

Cost of Expanded Motor Injury Insurance

From 1 July 2016, motor injury insurance premium rates will increase in Western Australia (WA) as insurance cover expands for motorists. The new expanded cover ensures that all people catastrophically injured in motor vehicle crashes in WA from that time are provided necessary and reasonable treatment, care and support.

How premiums are determined

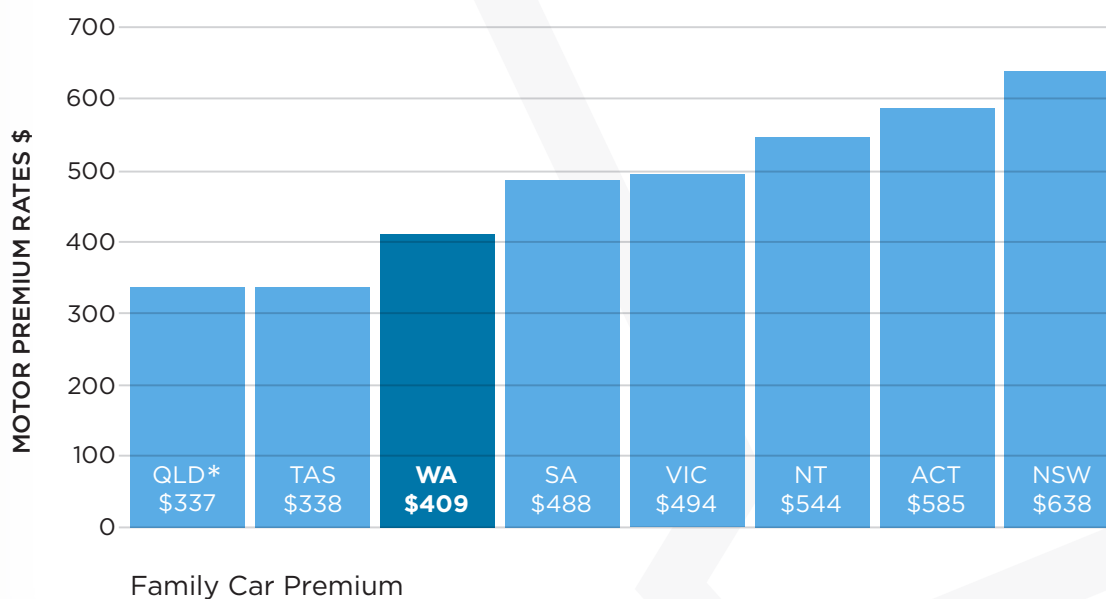
Motor injury insurance premiums are used to pay insurance claims for people injured in motor vehicle crashes. Insurance premium rates are determined through actuarial assessments of claims history and estimated future claims experience for each registered motor vehicle class in WA.

Cost comparison to other States

To fund the expansion of insurance cover, insurance premiums will increase by a maximum of \$99 per vehicle in the first year of expanded motor injury coverage. Some vehicle classes will pay less than \$99. The graph below shows the cost of motor injury insurance for a family car in WA compared to other states.

Motorists will pay the additional insurance cover once they next register their vehicle from 1 July 2016.

Motor Injury Premium Rates by Jurisdiction from 1 July 2016.



*Queensland's premium rate will increase from 1 July 2016 as they expand motor injury insurance.

Premium rate increases

While the number of motor vehicle crashes in WA continues to decline, the cost of injury claims continues to increase, including the number and cost of catastrophic injuries.

To provide treatment, care and support to all people catastrophically injured in motor vehicle crashes from 1 July 2016, insurance premiums for WA motorists are increasing. Revenue from the additional premiums will fund the provision of this care.







An independent actuarial assessment determined that the increase is an additional \$99 per family car and motorcycle for the first year of the new scheme.

No additional insurance premium will apply to caravans and trailers. The additional cost for most tractors will be \$25, while the premium increase for mopeds, farm fire-fighting vehicles and vintage cars will be \$30.

Even with the \$99 increase, WA's motor injury insurance (\$409) for a family car will continue to be substantially cheaper than in South Australia (\$488), Victoria (\$494), the Northern Territory (\$544), the Australian Capital Territory (\$585) and New South Wales (\$638).

The table below provides the annual premium rate and the additional premium rate for each vehicle class for motor injury insurance applicable from 1 July 2016.

Motor injury insurance premiums from 1 July 2016 including expanded cover

	Vehicle Class	Number of Registered Vehicles	Insurance Premium (includes Expanded Cover)	Cost of Expanded Cover
	CARS	1,562,866	\$409	\$99
	TRUCKS	469,091	\$381	\$94
	MEDIUM & LARGE MOTORCYCLES	111,416	\$275	\$99
	CARAVANS & TRAILERS	522,675	\$14	\$0
	FORKLIFTS & TRACTORS	47,855	\$70	\$25
	SMALL MOTORCYCLES & VETERAN VEHICLES	25,845	\$58	\$30

These are the most common registered vehicle classes in Western Australia.
See icwa.wa.gov.au for all vehicle classes.



Business Vehicles

Since 2003, business vehicles have paid higher premium rates for motor injury insurance than private vehicles in the same class, reflecting different GST inputs.

However, experience shows business vehicles actually have fewer crashes than private vehicles, so from 1 July 2016, there will be a reduction in premium rates for business vehicles to match the private usage rate. This will also simplify the registration process as motorists will not need to select whether the vehicle is primarily for business or private usage. The premium rate changes are:



Business use sedans and wagons to be reduced by \$19 applying to nearly 213,000 vehicles.



Business use goods vehicles to be reduced by \$17 applying to more than 247,000 vehicles.



Business use motorcycles to be reduced by \$11 applying to more than 8,100 motorcycles.

This is a positive change given the overlap between private and business use. Often taxation structure such as salary sacrifice of a car has no real bearing on insurance risk. This change will also avoid the risk of inadvertently making the incorrect decision on a vehicle registration form affecting the motor injury insurance.

Many of these business purpose vehicles are registered in, or operate within, regional areas. See [Fact Sheet 4 \(Motor Injury Insurance Regional Impact\)](#) for other changes to regional premium rates.