

Changes to Motorcycle Green Slips

See Fact Sheets 1 and 2 for more information on *What is a Green Slip?* and *How are Green Slip Prices Set?*

About Green Slip prices

Green Slip insurance premiums are not set by the Government – they are set by the licensed Green Slip insurers within rules governed by legislation.

Changes to Motorcycle Green Slips

Motorcyclists, including the Motorcycle Council of NSW (MCC), raised concerns about the fairness of the premium setting process for motorbikes.

In response to concerns raised by motorcyclists about Green Slip prices, the Motor Accidents Authority (MAA) worked with representatives of the MCC between June 2008 and September 2009 to review the guidelines the Green Slip insurers must follow in setting Green Slip prices for motorcycles.

The MAA and MCC, based on independent actuarial advice, found that the guidelines insurers must follow in setting motorcycle Green Slip prices were grouping too many motorcycles together in the same price range. This meant about half of motorcycle owners were paying too much and cross-subsidising about a third who were not paying enough.

It would not have been fair to let this continue.

In particular, the use of just 3 classes of motorcycle (0-100cc, 101-300cc and 301cc+) meant that there was a high degree of cross subsidy within and between classes.

For example, riders in the 101-224cc range were cross subsidising riders in the 225cc-300cc range, while very big bikes were paying the same as moderately sized bikes despite being higher risk.

Together the MCC and MAA examined several options in reaching the current groupings. These options included the best 2-group, best 3-group and best 5-group models based on engine capacity.

FACT:

Green Slip prices for over 50% of motorcycle owners have reduced since July 2010 compared to 2009. For about another 12% of motorcycle owners the MAA notes that Green Slip prices will be about the same or will only increase by \$10 or less.

The aim of the regrouping was to remove or reduce long standing cross subsidies and utilise a model that was more closely aligned to actual risk. The methodology was based on the number of claims, the cost of claims and number of vehicles in each proposed category.

In addition allowance was made for limited no-fault cover of up to \$5,000 which came into effect from April 2010.

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New classes and relativities were introduced

On 1 July 2010 five new relativity classes for motorcycles were introduced, still based on engine capacity but remodelled to improve fairness to the majority of NSW riders. The MAA Board made the decision to approve the change to the five new relativity classes in June 2009 and the MCC was advised shortly after.

The old and new classes are:

Old CTP classifications for motorcycles	New CTP classifications for motorcycles
100cc or less	225cc or less
101cc to 300cc	226cc to 725cc
Greater than 300cc	726cc to 1125cc
	1126cc to 1325cc
	1326cc and over

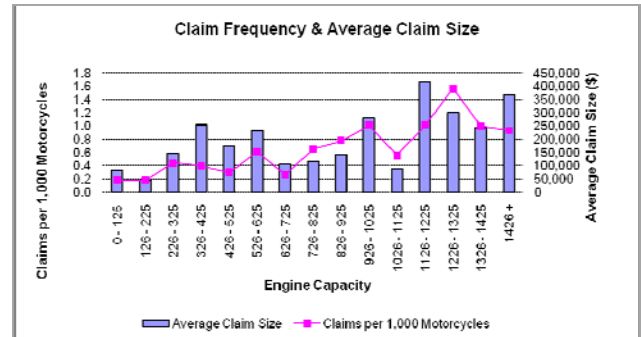
What is the impact?

As a result of these changes more than 50% of motorcycle riders will now pay less for their Green Slip.

For about another 12% of motorcycle owners the MAA expects Green Slip prices will be about the same or only a very small increase of \$10 or less.

However, about a third of motorcycle owners are likely to see an increase in their Green Slip renewal as a result of the actuarial review, as well as inflation and the general increase in CTP claims.

The changes in the motorcycle groupings mean that motorcycle owners are now paying a Green Slip price which better reflects the actual cost of injuries and compensation from claims against Green Slip policies held by riders within each of the motorcycle categories.



Source: Finity*

Other factors affecting motorcycle prices

Green Slip prices may also vary based on changes in individual circumstances, for example, if a driver/rider has been at fault in a road crash recently.

There have also been a number of general upward price pressures on the cost of Green Slips, which include:

- the impact of the global financial crisis;
- a recent increase in numbers of CTP claims;
- increases in the costs of some claims
- inflation;
- changes in the claims history of some geographical districts or types of vehicles, reflected in the relativities table approved by the MAA Board in February 2010;
- the extension of early Accident Notification Benefits to at-fault drivers from April 2010;
- the 2009 extension of bulkbilling payments to NSW Health to cover services provided by public hospitals and the NSW Ambulance Service to at-fault drivers.

* Finity reliances and limitations:

The information shown is subject to the quality of the data. While this is generally good, we must make assumptions about the distribution of some erroneous or incomplete data. Finity will not be liable for any damage or losses howsoever incurred as a result of a third party acting upon or relying upon this information.

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Motorcycle premiums have been impacted by the new benefits extended to at-fault drivers (in which motorcyclists are over-represented compared to the average). They have also been affected by updated levy rates for the Lifetime Care and Support (LTCSA) component of the MCIS Levy (see fact sheet 2).

LTCSA MCIS Levy rates for motorcycles were revised by the LTCSA Board in line with the new 5 categories. For more information on the LTCSA go to www.lifetimecare.nsw.gov.au

FACT:

Motorcycle riders and pillion passengers are usually the most severely injured of all road users so their medical and compensation costs are very high compared to other road users.

The majority of pillion passenger claims are made against a motorcycle owners Green Slip policy.

What can you do?

Comparing Green Slip prices is a good idea for any vehicle owner. The MAA strongly advises anyone who receives a higher price in their Green Slip renewal to shop around and consider switching CTP insurer if they find a better Green Slip price. This can be done on the MAA's free Green Slip price comparison website www.greenslips.nsw.gov.au or by calling **1300 656 919**.

The benefits offered by a Green Slip are the same regardless of which insurer a vehicle owner chooses. There is no need for any motorcyclist to pay a cent more than the best available price.

The MAA also suggests that if a vehicle owner has more than one insurance policy with an insurance company, it is a good idea to contact the company to see if they will offer a multi-policy discount on another insurance policy, like home and contents or motor vehicle insurance, if the customer takes up a Green Slip with the same company.

Let the MAA know

The MAA advisors on **1300 656 919** can also help if a motorcyclist is concerned about the Green Slip price or actions of a CTP insurer and would like to make a complaint.

The MAA investigates all complaints.

The MAA will be monitoring Green Slip prices for motorcyclists closely and takes any complaints or issues raised by riders very seriously. The MAA has a special email address for feedback from motorcycle riders. It is motorcycles@maa.nsw.gov.au.

What next?

The MAA continues to work with the Motorcycle Council of NSW to ensure the fairness of Green Slip prices for motorcycle owners as well as working together on other initiatives to benefit motorcycle owners and riders.

The MAA recognises motorcyclists as an important group of road users. As vulnerable road users with unique safety concerns, motorcyclists are a priority group for the MAA.

The MAA and the MCC have had regular meetings since 2008 and the MAA is committed to working with the MCC.

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