

**SUBMISSION TO TASMANIAN
ECONOMIC REGULATOR
(FORMERLY GOVERNMENT
PRICES OVERSIGHT
COMMISSION) ON SETTING OF
COMPULSORY THIRD PARTY
MOTOR VEHICLE INSURANCE
(SPECIFICALLY FOR MOTOR
CYCLES).**

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Submission to Tasmanian Economic Regulator (Formerly Government Prices Oversight Commission) on setting of Compulsory Third Party Motor Vehicle Insurance (specifically for Motor Cycles).

In this submission I refer to aspects of the 2013 and 2009 reports that in my opinion distort the findings and subsequently the final outcomes and conclusions when setting the charge (both actual and relative) for motorcycles. There is little distinction between the two except some acknowledgement.

I noticed in their submission (page 6 Executive Summary) the MAIB wants to increase the relative charge on motorcycles from 1.28 to 1.50 (for most motorcycle classes) and 0.50 to 0.60 for below 125cc motorcycles. This I believe puts an unrealistic burden on motorcycle owners and will argue against such increases.

I would like to state that while I am in favour of “the no fault” scheme when it comes to payouts, when it comes to the setting of premiums it should be based on fault. “No fault” encourages bad design (vehicles that mainly concentrate on safety for the occupants and not other users), it punishes the victim and it encourages people to only think of their own safety and not the safety of other road users.

I call on the MAIB and other government corporations and agencies to take a serious look at the road accident statistics. I have plenty of anecdotal evidence that acts counter to its findings based on what I believe incomplete statistics. “The MAIB also focuses on accident prevention, either directly or by supporting other road safety organisations”. (Page 2 – Executive Summary 2013). I would argue that it does not seem serious when it comes to its action. The Wire ropes that make it safer for sedan car drivers and passengers makes it more dangerous for a motor cycle riders and their passengers. I also understand that these wire ropes could be made much safer for motorcyclists if a suitable plastic sleeve is installed over them. I call on all interested parties to make this a priority, by installing them on new wire ropes and looking into installing them on existing wire ropes. This I believe will turn many a future motorcycle fatality into a survivable injury.

The 2009 report mentioned “the vulnerability test” stating words to the effect that because motorcycle riders accept being more vulnerable then they should accept a higher premium. This I not only reject but find it rather offensive. I and as far as I am concerned, every other motorcyclist do not “choose” more danger, they choose a form of transport that has real benefits to them AND other road users when compared to sedan cars.

- Motorcycles take up less room on the road and in parking spaces.
- Motorcycles in general offer better fuel economy.
- Motorcycles are lighter and therefore kinder to the infrastructure.
- Motorcycles are more manoeuvrable in traffic.

We as a society rejected the premise in 2006 by a Muslim Cleric that women who don't cover up were like with uncovered meat to cats. Implying that women should not be surprised if sexually assaulted. Why should Motorcyclists pay higher premiums based on the notion by mainly car drivers that they choose to be vulnerable? I hope "the vulnerability test" is not mentioned again.

The 2013 report makes mention of differing methods of cost allocation (page 84 – Pricing Structures – Premium Relatives) but it is only it seems just lip service and no real look into the fairness of each. Again motorcycle owners are put into a category of "well they asked for it".

The 2009 study only included claims by those in or on motorised and insured vehicles. It did not include claims by pedestrians or cyclists who made a claim after colliding with an insured vehicle. I think I can safely say that the number who made a claim from injuries as a result of a collision with a motor cycle would be zero and therefore unfairly distributing some of these onto motorcycles. This is another distortion of the figures used.

The 2009 study showed that medium sized motorcycles had a higher claim rate than their large counterparts. I believe that there are two main reasons this could be the case.

1. There are many riders of large motorcycles who rarely use them and when they do use them it tends to be in favourable weather and road conditions thus by sheer odds that by using their vehicle less and in good conditions would lower their accident rate and therefore their claim rate.
2. Many medium sized motorcycles are built and used for off road use which can be more dangerous and more likely to be involved in an accident. Therefore those who use motorcycles as a practical vehicle are subsidising the recreational user.

I would submit that the relative level of charges be looked at. It was several years ago (2007) when *the Land Transport Safety Division* of "The Department of Infrastructure, Energy and Resources" argued that using just the cubic capacity of a motorcycle was no longer relevant in determining its power and performance and consequently its "safety" (at the time the appropriate motorcycle to let learners and inexperienced riders ride). This should be the case when determining the level of insurance charged classifications.

