

Motor Accident Insurance and Other Legislation (Administration Fee and Levies) Amendment Regulation 2019

Explanatory notes for SL 2019 No. 34

made under the

Motor Accident Insurance Act 1994

National Injury Insurance Scheme (Queensland) Act 2016

General Outline

Short title

*Motor Accident Insurance and Other Legislation (Administration Fee and Levies)
Amendment Regulation 2019*

Authorising law

Sections 13(4)(b), 14A and 100 of the *Motor Accident Insurance Act 1994*
Sections 99 and 140 of the *National Injury Insurance Scheme (Queensland) Act 2016*

Policy objectives and the reasons for them

The principle objective of the *Motor Accident Insurance and Other Legislation (Administration Fee and Levies) Amendment Regulation 2019* is to:

- fix the levies and administration fee to apply to Compulsory Third Party (CTP) insurance premiums from 1 July 2019;
- fix the levy for the National Injury Insurance Scheme, Queensland for the 2019-2020 financial year to apply from 1 July 2019; and
- remove additional amounts on insurance premiums payable on registration terms of less than one year.

The levies and administration fee applicable under the *Motor Accident Insurance Act 1994* are:

- **Statutory Insurance Scheme Levy (SIS levy)** – covers the estimated costs of the administration of the *Motor Accident Insurance Act 1994*, the operation of the Motor Accident Insurance Commission (MAIC) and to provide funds for accident prevention and injury mitigation research.

- **Hospital and Emergency Services Levy (H&ES levy)** – covers a reasonable proportion of the estimated cost of providing public hospital services and public emergency services to people injured in motor vehicle accidents who are, or may be, CTP claimants.
- **Nominal Defendant Levy (ND levy)** – covers the estimated costs of the Nominal Defendant scheme which provides funds to pay for claims relating to uninsured (unregistered) or unidentified motor vehicles.
- **Injury Insurance Scheme Levy (NIISQ levy)** – covers the estimated costs of the National Injury Insurance Scheme Queensland (NIISQ) which provides necessary and reasonable lifetime treatment, care and support for anyone who sustains an eligible serious personal injury in a motor vehicle accident in Queensland after 1 July 2016.
- **Administration Fee** – payable to the Department of Transport and Main Roads (DTMR) for delivering administrative support to the CTP scheme.

Pursuant to the *Motor Accident Insurance Act 1994* the levies and administration fee to apply to CTP insurance premiums from 1 July 2019 are required to be fixed by regulation and the regulation must be made before 1 April 2019.

Achievement of policy objectives

The policy objectives are achieved by:

- fixing the levies and administration fee to apply to CTP insurance premiums from 1 July 2019 by amending section 8 and Schedule 3 of the *Motor Accident Insurance Regulation 2018*;
- fixing the levy for the National Injury Insurance Scheme, Queensland for the 2019-2020 financial year to apply from 1 July 2019 by updating Schedule 1 of the *National Injury Insurance Scheme (Queensland) Regulation 2016*; and
- removing additional amounts on insurance premiums payable on registration terms of less than one year by omitting sections 7(1) and 8(4) of the *Motor Accident Insurance Regulation 2018*.

Consistency with policy objectives of authorising law

The *Motor Accident Insurance and Other Legislation (Administration Fee and Levies) Amendment Regulation 2019* is consistent with the main objectives of the *Motor Accident Insurance Act 1994* and the *National Injury Insurance Scheme (Queensland) Act 2016* including keeping the costs of CTP insurance at a level the average motorist can afford.

Inconsistency with policy objectives of other legislation

No inconsistencies with the policy objectives of other legislation have been identified.

Benefits and costs of implementation

There are no costs to implement the amendment regulation. The funds raised by the levies and administration fee will help cover the costs involved in delivering different components of the Queensland CTP scheme. The removal of additional amounts on CTP

policies shorter than 12 months will ensure that one-month registration terms are a viable option to assist motorists in managing their budget and keep the pricing of CTP premiums as simple as possible.

Consistency with fundamental legislative principles

The amendment regulation is consistent with fundamental legislative principles.

Consultation

The levies and administration fee to apply to CTP insurance premiums from 1 July 2019 have been determined following consultation with:

- Queensland Health, Queensland Fire and Emergency Services and the Public Safety Business Agency in relation to the H&ES levy;
- the State Actuary's Office in relation to the SIS and ND levies; and
- DTMR in relation to the administration fee.

Consultation was undertaken with DTMR and the four licensed insurers regarding the removal of additional amounts on insurance premiums payable on registration terms of less than one year.

The levy for the NIISQ for the 2019-20 financial year to apply from 1 July 2019 has been determined following consultation with:

- the NIISQ Board (the NIISQ Board having also consulted with Taylor Fry Consulting Actuaries); and
- the State Actuary's Office.

The *Queensland Government Guide to Better Regulation* provides for certain regulatory proposals to be excluded from further assessment if they meet a designated exclusion category. Regulatory proposals which vary fees in line with actuarially determined assessments are excluded from requiring regulatory impact analysis.