

Tasmanian Motorcycle Council

submission to the

Tasmanian Economic Regulator's

2017 Investigation

into the pricing policies

of the

Motor Accidents Insurance Board

Table of Contents

1	Introduction	3
2	Motorcycle premiums and "cross-subsidy"	3
3	Motorcycle premium classes	5
4	Summary	6

1 Introduction

The Tasmanian Motorcycle Council (TMC) was established in 2004 and represents over 30 motorcycle clubs and businesses in Tasmania, in addition to many individual members.

The TMC is a volunteer-run organisation, and is recognised by the Tasmanian Government through agencies including the Department of State Growth and the Motor Accidents Insurance Board as the peak representative group for motorcycle license holders, motorcycle clubs and other organisations with an interest in motorcycling.

The TMC is actively involved in the development and implementation of the road safety policy both locally and nationally. A TMC representative was appointed as a member of the Tasmanian Road Safety Council in 2004, and this appointment has continued with the restructured Road Safety Advisory Council. The TMC is also a member of the peak national motorcycling body, the Australian Motorcycle Council (AMC). At a local level, the TMC has worked with a number of local governments on road safety and other initiatives.

The TMC has independently developed other initiatives. These include the *Ride Tasmania Safely* brochure, television advertising campaigns, and the motorcycle road skills course.

In 2013, the premium relativity was increased from 1.28 to 1.50 for classes 4, 5 and 20 and therefore the TMC is strongly opposed to increase the premium relativity for motorcycle classes 4, 5 and 20 in 2017 from 1.51 to 1.70.

2 Motorcycle premiums and “cross-subsidy”

The question of premium relativity is the key aspect that affects motorcycle owners. This question comes up as part of every Motor Accidents Insurance Board Premium Review. The TMC made submissions focusing on this issue in 2006, 2009 and 2013.

There has been a substantial increase in the number of motorcycle riders and registered motorcycles in Tasmania. In 2004 registered motorcycles were 8797 and in 2017 that number is now 18676 registered motorcycles.

At the same time, the rate of motorcycle crash claims has decreased, although it's noted that the cost of long term injuries remains high.

03/04 Motor Accidents Insurance Board statistics state 1 claim per each 36 registered bikes = 2.7% claim rate, 06/07 decreased to 1 claim to per each 42 registered bikes = 2.4% claim rate, 15/16 1 claim per each 55 registered bikes = 1.8% claim rate.

The latest calendar year figures for 2016 indicate 1 claim per each 68 registered bikes = 1.47% claim rate. In 12 years, the claim rate per registered motorcycle has almost halved.

The current method of establishing premiums effectively categorises motorcycles above 125cc as one group. This places the burden for high-cost injuries to this vulnerable road user category on the relatively small number of premium payers (small, compared to the total number of premium payers in the scheme).

The 18,000+ motorcycle riders in Tasmania who never make a claim on the Motor Accidents Insurance Board each year, are no more responsible for those "no fault" crashes involving motorcycles than anyone else driving a private vehicle, yet pay a premium that reflects the cost of these. In the 1980s, motorcycles were covered by the same premium relativity as private cars. When this changed, it was ostensibly about removing the perceived cross-subsidy. Whereas increased motorcycle premiums are clearly a measure aimed at discouraging motorcycling by making it a more costly transport option.

Another area of inequity exists in relation to the dividend paid to government. Other than aiming to discourage motorcycling, the proposed premium increases contribute to Motor Accidents Insurance Board's bottom line, and in turn the dividend paid to government. This means that motorcycle riders individually are paying a far greater share of the government dividend than private car owners. 18,676 motorcycles paying an extra \$70 in premium would contribute \$1,307,320 – a substantial portion of the government dividend.

The principle of a "no fault" scheme should not disadvantage road users because of their particular circumstances in relation to crash injury, yet for motorcycle riders this is reversed and used to their disadvantage.

Motorcycles represent just over 3% of the total vehicle fleet, or around 4% of the private vehicle fleet. An additional premium of just \$1 per private vehicle would collect the same amount of premium revenue as around \$33 extra per motorcycle. Or for \$2 extra per vehicle, the same amount as \$66 per motorcycle.

Motorcycle riders are the only one of three identified vulnerable road user groups to pay any premium. Cyclists and pedestrians are provided with free Motor Accidents Insurance Board compensation cover when they are involved with a crash involving a registered vehicle.

The TMC is not proposing that a Motor Accidents Insurance Board premium be introduced for either pedestrians or cyclists, although we note that it is often asked why cyclists pay nothing. The two answers most often heard from cycling groups when this is raised is that cycling is environmentally friendly and should be encouraged, and that many cyclists also have a registered motor vehicle on which Motor Accidents Insurance Board is paid. It should also be noted that many motorcyclists own multiple registered vehicles, also covered by Motor Accidents Insurance Board. We also note motorised bicycles are on a steep increase and they are still not required to register or identify.

The TMC also believes more could be done to encourage riders to undertake the road skills training. The TMC is disappointed that the low take-up rate for this training has continued, and believes that far greater participation could be achieved with increased promotion and marketing.

In effect, motorcyclists are being penalised for the higher risk of injury in single vehicle crashes that are not experienced by car drivers in a similar crash; for example, a motorcyclist who does not successfully navigate around a corner is likely to suffer serious injury (regardless of the reason for crashing, whether there be fault with the road surface, e.g., gravel on the road, potholes or corrugations, or a vehicle running wide coming in the opposite direction), compared with a car driver who runs off the road in the same place and is less impacted by road surface inadequacies.

3 Motorcycle classes

Some examination has been done by the Motor Accidents Insurance Board of the costs relative to each of the four different motorcycle classes, and recommends that the category definitions remain unchanged.

As far back as the 2006 review it was flagged that consideration should be given to altering the premium classes to recognise a category for the then-new Learner Approved Motorcycle Scheme (LAMS).

The TMC is of the strong view that class 4, medium motorcycles, should be amended from 125cc to 250cc to instead cover machines above 125cc that are registered under LAMS. This has now been in place in Tasmania for close to ten years, and machines are categorised in this manner through the registration system. It would then be possible to review at the end of the next four year cycle the claims' history of LAMS motorcycles compared to other classes.

Further, it is recommended that class 20, medium large motorcycles, be altered to cover non-LAMS motorcycles up to 660cc. Machines 660cc and above would then be categorised as class 5, large.

It remains the TMC's view that the premium relativity for motorcycles above 125cc should be 1.00.

Whatever premiums result for the next four-year period, it would be far more useful for future analysis to measure claims on the categories noted above, than on the class definitions that exist at present

We also note that the Motor Accidents Insurance Board scheme is one of the best in Australia and provides much-needed support to those injured in vehicle crashes. The TMC appreciates the excellent work of Motor Accidents Insurance Board in supporting the improvement and promotion of road safety and values the close working relationship TMC has with Motor Accidents Insurance Board on motorcycle issues.

4 Summary

The TMC recommends that:

- The premium relativity for motorcycles in class 4, 5 and 20 be set at 1.00
- Failing the above, that the maximum premium relativity for the next four-year cycle be set at the existing 1.51
- The definitions for classes 4, 5 and 20 be altered as per this submission
- Encourage participation in the road skills training course

The TMC acknowledges the extra risks around motorcycling that are not experienced by other motorists, however motorcycling has several benefits for the state, including far less impact on road infrastructure which lowers the cost to the state and local councils of maintaining roads.

The TMC would welcome the opportunity to explain our submission further in person should this be considered appropriate.