

**Submission
No 16**

**INQUIRY INTO THE EXERCISE OF THE FUNCTIONS OF
THE MOTOR ACCIDENTS AUTHORITY AND THE
MOTOR ACCIDENTS COUNCIL - ELEVENTH REVIEW**

Name: Mr Richard Talbot

Date received: 1/11/2011

The Director
Standing Committee on Law & Justice
Parliament House
Sydney NSW 2000

Dear Director

I am a former director of both NRMA (Road Service) & NRMA Insurance Limited (renamed IAG Limited)

NRMA Insurance is the largest supplier of CTP Green Slips in NSW

In the lead-up to the split-up of the NRMA group with the demutualisation of NRMA Insurance (now a brand name owned by IAG) in 2000, the former NSW Labor Government was lobbied by directors, officers and consultants of the NRMA group to change the law relating to Compulsory Third Party (Green Slips) so as to reduce the number of future claims and thereby increase company profits

While the NRMA's public position was to represent motorists best interests by reducing the cost of CTP Green Slips the ulterior motive was to increase the profit of the newly listed NRMA Insurance company so as to pay dividends, director & executive share bonus schemes that weren't required or available under a mutual structure. This was of course a conflict of interest to its motorist members with the real motivation for the behind-the-scenes lobbying of the government being kept secret from them

Under the terms of the NRMA group split-up & the demutualisation of NRMA Insurance a confidential arrangement was entered into between the two companies (ie NRMA Road Service & NRMA Insurance) requiring the NRMA Road Service to generally do all things possible to assist the business activities of NRMA Insurance. This confidential agreement is called the Business Relationship Agreement (BRA's), the terms of which were kept secret from the NRMA's 2 million members, causes the NRMA Road Service to act in a conflict of interest to its members by not being able to independently assist its members in advising them on all aspects of motoring which includes the provision of insurance services

While these BRA's remain in operation (as they are still today) the activities of the NRMA will remain compromised as it will not be able to provide fair & impartial advice on insurance & insurance related aspects of motoring

The State Library of NSW has recently classified my NRMA board & legal documents as an "important collection" & has stored them should the Committee require their examination

Yours sincerely
Richard Talbot