

December 14, 2012

Common-sense taxi reforms will benefit all road users

The Insurance Council of Australia today welcomed several key recommendations from the Victorian Taxi Industry Inquiry that would reduce the financial exposure faced by taxi drivers, and would benefit other road users in the case of an accident.

The final report tabled in the Victorian Parliament this week recommended compulsory third-party property insurance for taxi operators, who would be required to indemnify drivers for vehicle damage (recommendations 5.12 and 5.21).

It also recommends that any excess payable under an insurance policy should be paid by the permit holder, unless the driver has been wilfully negligent.

The CEO of the Insurance Council, Mr Rob Whelan, said the recommendations were a common-sense reform that would help protect taxi drivers from severe personal financial losses if they were involved in an accident.

He said current arrangements, including some agreements between taxi clubs and operators, were often leaving taxi drivers without third-party property insurance when they thought they were insured.

“It’s estimated that up to seven in every 10 taxis on Victorian roads are not covered by third-party property damage insurance,” he said.

“This leaves taxi drivers exposed to wearing the high cost of repairs following a collision, which is significant given that taxis spend considerable periods of time on the road.

“The reforms will help ordinary uninsured drivers who may have difficulty recovering costs from uninsured taxi drivers following a collision where the taxi driver is at fault. It will also assist insurance companies to recover costs when one of their not-at-fault insured drivers is involved in a collision with a taxi.”

Mr Whelan said the insurance industry also welcomed recommendation 5.19, which states that Consumer Affairs Victoria should have greater scrutiny of the operation of taxi clubs to ensure they comply with the provisions of the Associations Incorporation Act 1981, and should monitor clubs that offer insurance-like products for compliance with the conduct provisions of the Australian Consumer Law, particularly those provisions relating to misleading or deceptive conduct.

Mr Whelan said the industry looked forward to working with the Victorian Government in helping to implement the reforms and said he hoped this would happen as soon as possible.

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Editors Note:

Recommendation 5.12 states in part:

Provisions that should be included in the new Driver Agreement include:

- That the permit holder must maintain a third party property insurance policy. The permit holder will be required to indemnify his or her driver/s in relation to any vehicle damage (including to the taxi) arising out of the use of the permit holder's taxi. Any excess payable under an insurance policy for a claim involving a permit holder's vehicle should be paid by the permit holder, unless the driver has been wilfully negligent.

Recommendation 5.21 states:

Legislation should require a permit holder to have a policy of insurance covering third party damage arising out of the use of the permit holder's taxi. The policy should:

- Be issued by a corporation authorised under the Insurance Act 1973 (Cth) to carry on an insurance business, and
- Provide sufficient cover in the opinion of the Taxi Services Commission.

Legislation should require a permit holder to indemnify his or her driver/s in relation to any vehicle damage (including to the taxi) arising out of the use of the permit holder's taxi. Any excess payable under an insurance policy for a claim involving an operator's vehicle should be paid by the permit holder, unless the driver has been wilfully negligent.