

Auto Allocation Scheme

Scheme for the Allocation of a CTP Insurer for New Motor Vehicle CTP Insurance
Policies from 1 July 2019

Determined by the Minister 14 June 2019

AUTO-ALLOCATION METHODOLOGY

1. Definitions:

- (a) **CTP** means Compulsory Third Party insurance
- (b) **CTP Insurer** has the same meaning as Approved Insurer under the MV Act and means each of the private insurers approved by me pursuant to section 101 of the MV Act as an insurer under Part 4 of the MV Act;
- (c) **Market Share** means, in the case of each CTP Insurer, the percentage of total premium dollar amount for all currently registered vehicles by the CTP Insurer calculated on a rolling 12 month basis and updated monthly;
- (d) **Motorist** means a motorist taking out a Policy under Part 4 of the MV Act;
- (e) **MV Act** means the Motor Vehicles Act 1959 as amended and replaced from time to time;
- (f) **New Motor Vehicle** means a new motor vehicle as defined by section 99A(20) of the MV Act being, a vehicle that has not previously been registered under the MV Act or the law of any other State or Territory of the Commonwealth and less than two years have elapsed since the year and month in which the vehicle was manufactured.
- (g) **Policy or Policies** has an equivalent meaning to the term "policy of insurance" as used in the MV Act;
- (h) **Regulator** means the Compulsory Third Party Regulator established under the *Compulsory Third Party Insurance Regulation Act 2016*; and
- (i) **TRUMPS** means the Transport Regulation User Management Processing System, being the formal register maintained by the Registrar of Motor Vehicles pursuant to the MV Act.

2. Auto-Allocation Objectives

- (a) This Auto-Allocation methodology reflects the following objectives publicly stated by the South Australian Government:
 - (i) to continue to auto-allocate New Motor Vehicle Policies from 1 July 2019;
 - (ii) to remove the possibility of commissions and inducements being offered by CTP Insurers to motor vehicle dealers to acquire CTP business where there is no direct benefit to the Motorist; and
 - (iii) having regard to the above, to optimise the CTP competition scheme for South Australian Motorists.

3. Approach

- (a) subject to clause 3(b), New Motor Vehicle Policies will be auto-allocated to CTP Insurers in ratios consistent with their Market Share;
- (b) two percent of New Motor Vehicle Policies will be allocated to any CTP Insurer (including a new entrant to the South Australian CTP market) whose Market Share is below two percent;
- (c) the premium price payable by the Motorist for an auto-allocated Policy will be the lowest premium price offered for the premium class by any of the CTP Insurers at the time of allocation;
- (d) the allocation of New Motor Vehicle CTP Policies will occur automatically via TRUMPS; and

- (e) the detailed steps for this process are set out at clause [4] below.
4. TRUMPS business rules for auto-allocation of New Motor Vehicles provide detailed steps for allocation of New Motor Vehicle Policies from 1 July 2019, summarised below:
- (a) On a monthly basis TRUMPS will identify all currently registered vehicles and determine the annual premium amount charged by the CTP Insurer assigned to each vehicle.
 - (b) TRUMPS will then determine the total premium collection for each CTP Insurer and record the results.
 - (c) Any CTP Insurer with a Market Share below two percent will be assigned two percent of the Market Share.
 - (d) The respective Market Share percentages for each CTP Insurer are stored in TRUMPS. These values are not accessible to TRUMPS users.
 - (e) TRUMPS derives the next applicable CTP Insurer to receive a Policy allocation. TRUMPS must evenly spread these numbers through any listing for allocation i.e. not exhausting one CTP Insurer's entire allocation first.
 - (f) When registering a New Motor Vehicle TRUMPS will consult the order list to derive the next CTP Insurer to be assigned.
 - (g) The auto-allocation of a Policy to a CTP Insurer will not take into account any factors aside from the Market Share percent. For example a Motorist registering multiple vehicles may be allocated different CTP Insurers for each vehicle.
5. Changing the auto-allocated insurer
- (a) If the auto-allocated CTP Policy is for a period of more than three months Motorists are able to choose an alternative CTP Insurer in accordance with this clause.
 - (b) The selection of the alternative CTP Insurer must be made at least five days after registration and no later than the expiry of the first three months of the Policy.
 - (c) The selection of the alternative CTP Insurer can be made via the Motorists' EzyReg account, via telephone or in person at a Service SA Customer Service Centre.
 - (d) The Motorist is only able to select an alternative CTP Insurer once within the applicable timeframe.
 - (e) The new selected CTP Insurer will be the CTP Insurer from the commencement of the fourth month of the Policy for the remainder of the Policy term.
 - (f) There will be no additional costs for the Motorist if they select an alternative CTP Insurer in accordance with this clause.
6. Inclusion or Removal of CTP Insurers from Auto-Allocation Scheme
- (a) Should a new CTP Insurer be approved pursuant to section 101 of the MV Act to offer CTP in South Australia they will be included in this Auto-Allocation Scheme from the date their approval is effective.
 - (b) Should a CTP Insurer's approval to offer CTP Insurance be withdrawn or suspended, the CTP Insurer will be removed from the remit of this Auto-

Allocation Scheme effective immediately and will cease to receive allocation of New Motor Vehicle Policies.

- (c) If either of these events occurs outside of the monthly calculation referred to at clause [4(a)], a new calculation will be triggered by TRUMPS as outlined in clause [4] above. This will be an additional / special calculation and the next scheduled monthly calculation following the event will occur as planned.