

News Release Treasurer Tom Koutsantonis

Minister for Finance
Minister for State Development
Minister for Mineral Resources and Energy
Minister for Small Business

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Private sector provision of CTP insurance

Treasurer Tom Koutsantonis today announced the State Government has endorsed a new market-based model for the private sector provision of Compulsory Third Party (CTP) insurance.

Under the new model, to take effect from 1 July 2016, CTP insurance will be provided by a set number of eligible insurers for the first three years, before transitioning to a fully competitive market.

Premium prices will remain fixed for the first three years with CPI like increases and governed by an industry-specific CTP Regulator to ensure motorists are protected.

"Importantly, this CTP insurance model provides a seamless transition for South Australian motorists," Mr Koutsantonis said.

"The Department of Planning, Transport and Infrastructure will continue to issue CTP insurance renewal notices as part of the vehicle registration process.

"Current payment methods will also remain."

Mr Koutsantonis said a significant amount of work has been undertaken to ensure a "best-practice" model is implemented.

"The State Government commissioned PricewaterhouseCoopers as lead commercial adviser to undertake a broad range of analysis on how to successfully transition to private sector provision of CTP insurance.

"This included learning from the experience of other states, majority of which have operated under private sector CTP insurance arrangements for many years.

"The State Government will engage widely with key stakeholders on the transition to the new model including the motoring public, insurers, lawyers, community and business leaders and representative bodies.

"Market sounding exercises to further inform interested insurers will begin soon, followed by Expression of Interest and Request for Tender processes."

In the 2014-15 State Budget the State Government announced the privatisation of the Motor Accident Commission (MAC) and that it would cease its role as the sole provider of CTP insurance.

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As a result of the reforms, in December 2014 MAC paid \$852.9 million from its surplus assets into the State Government's Highways Fund, to improve the safety of roads in South Australia.

A further contribution of \$300 million is predicted for 2016-17 following the transition to the new CTP arrangements.

Mr Koutsantonis said MAC would continue both its award-winning work promoting road safety awareness in South Australia and its role of Nominal Defendant, in which it acts as “insurer of last resort”, to ensure people injured in accidents by unregistered/uninsured or unidentified motor vehicles have access to compensation.