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MEDIA STATEMENT

Warning on Car Ride-Sharing Services and CTP Insurance

The Insurance Commission of Western Australia (Insurance Commission) urges Western Australians to be aware of the potential effect car ride-sharing services may have on their insurance cover if they are injured in an accident.

In Western Australia, ride-sharing services may use private drivers in their privately owned vehicles to carry paying passengers registered with the ride-sharing service.

Drivers using their privately licensed motor vehicle for this purpose may be in breach of their compulsory third party (CTP) personal injury insurance policy unless they have properly licensed the vehicle for hire, fare and reward with the Department of Transport and paid the correct CTP insurance premium.

Any motor vehicle used for the carriage of passengers for hire, fare or reward is required to be classified as a hire vehicle and licensed and CTP insured accordingly.

The Chief Executive of the Insurance Commission, Rod Whithear, said that one of the warranties in the CTP policy is that the vehicle must not be used for any purpose other than that stated by the owner in their application for CTP insurance. In other words, a vehicle used for private purposes cannot be used to carry passengers for hire, fare or reward.

“In the event that the Insurance Commission is called upon to pay a claim from a third party injured in a motor vehicle accident caused by the negligent driving of an incorrectly licensed and CTP insured vehicle, insurance cover may be denied to the negligent driver,” Mr Whithear said.

Mr Whithear explained that under these circumstances, the Insurance Commission would compensate injured third parties but may seek to recover from the negligent owner/driver all monies paid by the Insurance Commission.

The average cost of a CTP insurance claim is now about \$138,000. During the 2013-14 financial year, 42 catastrophic injury CTP claims were settled at an average cost of \$5 million per claim. Mr Whithear suggested that drivers without the right insurance will not want the Insurance Commission pursuing them for costs of this scale.

“Any person that is using or intends to use their vehicle for a ride-sharing service, for hire, fare or reward, is strongly urged to contact the Department of Transport and ensure that their vehicle is appropriately licensed and CTP insured,” said Mr Whithear.

Western Australians are also urged to check with their private insurers about any potential effects on their vehicle’s private insurance cover.