

2021 MAIB PRICING POLICIES INVESTIGATION RELEASE OF DRAFT REPORT

The Tasmanian Economic Regulator, Mr Joe Dimasi, has today released his Draft Report setting out his intended recommendations in relation to the maximum premiums the Motor Accidents Insurance Board (MAIB) can charge for motor accident personal injury insurance for the four years beginning on 1 December 2021.

Consistent with MAIB's proposal the Economic Regulator intends to recommend that from December 2021 the premium for a standard motor car remain unchanged from the current \$282 (excluding duty). The Regulator also intends recommending premium decreases, to apply in full from 1 December 2021, of between 15 and 24 per cent for caravans, heavy trailers, plant and machinery, farm tractors and special interest vehicles.

The Draft Report also indicates that the Regulator will accept as proposed by MAIB annual premium increases of between two and five per cent over the next four years for motorcycles, large passenger vehicles, and off road and recreational vehicles.

As well as the above recommendations, the Regulator's Draft Report notes that claims for motor cars used to provide ride-sourcing services have begun to diverge from claims for similar vehicles not used to provide these services. Mr Dimasi said that "there is sufficient evidence from Tasmania and other jurisdictions to transition to a higher annual premium for ride-sourcing vehicles that more accurately reflects the risks associated with using vehicles for these purposes. I therefore intend recommending that premiums for ride-sourcing vehicles be increased by around seven per cent per annum over the next four years."

Mr Dimasi also said that he intends accepting the MAIB's proposal that vehicles used for car sharing purposes continue to be classified as Hire and Drive Vehicles and stated that "I also support the MAIB's commitment to review this position over the next four years, with the possibility of making changes to vehicle classes if significantly different claims experience or new material risks emerge in the future."

In addition to the recommended changes outlined above, the Regulator also intends recommending that from 1 December 2022 the MAIB may increase its premiums each year in line with wages growth.

The Regulator has reviewed the MAIB's forecasts of claims, benefits, administrative costs and road safety program expenses. The Regulator has also sought independent advice on the MAIB's financial position, proposed financial targets, profit margin, and investment return assumptions.

The Draft Report notes that since the last review, the MAIB has recorded above-target investment returns and after tax profits over the four year period have totalled \$258 million, placing it in a strong financial position. Fewer claims, along with more vehicle registrations, have contributed to a favourable operating environment. The draft Report notes that after allowing for inflation, premiums over the last four years have fallen.

The Regulator invites submissions from interested parties on its Draft Report, and on any other matters in the Terms of Reference. The closing date for submissions is Friday 2 July 2021.

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The Draft Report is available at:
www.economicregulator.tas.gov.au
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