

Friday July 1, 2016

Financial liability lifted from South Australia as transition to new CTP scheme commences

A new era has begun for South Australian road users with the start of a three-year transition to a fully competitively underwritten compulsory third party (CTP) insurance scheme.

From today, all SA motorists will have their CTP personal injury insurance policy transferred to one of four general insurance companies that are now underwriting the scheme.

Insurance Council of Australia (ICA) CEO Rob Whelan said injured road users would continue to receive exactly the same level of cover and benefits as before.

“For the next three years, SA road users should notice no difference in how the scheme operates, while premium prices have been regulated to ensure they rise only in line with inflation,” Mr Whelan said.

“Once the market becomes fully competitive from July 1, 2019, SA motorists will start to reap the benefits of competition on price and customer service.”

Mr Whelan said the primary winners from the switch away from the government monopoly CTP scheme were SA taxpayers.

“A multi-million-dollar liability has now been lifted from the State Government’s balance sheet,” he said.

“That will free substantial funds to be spent on other priorities to benefit all South Australians. It will also shield taxpayers and future policyholders from the financial risks of underwriting the scheme.”

The SA Government says \$750 million will be transferred to the Highways Fund for spending on road safety projects. That includes a \$448 million dividend from the Motor Accident Commission and a \$260 million contribution from the four participating insurers.

The ICA will work with participating insurance companies, the SA Government and the newly established CTP Regulator to ensure the transition to the new scheme functions as smoothly as possible.

More information on SA’s CTP transition can be found at:

<https://www.sa.gov.au/topics/transport-travel-and-motoring/motoring/vehicles-and-registration/vehicle-insurance/compulsory-third-party-insurance>

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