



PLATE RATES FOR TAXI OWNERS AND/OR OPERATORS

For the taxi industry, per capita or plate rates are applied for Premium calculations rather than basic tariff Premium being calculated on Wages paid and a percentage based WIC.

Table A of the Insurance Premiums Order details the per capita rates to be applied to taxis operating in metropolitan 'T' and country 'TC' areas.

The purpose of this operational instruction is to:

- (a) Detail pro rata plate rates applicable for T and TC plates;
- (b) Outline administrative procedures for issuing Policies to taxi operators;
- (c) Detail the method for calculating Premium when plates are either acquired or disposed of;
- (d) Outline the circumstances when a taxi Policy can be cancelled;
- (e) Outline adjustment procedures for year end calculations;
- (f) Detail eligibility for TC plate rate; and
- (g) Present a methodology for adjusting Policies.

1. Plate rates applicable for T and TC plates

The Insurance Premiums Order applicable to the Policy period includes per plate rates for employers carrying on a business that is covered by Table A's classes 612310, 612315, 612320, 612322, 612324, 612326.

Detailed inclusions, exclusions and operating conditions for each class are included in the Insurance Premiums Order.

1.1 T Plates

- (a) WIC 612310 Taxi Drivers-Metropolitan T-plate

Employers engaged in operating taxi cabs in metropolitan areas.

- (b) WIC 612315 Taxi Drivers-Metropolitan T-plate

Employers engaged in operating taxi cabs in metropolitan areas using other drivers on average of two shifts per week or less.

1.2 TC Plates

- (a) WIC 612320 Taxi Drivers-Non-metropolitan TC-plate

Employers engaged in operating taxi cabs with TC-plates in country areas.

- (b) WIC 612322 Taxi Drivers-Non-metropolitan TC-plate

Owner/operators engaged in operating taxi cabs with TC-plates in country areas, and with no intention to employ other drivers.

- (c) WIC 612324 Taxi Drivers-Non-metropolitan TC-plate

Employers engaged in operating taxi cabs in country areas using other drivers on average of up to one shift per week.

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 1 of 6	TRIM file: 2005/052283-02

(d) WIC 612326 Taxi Drivers-Non-metropolitan TC-plate

Employers engaged in operating taxi cabs in country areas using other drivers on average of up to two shifts per week.

2. Administrative procedures

2.1 Applying for plate rate

Taxi operators apply to the Scheme Agent for a Workers Compensation Policy in the same way as all other Employers. The information that must be supplied for T plates is detailed at point 2.2, and for TC plates, at point 2.3 of this document.

Employers operating through a company are only eligible for a plate rate under classes 612310 (T) and 612320 (TC). Whilst a working director may be the only driver, a working director of the company is considered to be an employee of that company, and is therefore covered by the Policy.

The remaining available taxi classifications apply to sole traders and partnership operators. As with other Policies, the sole trader and partners of a partnership are not covered by the Policy.

If an Employer requests a Policy to cover a specific period, eg to cover for a holiday period etc, they are to be advised that the Policy must run for twelve months at the appropriate premium rate. This is in accordance with Section 155A of the Workers Compensation Act 1987.

The decision on which a plate rate is to apply will depend on the circumstances and information supplied to the Scheme Agent. Particular note should be taken in identifying the Employer, as the taxi owner may have lease arrangements in place and not be the operator.

The Scheme Agent must examine the supplied information to confirm the Employer is not a proprietary limited company, determine the veracity of the Employer's information and calculate the number of shifts per week the vehicle is being driven by driver/s other than the taxi operator.

In order to ensure that the correct classification is applied and minimise disputes, the Scheme Agent is encouraged to notify Employers of the minimum information required for a decision to be made. Necessary information is outlined below.

2.2 T Plates

An Employer with T plate/s must, as a minimum, supply the following information for the Scheme Agent to consider an application for a T plate rate or in reviewing an existing classification:

- (a) the Policy number of the Employer, (if previously insured)
- (b) confirmation that the Employer is a sole trader and/or partnership, including ABN and ACN if available.
- (c) a description of the way the business operates. Information should include lease/ownership arrangements, operating times etc.
- (d) the anticipated number of drivers and the number of shifts based on either current and/or historical information which demonstrates that the vehicle is driven by other than an operator; and
- (e) (as a minimum) three months of daily log ons from their respective radio base and/or three months of copies of driver's work sheets and/or a statement from the base that confirms use by other than the operator.