At present the MAIB has 4 classifications:

- Small (up to 125cc)
- Medium (125cc to 250cc)
- Medium Large (250cc to 700cc)
- Large (over 700cc)

Effectively it uses only 2 classifications (up to 125cc and over 125cc) when determining its premium.

I would argue for effectively only 3 categories:

- Small (up to 125cc)
- Other LAMS Motorcycles
- Non LAMS Motorcycles.

The premiums should reflect this with at least the first two NOT having premiums higher than a standard motor car (I believe that assurances were made to the “Motor Cycle Riders Association” during the late 1980s that no motorcycle would be charged more than the standard sedan car, this was obviously a hollow promise).

The MAIB also brings up the possible “cross subsidies” of one or more class to another and based on their figures implies sedan car owners are cross subsidising motorcycle owners. I would argue this is a totally unworthy assumption and call on those on the Road Safety Advisory Committee to look closer and be more critically at their data. I do not want a repeat of the debacle when making motor cycle helmets compulsory in sidecars despite the fact that not one person had been injured (taken to hospital) while in a sidecar (the road safety committee could only give me studies of those injured while a passenger on two wheels but not three). I later showed them an overseas study that concluded that virtually all injuries suffered by a sidecar passenger were below waist (something a helmet will never prevent). This decision (and I know it was nation wide) was made on purely political grounds and not by any hard evidence.

“Cross Subsidies” can occur and do occur BUT are very hard to measure. I list below some of the “cross subsidies” that occur now.

1. Those who use their vehicle a lot are more likely to be in an accident than those who don't (only church on Sundays). My father highlighted this saying that he would travel a fair bit was being subsidised by my mother who generally only drove the small distance to and from her children's schools or to and from the local supermarket.
2. Dangerous and uncaring drivers and riders are being subsidised by the more careful ones.
3. All pedestrians and cyclists are being subsidised as they don't pay anything (& I hope they never do).

I reject that motorcycles are being cross subsidised as I believe that the majority of two vehicle accidents involving a motorcycle and a car, the car driver was “at fault”. You can't talk of cross subsidies on any measure except in an “at fault system”.

The attached appendices show relative charges between other states and territories and Tasmania (based on the latest data). Given the assumption that there is no waste or corruption in any state or territory systems I want to look at the relative charges and how motorcycle owners are treated as opposed to their car owner counterparts (it is in no one's interest to have artificial low fees and an underfunded insurance).

I studied four different sizes of motorcycles

1. 100cc (generally only suitable for city/suburban use).
2. 250cc (generally ideal commuter size and can comfortably keep up with freeway traffic when there is no pillion passenger)
3. 600cc (generally the all round bike size for city/country use and with a pillion. Also some LAMS are as big as this.)
4. 1000cc (generally the size of a large motorcycle for long distant touring with gear and a pillion passenger).

Appendix 1 (based on charges as at 31 December, 2012) shows that the only states or territories that charge relatively more than Tasmania for motorcycles compared to motorcars are Queensland for 100cc motorcycles and the Northern Territory for 600cc and 1000cc motorcycles.

Appendix 2 (also based on charges as at 31 December, 2012) shows that Tasmania is the only state or territory that charges more in CTP and overall for 250cc motorcycles than a standard sedan car and with the exception of the Northern Territory (600cc and 1000cc motorcycles) it is the only place that charges more for Motorcycles of any size than standard Sedan Motorcars. This comes from the practice that the MAIB has to look at raw statistics and judge "safety" of a vehicle by injury claims of users but as stated before these have led to unfair anomalies within the system.

When I first came to Tasmania (late 1991) the state was quite motorcycle friendly when compared to my previous State of Victoria, even though parking was a problem it was offset by lower charges. The last number of years has seen the advantages whittled away and while Victorians enjoy lenient parking rules their fees have not been increased by the levels that Tasmanians have experienced.

There are many improvements that can be done on the roads such as installing plastic sleeves around the flexible safety barriers to make them safer for motorcyclists. At the moment these barriers although making it safer for sedan car users are at best neutral for motorcycle users' safety. However motorcyclists are charged to put them up as part of the "safety levy" which is the same for a motorcycle and sedan car.

I believe that there are many prejudices against two wheels but I do hope the Tasmanian Economic Regulator takes into account the advantages of two wheel transport to all road users and takes the appropriate action without favour.

