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**HEADLINE:** Driverless cars create a dilemma for third-party insurers

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## Driverless cars create a dilemma for third-party insurers

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A Volkswagen AG (VW) Sedric concept electric autonomous robo-taxi is a sign of things to come in transport.  
Krisztian Bocsi

  
by Brad Thompson

Australia's transport policy makers and the insurance industry are trying to avoid a head-on collision over coverage of driverless vehicles in the event of crash injuries.

Some compulsory third party (CTP) insurers led by the Insurance Commission of Western Australia have pushed back hard against suggestions from transport bureaucrats that they should cover driverless vehicles to smooth the way for their introduction.

Insurance coverage for cars controlled by software will be a hot topic in Adelaide next week when leaders in the autonomous field gather for an International Driverless Vehicle Summit.

The organisers will have three manufacturers demonstrating commercially available autonomous buses, but were unable to get CTP insurance in South Australia. They turned to insurance broker Aon to provide coverage.

The case highlights the problem of [transport and vehicle registration regulations being left behind by technology](#).

CTP insurance is required to register vehicles in Australia but is based on a driver being in control of the vehicle. It covers vehicle owners and drivers who are legally liable for personal injury caused to any person in the event of a crash.

The National Transport Commission is aiming to have all regulatory and legislative issues resolved by 2020 to allow driverless vehicles on the road.

NTC project director for compliance and technology Marcus Burke said it had worked on the issue of regulation for two years after identifying more than 700 legislative barriers to the introduction of driverless vehicles.

"It is due to the fact that legislation previously assumed a human driver naturally enough," he said.

"Once you challenge that assumption there are a range of obligations that become problematic and need to be reformed."

The NTC is about to release a significant report on safety assurances needed for driverless vehicles.

Mr Burke said there were differing views on the issue of CTP from motor vehicle accident schemes across the states and the NTC was working closely with industry to find answers.

NTC discussion papers have suggested that [states and territories review their CTP requirements](#) to provide for driverless vehicles and for consistency in insurance coverage.

The Insurance Council of Australia and Austroads have canvassed arguments in support of CTP coverage in their reports on the issue.

It is an approach strongly opposed by some CTP providers and other insurers who see a business opportunity through vehicle manufacturers having to provide coverage.

They argue that driverless vehicle manufacturers and suppliers should be liable to compensate injured parties if their technologies fail.

Leading car makers Mercedes Benz and Volvo have made it clear that manufacturers should be responsible for injuries or damage caused by driverless vehicle faults.

Volvo Car Australia managing director Kevin McCann has urged the Federal Government to mandate that all manufacturers who sell fully driverless cars in Australia must accept liability for cars involved in accidents when in full autonomous mode.

Mr McCann told a parliamentary committee uncertainty over where liability belongs for vehicles involved in accidents was one of the biggest barriers to adoption of driverless cars.

"Volvo's public position on liability is very clear. Volvo will accept full liability for damages or injuries whenever one of its cars is in full autonomous mode," he said.

The car maker, which trades on its reputation for safety, has set a goal that no one will be killed or seriously injured in a Volvo by 2020.

The State of Michigan, where Detroit once rolled out America's dream cars, has already moved with the times and legislated to make manufacturers liable for accidents caused by autonomous vehicles.

Insurance Commission of WA secretary Kane Blackman said it should not shock anyone that leading manufacturers had said they would accept liability.

"We expect someone whose product fails to take responsibility for it," he said.

Mr Blackman said transport officialdom across Australia had promoted CTP providers, some still owned by state governments, as the quickest route to introducing autonomous vehicles.

"If you think that through, should state governments assume responsibility for software technology failing? Why should governments issue policies for insurance that can be delivered by the autonomous vehicle manufacturer and its insurer?" he said.

"Governments can get involved when the market fails or there is not a market for a particular product, but there is no market failure here. There are existing insurers who could take that liability."

CTP insurance is publicly underwritten in Victoria, Tasmania, the Northern Territory and Western Australia, and privately underwritten in other states.

There are also major differences in CTP between states with some having no fault schemes.