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 2 of 6	TRIM file: 2005/052283-02

2.3 TC Plates

Class 612322 Taxi Drivers – Non-Metropolitan –TC-plate offers the employer the opportunity to maintain a Policy as a ‘just-in-case’ measure, to cover instances which may arise where there is normally no intention to employ Workers. This classification is available to Employers who do not wish to carry the risk of being uninsured should they need to engage a driver at short notice should an unforeseen event arise which may preclude them from incepting a Policy e.g. hospitalisation or other emergencies.

For planned absences where the owner operator normally employs other drivers such as during holiday breaks, there is therefore an intent to employ, and the appropriate class and plate rate should be applied.

An Employer with TC plate/s must, as a minimum, supply the following information for the Scheme Agent to consider an application for a TC plate rate:

- (a) the Policy number of the Employer,
- (b) a confirmation that the owner is a sole trader and/or partnership,
- (c) a description of the way the business operates,
- (d) the anticipated number of shifts based on either current and/or historical information that the vehicle is driven by other than an owner and,
- (e) a supporting statement from the secretary and/or manager of the taxi co-operative to which the owner belongs which supports the details in the application.

In circumstances where there is no taxi co-operative servicing an area, a witnessed statement to that effect must be supplied by the owner.

2.4 Adjustment during the Policy period

If an Employer’s business circumstances change during the period of insurance, the premium must be amended upwards to reflect the situation.

For instance, if an Employer who has a plate rate on the basis that they do not hire Workers for more than two shifts per week averaged throughout the Policy year, finds that they must employ for additional shifts, the premium must be amended to reflect the change in circumstances.

The Policy is to be amended to reflect the higher usage classification and amended Premium demand issued to cover the gap in Premium. Pro-rata amounts do not apply for the period of the Policy year where the higher usage requirement did not exist.

The following example illustrates how the Premium would be amended:

- (a) a TC plate has previously been authorised for a plate rate of \$984 (IPO 2006/2007) for up to an average of 2 shifts per week. The Employer advises that due to a change in circumstances, they require coverage for more than 2 shifts per week. This would increase the Premium to a plate rate of \$1,470. The Employer must pay the difference, in this case a further \$486.00.

No retrospective downward adjustments are available *during* the Policy year, however if an Employer found *at the end* of the Policy year that they had been classified at a higher classification than was necessary, a downward adjustment may be affected. To have a downward adjustment applied, documentary evidence for the period must be supplied.

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 3 of 6	TRIM file: 2005/052283-02

2.5 Annual provision of information

At each renewal Employers must resubmit documentation as detailed above in either points 2.2 or 2.3 of this document to confirm their current circumstances and be assigned to the correct class.

If an Employer does not supply sufficient information then the Premium reverts to the appropriate full Premium rate (Class 612310 – T-plate or Class 612320 – TC-plate). If the necessary information is supplied at a later date, then the plate rate may be retrospectively amended according to the provisions of each period.

3. Additional Plates or Disposal of Plates

Where a Policyholder advises they have acquired additional plates or disposed of plates during the period of insurance, the Premium payable or refundable is to be calculated on a monthly basis as follows:

- (a) Divide the annual per plate premium by 12 to arrive at monthly Premium amount.
- (b) To determine any refund due as a result of the disposal of plates, calculate the number of calendar months of the Policy year for which the Policy was used in accordance with the methodology at Item 5.
- (c) The return Premium is the gap between the Premium calculated for the months used and the whole Policy year amount.
- (d) To determine any additional Premium due resulting from the acquisition of plates, calculate the number of calendar months to the expiry date of the period applying the rules at Item 5, and multiply by the monthly amount as calculated in the first dot point above.

4. Policy Cancellations

Policy cancellations are generally only available to Employers who no longer employ, and for drivers who have handed back their plates or sold the business.

Prior to approving a Policy cancellation the Scheme Agent must confirm the Employer's claim by sighting a copy of transfer and/or sale documentation.

Where a Policy has renewed because the Employer has failed to advise their intention to cancel due to no longer employing Workers, they must supply information as required in either point 2.2 or 2.3 of this document to support their request.

