

**Staysafe Committee
Inquiry into Motorcycle Safety in New South Wales**

Additional Question following Public Hearing 12 October 2015

Under the NSW Compulsory Third Party (CTP) scheme, which is administered by SIRA, motor vehicle owners are required to purchase a CTP insurance known as Green Slip and SIRA provides a complementary price comparison to motorists.

- *To what extent do the insurance companies use any price signals to reward good riders?*

The CTP scheme in New South Wales is underwritten by seven private insurers. The licensed insurers set their own Green Slip premiums based on a detailed assessment of all available industry data and their claims experience, within Guidelines set by the SIRA. The prices for different types of vehicles reflect the cost and frequency of injury claims against a particular vehicle class (e.g. five different motorcycle categories, standard passenger vehicle, taxi) in one of five CTP rating districts.

Having set the base Green Slip price, CTP insurers use a variety of risk-rating factors to offer a discount to drivers or riders considered to have a low risk profile or to impose a loading to those with a higher risk profile. The CTP insurers use the age of the owner or driver as the primary risk-rating factor. A number of the insurers also consider driver or rider safety record when setting their Green Slip prices. In identifying safe drivers or riders, the insurers may consider factors such as the number of at-fault accidents in which the driver or rider has been involved, their record of traffic offences, their comprehensive insurance claims history including no-claim bonus status and the number of demerit points recorded against the driver's or rider's licence.

- *Does the price of CTP insurance reflect the different groups of riders such as returning riders who have been identified as a vulnerable group of riders in a number of submissions?*

No. CTP insurers in New South Wales determine their own risk-rating factors. Currently none of the CTP insurers use a rider's riding history as a risk-rating factor.

While an insurer may take into account any objective risk-rating factor (except race or postcode) when deciding whether to offer a rider a discount or to impose a loading, the Authority notes that there would be practical difficulties in determining whether a rider is a continuing or returning rider (i.e. riders may be aware that if they say that they have been consistently riding they will get a cheaper Green Slip premium). That said, the current range of risk-factors used by insurers are regarded as reasonable proxies for a rider's potential risk of injuring other road users.