I understand that the Tasmanian system like some other interstate/territory systems give out high benefits to successful claimers regardless of fault. While he was alive my son who was born with a disability which severely affected his mobility, had a tough time to obtain the necessities he required. The classic being when applying for a motorized wheelchair we were told he was eligible but the funds for the year had been fully expended so we had to go elsewhere (a philanthropist sister of mine) for the wheelchair.

Contrast this with a friend of my sister-in-law who went out on a motorcycle to which she wasn't familiar with and ended up crashing and losing a leg. She had wheelchairs, modifications to her car and other items fully paid, despite the fact she was almost totally at fault while my son whose condition he was born with was faultless but often refused any support. I urge the MAIB to look closely at the proposed National Disability Insurance Scheme and not to exceed its benefits in any material way.

Also I would like to see a choice in the MAIB's premiums in the form of an optional excess to keep premiums down (such as I have with my non compulsory insurances). This would be a benefit to all premium payers and give a greater choice to people.

Continually increasing premiums is not the answer and I do not want or need a "Rolls Royce" system when a "Toyota" one will do.

Please end the discrimination against those who choose to ride a motorcycle.

Summary

In summary I would like the Economic Regulator to take into account the following:

1. Giving more flexibility towards all motorists in the form of perhaps an excess option to keep the fixed costs of owning a vehicle down.
2. Placing at least part of the MAIB premiums onto fuel to help alleviate some of the cross subsidy of those who don't use their motorised vehicle much towards those who do. According to my calculations a 100% premium on fuel would increase fuel prices by around 30c a litre (based on the total MAIB Premium Income divided by the total number of litres of fuel sold). Interstate tourists covered by their own third party insurance could either be given fuel vouchers and/or a refund of the amount the insurance component spent when leaving the state. Tasmania is in a unique position of being able to do this but it should be coupled with a levy on those Tasmanian citizens leaving the state to drive their vehicle to cover the insurance while out of the state driving on Mainland roads. This could also have the affect of encouraging people out or off their motorised vehicles and walking, cycling, car pooling or catching public transport. Benefits of which go beyond just road safety.
3. Making roads safer for motorcyclists such as plastic sleeves around all wire ropes.
4. Seriously looking into the current categorise of motorcycles and as I have previously suggested to: 1/ under 125CC. 2/ LAMS motorcycles (both should not be charged more than the standard car). 3/ all other motorcycles or further categorisation based on how safe that motorcycle is rather than size.
5. Seriously looking at the type of cover motorists need with the view to a more basic cover without all "bells and whistles".

Appendix 1 (based on 2012 charges):

Compulsory Third Party Insurance (CTP) and Total Charges Comparisons

Tasmania Vs Victoria (Unfortunately could not locate separate CTP for Victorian Motorcycles)

In total those in Metropolitan Victorian Car Owners pay 50% more in annual fees (CTP, Registration, etc) than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 26% more.

Owners of 250cc motorcycles pay 18% less.

Owners of 600cc motorcycles pay 9% more.

Owners of 1000cc motorcycles pay 9% more.

Tasmania Vs W.A.

Western Australians Car owners pay 29% less in CTP & 1% less overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 14% less CTP & 22% overall.

Owners of 250cc motorcycles pay 67% less CTP & 61% overall.

Owners of 600cc motorcycles pay 67% less CTP & 57% overall.

Owners of 1000cc motorcycles pay 67% less CTP & 57% overall.

Tasmania Vs N.S.W.

NSW Car owners pay 44% more in CTP & 60% more overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 17% less CTP & 8% overall.

Owners of 250cc motorcycles pay 31% less CTP & 23% overall.

Owners of 600cc motorcycles pay 31% less CTP & 23% overall.

Owners of 1000cc motorcycles pay 5% more in CTP & 6% overall.

Tasmania Vs Queensland

Queensland Car owners pay 4% less in CTP but 42% more overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 58% more in CTP & 50% overall.

Owners of 250cc motorcycles pay 39% less CTP & 24% overall.

Owners of 600cc motorcycles pay 39% less CTP & 24% overall.

Owners of 1000cc motorcycles pay 39% less CTP & 24% overall.

Tasmania Vs S.A.

South Australian Car owners pay 48% more in CTP & 57% more overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 25% more in CTP & 27% overall.

Owners of 250cc motorcycles pay 51% less CTP & 35% overall.

Owners of 600cc motorcycles pay 27% less CTP & 15% overall.

Owners of 1000cc motorcycles pay 19% less CTP & 9% overall.

Tasmania Vs A.C.T.

A.C.T. Car owners pay 68% more in CTP & 50% more overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 33% less CTP & 17% overall.

Owners of 250cc motorcycles pay 74% less CTP & 58% overall.