If this information confirms the Employer is no longer employing Workers from renewal, the Policy can be retrospectively cancelled at the renewal date. However, if the information indicates that Workers were employed during the period of insurance then the Policy cannot be cancelled. The Policy must run for 12 months and an appropriate plate rate can be approved having regard to the information supplied.

When processing a request for a midterm cancellation, the Scheme Agent must use the appropriate per plate rate, to calculate the Premium payable for the period of insurance. The appropriate per plate rate is to be determined having regard to the average number of shifts per week during the Policy period.

It should be noted that the longer the expired period of usage within the Policy year, two sets of sampling from that period may be required to accurately demonstrate the usage rate. The result will indicate the appropriate classification to be applied to the Policy.

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 4 of 6	TRIM file: 2005/052283-02

4.1 Example of Calculation of shifts per week

WIC 612310 was applied during the 2006/2007 Policy year on a Policy for a sole trader using other drivers for 7 shifts per week.

Notification is received in October that the 30 June renewal Policy is no longer required as the plates have been sold. Evidence is produced showing 3 months worth of daily log ons which demonstrate that other drivers were used for one shift per week for 8 weeks, 3 shifts per week for 3 weeks, and 4 shifts per week for 2 weeks.

Total weeks with evidence of shifts available = 13

Total shifts carried out during the 13 weeks is $8 \times 1 + 3 \times 3 + 4 \times 2 = 25$

Average number of shifts per week $25/13 = 1.92$

As the average is less than 2 shifts per week, the Policy qualifies for the application of WIC 612315 with a refund of Premium.

In the event that the results indicate a higher per plate rate should be applied, the revised WIC is to be applied in the final calculation.

Use the revised pro rata rate if necessary, or, if the calculation of shifts per week is consistent with the assigned plate rate, proceed with the calculation of refund as shown at 4.2.

4.2 Example of Calculation of premium payable

Policy for a TC plate (class 612320) runs from 30 June 2006.

Employer sells taxi on 29 December 2006 and requests Policy cancellation.

The applicable calculation for the 2006/2007 Policy year is:

Premium payable - \$1,470.00

Monthly premium – $(\$1,470 / 12 \text{ months}) - \122.50

Number of months used – 6 months

Premium based on use – $(6 \text{ months} \times \$122.50) - \$735.00.$

5. Calculating ‘Months Used’ for Per Capita Rate Policies

The Scheme Agent is to calculate the number of months used from the date of the Policy commencement or renewal. Where there is an exact match in the days of the months from commencement of use to the day of the month at the end of the period of use, the number of calendar months are counted.

Example 1

If the period used is 15 July 2006 to 15 September 2006, two calendar months of use are to be calculated regardless of the period spanning the three months of July, August and September.

In calculating the months of use where there is not an exact calendar match in the days of the months from beginning to end of use, the usage date is rounded up to the next complete calendar month based on the Policy commencement date.

Example 2

Period in use is 15 July 2006 to 13 September 2006.

The period of use end date is rounded up to 15 September 2006 being the next monthly anniversary of the Policy. In this example, two months of use are calculated.

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 5 of 6	TRIM file: 2005/052283-02

Example 3

Period in use is 15 July 2006 to 18 September 2006.

The period of use end date is rounded up to 15 October 2006 being the next monthly anniversary of the Policy. In this example, three months of use are calculated.

6. Adjustment of Premium at Year End

Adjustment of the Premium at the end of the Policy period is to be based on the total number of plates held by the Policyholder during the year. For example, the Policyholder has 6 plates at the start of the year, purchases 4 plates and disposes of 2 plates. The total number of plates to be declared is 10 plates and not the net amount of 8 plates.

In these circumstances the premium for each plate must be individually calculated having regard to the period of insurance and plate rate (as appropriate) for each plate.

7. TC Plates

Eligibility for a TC plate premium is based on the plate number and not on the location of the taxi or the address of the owner/operator. The Scheme Agent must obtain the plate number to verify eligibility for a TC plate premium.

8. Methodology for calculating the experience adjustment of per plate taxi policies

Instructions for calculating the experience Premium (if applicable) of per capita policies are included in the Insurance Premiums Order Schedule 5 1(4).

References

Workers Compensation Act 1987

Insurance Premiums Order

Document name: Operational Instruction 2.16	Prepared by: Premiums Group
Version: 1.0	Issue date: October 2006
Revision: 0	Review date: February 2008
Page 6 of 6	TRIM file: 2005/052283-02