

Living Streets Aotearoa



Submission from Living Streets Aotearoa

To the Ministry of Transport on Third party Insurance

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About Living Streets

Living Streets Aotearoa (LSA) is a national organisation with a vision of “More people choosing to walk more often and enjoying public places – young and old, fast and slow, walking, sitting and standing, commuting, shopping, between appointments, for exercise, for leisure and for pleasure.”

The objectives of LSA are:

- to promote walking as a healthy, environmentally-friendly and universal means of transport and recreation
- to promote the social and economic benefits of pedestrian-friendly communities
- to work for improved access and conditions for walkers, pedestrians and runners e.g. walking surfaces, traffic flows, speed and safety
- to advocate for greater representation of pedestrian concerns in national, regional and urban land use and transport planning.

For more information, please see: www.livingstreets.org.nz

Submission

QUESTIONS

1. **Has the problem been defined correctly? Are there other problems? What is the magnitude of the problem?**

Too many road users in NZ do not have third party insurance, so pedestrians and cyclists, already physically vulnerable to injury from vehicles, also suffer un-recoverable losses to clothing, personal goods and cycles when involved in traffic accidents.

2. **Why do you think some New Zealand motorists choose to drive uninsured?**

Because they can get away with it, and for some because of the cost in relation to low income.

3. **If you are uninsured, what is the most important factor in your decision not to insure your vehicle?**

We (personally, as submitters) chose to have comprehensive insurance policies on our vehicles and view that as a necessary part of both good citizenship and risk management.

4. **If you deal with uninsured motorists, what do you believe is the most important factor in their decision not to insure their vehicle?**

Some of our members have only 3rd Party Insurance, due to the low value of their vehicle and the high cost of full car insurance.

5. **Do you agree with our estimates regarding the number of uninsured drivers in New Zealand?**

Why or why not?

6. **Do you have additional information that may alter our estimate?**

7. **Do you have additional information regarding the costs of uninsured motorists?**

No

8. **Have you used any of these recourses for compensation when the at-fault driver was uninsured? Was the result satisfactory?**

Example from one member: Police prosecution of SUV driver for 'dangerous use of a motor vehicle' when driver door was opened into the path of a passing cyclist, who crashed and was

injured, with witnesses. This resulted in successful police prosecution and voluntary redress being made by the driver, who paid for a replacement cycle. It is harder to imagine voluntary compensation being paid to pedestrians, but they may well suffer losses such as damaged clothing or personal belongings.

9. If you are uninsured, and have had to pay for property damage that you have caused, how did you compensate the property owner? Did you pay for the full cost of damage?

10. Have all the options been identified? Are there other options (or sub-options) that should be considered?

Living Streets would like to see price discount on compulsory insurance premium for car or other private vehicle users who walk, cycle, or bus most of the time and thus use cars for a low annual km, representing a lower third party risk from that vehicle. We are interested to work with an insurance company to explore the options of new policies for people who use multiple modes of travel, and especially walking and cycling. This has the additional benefit of providing a further incentive to walk, cycle, or bus and is supportive of the Government's new targets for these modes. Also, by keeping "fixed costs" low this makes using the car less desirable. This applies also to the arguments around car registration and warrant being the same no matter how often you use the car, so people might be wanting to maximise car use to maximise value for money of fixed car costs.

11. Were you aware that you had recourse to a UME if your vehicle was damaged by an identified uninsured motorist? How did you find out about it (for example, from the policy documents, from the insurance company, word of mouth)?

Not aware of this. Use of the acronym UME further obscures it, too!

12. If you were aware of the UME, have you used the UME to obtain compensation? What was your experience?

13. If you were not aware of the UME, have you been in a situation where you would have been eligible had you claimed?

14. Private vehicle owners: Do you self-insure? Why?

No.

15. Corporate vehicle owners: Do you self-insure? Why?

n/a. We do not have fleet vehicles.

16. **Have you driven a vehicle uninsured because you could not afford the insurance premiums? No.**
If there had there been an avenue for obtaining some financial assistance, would you have used it?

17. **Do you think that there should be penalties placed on those who cancel or fail to maintain an insurance policy while the vehicle is subject to finance?**

Yes, the loan provider should require the vehicle to be at least third party insured, and preferably comprehensive insurance as they have a stake in it. And they might have power to re-possess the vehicle, ending the loan, if its owner is subject to repeated police action for non-insurance.

18. **Are there any other aspects of the current vehicle insurance system that you think ought to be considered, regarding uninsured motorists?**

As car sharing by commuters increases, prompted by higher running costs, it should become essential for a shared non-public service vehicle, i.e. one where some passengers are not owners or immediate family, to have at least third party insurance, covering the passengers as well as external people/property.

19. **Do you think that a CTPVI regime should primarily address social equity (making sure that drivers are responsible for any property damage they may cause)? Why?**

A secondary but valid aspect.

20. **Do you think that a CTPVI regime should primarily address road safety (encouraging behavioural change and safer vehicle purchasing choices)? Why?**

Inexperienced younger drivers often use old, poorly-maintained vehicles as a cheap option. The combination of their road inexperience and more probable mechanical failure make them a greater hazard to pedestrians and cyclists. Compulsory third party insurance linked to WOF may improve road and pavement safety.