Owners of 600cc motorcycles pay 18% more in CTP & 16% overall.

Owners of 1000cc motorcycles pay 18% more in CTP & 16% overall.

Tasmania Vs N.T.

N.T. Car Owners pay 33% more in CTP & 25% more overall than their Tasmanian counterparts.

Owners of 100cc motorcycles pay 46% less CTP & 57% overall.

Owners of 250cc motorcycles pay 41% less CTP & 45% overall.

Owners of 600cc motorcycles pay 51% more in CTP & 38% overall.

Owners of 1000cc motorcycles pay 51% more in CTP & 38% overall.

Appendix 2 (based on 2012 charges):

Percentage paid (Motorcycle to Motorcar).

Tasmania

CTP 100cc Motorcycle to Motorcar	50%
Total Charges 100cc Motorcycle to Motorcar	61%
CTP 250cc Motorcycle to Motorcar	128%
Total Charges 250cc Motorcycle to Motorcar	119%
CTP 600cc Motorcycle to Motorcar	128%
Total Charges 600cc Motorcycle to Motorcar	119%
CTP 1000cc Motorcycle to Motorcar	128%
Total Charges 1000cc Motorcycle to Motorcar	119%

Victoria (Only Total Charges Available)

Total 100cc Motorcycle to Motorcar	51%
Total 250cc Motorcycle to Motorcar	65%
Total 600cc Motorcycle to Motorcar	86%
Total 1000cc Motorcycle to Motorcar	86%

Western Australia

CTP 100cc Motorcycle to Motorcar	60%
Total Charges 100cc Motorcycle to Motorcar	47%
CTP 250cc Motorcycle to Motorcar	60%
Total Charges 250cc Motorcycle to Motorcar	47%
CTP 600cc Motorcycle to Motorcar	60%
Total Charges 600cc Motorcycle to Motorcar	51%
CTP 1000cc Motorcycle to Motorcar	60%
Total Charges 1000cc Motorcycle to Motorcar	51%

New South Wales

CTP 100cc Motorcycle to Motorcar	29%
Total Charges 100cc Motorcycle to Motorcar	35%
CTP 250cc Motorcycle to Motorcar	62%
Total Charges 250cc Motorcycle to Motorcar	57%
CTP 600cc Motorcycle to Motorcar	62%
Total Charges 600cc Motorcycle to Motorcar	57%
CTP 1000cc Motorcycle to Motorcar	95%
Total Charges 1000cc Motorcycle to Motorcar	78%

Queensland

CTP 100cc Motorcycle to Motorcar	83%
Total Charges 100cc Motorcycle to Motorcar	64%
CTP 250cc Motorcycle to Motorcar	83%
Total Charges 250cc Motorcycle to Motorcar	64%
CTP 600cc Motorcycle to Motorcar	83%
Total Charges 600cc Motorcycle to Motorcar	64%
CTP 1000cc Motorcycle to Motorcar	83%
Total Charges 1000cc Motorcycle to Motorcar	64%

South Australia

CTP 100cc Motorcycle to Motorcar	42%
Total Charges 100cc Motorcycle to Motorcar	49%
CTP 250cc Motorcycle to Motorcar	42%
Total Charges 250cc Motorcycle to Motorcar	49%
CTP 600cc Motorcycle to Motorcar	63%
Total Charges 600cc Motorcycle to Motorcar	64%
CTP 1000cc Motorcycle to Motorcar	70%
Total Charges 1000cc Motorcycle to Motorcar	69%

A.C.T.

CTP 100cc Motorcycle to Motorcar	20%
Total Charges 100cc Motorcycle to Motorcar	28%
CTP 250cc Motorcycle to Motorcar	20%
Total Charges 250cc Motorcycle to Motorcar	28%
CTP 600cc Motorcycle to Motorcar	90%
Total Charges 600cc Motorcycle to Motorcar	77%
CTP 1000cc Motorcycle to Motorcar	90%
Total Charges 1000cc Motorcycle to Motorcar	77%

N.T.

CTP 100cc Motorcycle to Motorcar	20%
Total Charges 100cc Motorcycle to Motorcar	21%
CTP 250cc Motorcycle to Motorcar	57%
Total Charges 250cc Motorcycle to Motorcar	53%
CTP 600cc Motorcycle to Motorcar	147%
Total Charges 600cc Motorcycle to Motorcar	131%
CTP 1000cc Motorcycle to Motorcar	147%
Total Charges 1000cc Motorcycle to Motorcar	131%