Car service as well as the consumers using these services are increasing in New South Wales, the CTP scheme must be revised to properly address the risks posed by ride-share services. By failing to take appropriate action, Class 1 road users (predominantly non-commercial road users) consequently suffer serious losses in the form of: ongoing spikes in CTP premiums caused by (amongst other factors) the greater number of claims made in connection with ride-share services; Class 1 road users will continue to subsidise ride-share users that are profiting from this subsidy; public safety risks will arise from the failure to ensure the necessary checks and balances are in place; and, the ultimate downfall of the taxi-services industry which currently provides a valuable consumer service as well as valuable revenue for the State and Federal Government. Having regard to the options canvassed in the discussion paper, GM Cabs advocates Option 2 is the most just and commercial option. By adopting this option, GM Cabs submits the Government will **increase public safety by streamlining the risk threshold for all point-to-point transport services, and lower premium rates in the Class 1 category for private vehicles.** GM Cabs submits that ride-share services should pay the same CTP Premiums paid by Taxis.

### SUBMISSION PAPER

GM Cabs submits that **Option 2** is the most appropriate outcome due to its creation of *one new category* for the 'point-to-point' transport market where such vehicles provide, relatively, the same service and pose the same risks from a CTP perspective. Vehicles in this new point-to-point vehicle class would include taxis, private hire vehicles and be subject to the same premium rates.

GM Cabs submits that the reasons why Option 2 is the most fair and reasonable outcome are as follows:

- 1) Private Hire Vehicles could potentially represent similar risks as taxis to passengers and the public as they do not have dedicated ranks for their services and are thus engaging in more frequent travel times around the roads as they wait for their disruptive technology which has allowed for instantaneous bookings. This has led to a situation of almost becoming a hailing service.

- 2) Pre-bookings are now a significant portion of all forms of point-to-point transport and is continuing to grow as response times for passengers improve we will see an expansion in this market. Therefore as this is a common thread within the vehicles in the point-to-point transport service, the CTP premium rates should be similar across all such vehicles in ride-share and taxis.
- 3) In order for taxis to compete in a fair and level playing field in the pre-booked transport service the costs associated with all point-to-point vehicles offering this service should be the same.
- 4) Due to the large number of taxis in the industry, the amount of hours that taxi drivers spend on the road, with or without passengers, greatly varies. This is not dissimilar to the variations experienced by private hire vehicles. Up until recent times peak availability Taxi Licenses have been treated with the same respect with regards to CTP as unrestricted and we see no reason for this to change for all point to point systems otherwise a compensation package will need to be assessed for previous unfair handling of these kinds of peak availability Licenses.
- 5) It will be difficult to ensure that all point-to-point vehicles carry the appropriate public liability insurance if the point-to-point vehicles are separated in different CTP classes.

In NSW, green slip prices are calculated based on the following factors:

1. The type of vehicle (as classified by Roads and Maritime Services);
2. Where the vehicle is garaged (with price zones according to post code); and
3. Insurers' calculation of risk rating factors to identify the applicable discount or loading, according to the profile of the driver, the vehicle and other drivers. Each insurer determines their own risk rating factors within limits set and reviewed by the SIRA (factors include: accident record, age of all regular drivers that drive your vehicle, age of your vehicle, comprehensive or third party property insurance, whether it is a private/business vehicle, whether it is a renewal or purchase of a new green slip).

Further, the following classes are used by CTP Insurers in NSW as the basis for the calculation of the CTP insurance premium for vehicles that fall within that class:

- Class 1 vehicles are described as 'any motor vehicle not otherwise provided for in this Schedule including: Omnibus Type Car - any motor car which has seating accommodation for 9 or less adults (including the driver). Includes Station Wagon or Four Wheel Drive Passenger Vehicle - any station wagon or 4WD passenger vehicle not included in Class 5, 6, 7, 9, 11, 12 or 15.'
- Class 7 vehicles are described as 'Taxi Cab - Any motor car, in respect of which payment is received for the conveyance of passengers and which stands in a public street for hire. Taxi Cabs are to be rated based on the registration plate prefix.'
- Class 8 vehicles are described as 'Private Hire Car (both restricted and unrestricted registration plates) - Any motor car, not included in Class 6, 9 or 14, in respect of which payment is received for the conveyance of passengers, but which does not stand in a public street for hire. Private Hire Cars are to be rated based on the garaged location.'

Additionally, the RMS require a Private Hire driver to retain a 'Private Hire Vehicle driver authority' (the standard application form to be completed is the same form used by taxi drivers and hire car services – 'Authority to Drive Taxi-Cab or Private Hire Vehicle Form') and register the vehicle for business use, as well as comply with certain safety conditions.

Having regard to the above criteria, and considering the striking similarities between Private Hire services and Taxis, GM Cabs submits that there is no reason to distinguish between the risks presented by Private Hire and Taxi's and, consequently, both point-to-point services ought to be subject to the same CTP pricing regime.

Currently in NSW, private hire vehicles are classified as Class 1. That means, private hire businesses, are paying the same CTP Premiums as non-commercial users and yet they have a completely different risk profile. This has had a consequential adverse effect on the non-commercial road users within Class 1, which are effectively subsidising the Private Hire services industry. Due to their frequent presence on the road, Private Hire services present a higher risk of causing accidents in comparison to the other drivers in Class 1, which in turn affects the overall price of premium rates for other drivers. Accordingly GM Cabs submits that **Option 6** of retaining current vehicle class arrangements and **Option 4** of including all point-to-point vehicles in Class 1 is unfavourable as it is currently, and will continue to be, detrimental to other non-commercial users in Class 1. This has been well documented and discussed in recent times regarding the increase of claims over the last 4 years primarily in soft tissue injury and whiplash in the class 1 category and further investigations can determine whether there is a correlation between the recent increase in Private Hire Vehicles.

GM Cabs submits, **Option 1** is unlikely to be commercially favourable in NSW as it would create a separate class for vehicles that essentially offer the same services as a taxi or hire car service and pose the same risks on the road if not greater risk as detailed above. As such, due to the similarities noted above, the management and continuous review of the premium rates over time for a separate Private Hire Vehicle category would not be cost or time efficient especially due to the unprecedented spike in the use of Private Hire services, with an increase of both operators and consumers on the road in NSW. GM Cabs would strongly oppose this outcome.

While steps have been taken to deal with the emergence of Private Hire Services, the CTP system must be adjusted to address the truism that Private hire vehicle services are but a subset of the taxi services industry. As taxi drivers' services generally represent a higher claims risk, they are currently paying a significantly much higher premium rate. The same must be true for Private Hire services, otherwise their claims experience will result in an increase of premiums for non-business road users and the downfall of the taxi services industry. GM Cab submits that by standardising all point-to-point transport vehicles into one uniform category, all 'point-to-point' drivers would be assessed at the same higher threshold and could potentially encourage all drivers to exercise safer driving behaviour and streamline the CTP scheme for all categories (as opposed to the deregulation in **Option 3** and the operation of a risk pool in **Option 5**). This outcome may prove to be unsustainable for a significant number of professional drivers who experience a once in a lifetime occurrence that prices them out of the being able to continue to play a contributing role in the industry.

**Solution Option 2:** The risks involved in operating a taxi are very similar to risks in operating a Private hire service. It is submitted that creating a uniform CTP class for all 'point-to-point' vehicles would be a more just, cost effective and favourable option as it will guarantee consistency in the management of 'point-to-point' transport services, improve the assessment of premiums in the Class 1 category and increase public safety on the roads.