21. **Do you have information about how often insurance policies are invalidated by the insured motorist's actions?**

22. **What do you consider to be the MOST IMPORTANT benefit of a possible CTPVI regime? Why?**

23. Do you believe there are additional benefits arising from a CTPVI regime not identified?

Please describe these benefits.

A small levy on compulsory vehicle insurance could be allocated to paramedical response services such as St. John and the Rescue Helicopters, which might help drivers to find the cost more acceptable?

24. Do you think a CTPVI regime in New Zealand should be privately administered or state-administered? Why?

Privately administered but state regulated, e.g. to ensure no sharp practices by companies keen to collect premiums but reluctant to pay out claims through weasel-wording of contracts. Plain English should be required in the policies.

25. Do you think that those who can prove the vehicle is used exclusively off-road should be exempt from having to be insured? Why?

Not exempted, because off road vehicles can still damage rural facilities (e.g. Gates and fences on paper roads) and public amenity (e.g. sand dunes and beaches) which reduces quality of life for walkers. And also walkers and cyclists use off road facilities.

26. Should insurance companies retain the right to decline insurance? Why or why not?

Yes, for high risk drivers who persist in antisocial use of vehicles, alongside or in response to action by the police. This would be in order to get them off the road, not to encourage them to drive uninsured.

27. If so, should a 'last resort' plan be made available to those who wish to be insured, but cannot find a provider that will accept their level of risk?

28. Do you think that a CTPVI regime in New Zealand should treat the individual driver or the vehicle as the subject of the insurance? Why?

Associate insurance with the vehicle owner (i.e. the vehicle, as identified by its licence plates and WOF) rather than the driver, so that the records can be matched up.

29. What do you think is the most effective way of providing proof of insurance?

Visual display in windscreen adjacent to WOF sticker, displayed by the insurance purchaser. Have to have at least 3 clear months of insurance contract paid before expiry when getting the six-monthly WOF, we suggest. This also helps to spread the car-associated payments across the 12 months.

- 30. Which do you believe to be the best option for a CPTVI regime in New Zealand: required as part of driver licensing, of WoF or CoF, or of vehicle licensing? Why?**

Associated with WOF/COF - see q 28.

- 31. Do you think that there is a better way to administer CTPVI instead of linking it to a register? Please describe your suggestion.**

- 32. What would be an appropriate level of penalty for being found to be driving without insurance?**

Fine on first instance if not re-insured within two weeks and proof furnished to police, impound the car/vehicle temporarily on second instance (released by proof of payment of annual insurance cover), confiscation of car/vehicle for third instance, i.e. 'three strikes & you are out'.

- 33. Do you think that a Nominal Defendant Fund is a necessary element of a possible CTPVI regime? Why or why not?**

- 34. If necessary, how should this be funded?**

- 35. Can you suggest any alternatives?**

- 36. Do you think provisions in a CTPVI regime should be made for those who wish to self-insure their vehicles? Why or why not?**

Not as a priority, because an injured party may simply be told that the offender has no insurance (which would be true), and not told that they self-insure with a sum held in trust or bond, leaving only recourse to civil legal action. If self-insured, the fleet owner must display information of this status on their windscreen and have a fund reserved for the purpose.

- 37. If so, how could an authority ensure that a driver could genuinely afford to meet any financial liabilities?**

- 38. What is the best way of regulating the insurance industry under a possible CTPVI regime? For example, in terms of how much they can charge, who they must insure, and what conditions they can impose.**

39. What level of enforcement do you think will be required to ensure a CTPVI regime is complied with?

Include checking for current insurance status when police stop vehicles for other reasons, or when Parking Wardens are routine checking registration and warrants?

40. Do you agree with the estimates of compliance costs? Why or why not?

41. Do you have any additional information that may change our estimates?

42. Do you think that the possible benefits of compulsory insurance outweigh the possible costs associated with a CTPVI regime?

Yes - it contributes to a more caring and civilized society, encouraging driver responsibility, probably also reducing medical emergency cost claims, in a way that our 'no fault' ACC scheme does not.

43. If third party insurance was to be made compulsory, do you think financial assistance should be made available to people on low incomes in order to meet their premiums? Why or why not?

44. Are there some situations where you think that assistance should be provided in full (for example, in cases of disability), and some situations where only partial assistance, or no assistance, should be provided?

Motability -adapted cars for physically disabled people - should get some state assistance with insurance premium cost, but not be exempted. It could be a discount from the firms and a re-imbursment of part premium by the Government on an annual or six monthly basis in response to a report from the companies involved.

45. Overall, which do you believe are the most significant costs involved with a CTPVI regime?

Policing and record keeping (as public costs).

46. Do you think an education campaign by itself (ie, without a CTPVI regime) may help address the uninsured motorist problem, or do you think that it has to be used in conjunction with compulsion and enforcement?

Information would be required, but education alone will not work here, as more than awareness and altruism is required - need a mix of financial and social incentives and disincentives.