

24 September 2015

Taskforce Regulation of Point to Point Transport
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Insurance Australia Group (IAG) welcomes the opportunity to make a submission in relation to the NSW Government's Point to Point Transport Taskforce Discussion Paper.

Who is Insurance Australia Group?

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. Its businesses underwrite over \$11.4 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia, India and China.

As one of the largest motor vehicle insurers in Australia, this topic is of significant relevance to IAG's Australian businesses and the insurance industry more generally. IAG views the developments in the transport sector to be an indication of consumer preference. There is a need for industries and governments to evolve and adjust to the changing business environment.

In NSW IAG has made a discretionary decision to insure customers who occasionally use their vehicles for Uber. The cover offered by IAG is an interim measure to limit the exposure of IAG's customers until governments are able to provide greater certainty about the legality of, and the regulations that apply to non-traditional transport providers.

Clarity and consistency is required in the regulatory treatment of emerging alternative business models to provide certainty for businesses and their customers. This in turn will encourage adaptive innovation, ensure sustainability of insurance schemes and improve consumer outcomes. There is also a need for regulation of minimum standards to protect consumers and drivers and raise the bar for safety across the broader transport industry. Given that ridesharing services have been available in Australia since 2009, a clear regulatory response is long overdue.

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IAG's submission focuses of the challenges and areas of risk specific to insurance cover for individuals who participate in ridesharing activities.

If you wish to discuss this matter or make further inquiries please contact Gulshan Singh, Manager, Public Policy & Industry Affairs on (02) 9292 8907.

Yours sincerely

A handwritten signature in black ink that reads "Andy Cornish". The signature is written in a cursive, slightly slanted style.

Andy Cornish
Chief Executive Personal Insurance
Insurance Australia Group



NSW POINT TO POINT TRANSPORT TASKFORCE 2015



24 September 2015

CONTENTS

Table of Contents

Disruption of Traditional Business Models.....	3
Motor Insurance	4
Compulsory Third Party Insurance	9
Safety.....	10

DISRUPTION OF TRADITIONAL BUSINESS MODELS

a) Technology

Disruptive change has always been a fact of life for many industries, yet unprecedented advances in technology are accelerating this change. Traditional businesses need to adapt to the rapidly changing landscape despite the uneven playing field in government regulation, compliance and licensing. IAG's approach to disruption is to ensure that IAG stays relevant and customer-centric in a fast-changing and increasingly competitive environment.

To reflect the growing importance of digital progress, IAG has created a dedicated innovation hub - IAG Labs, and appointed a Chief Executive to drive digitisation and innovation across IAG. IAG Labs recently developed Sharecover, an insurance product to support the tens of thousands of Airbnb and Stayz hosts who may be unknowingly exposed to risks when they invite guests into their homes.

IAG appreciates the concerns and challenges faced by the taxi industry and traditional transport providers. Greater regulatory certainty around the new digital technologies and emerging alternative business models will assist all stakeholders to assess and respond to the challenges and opportunities they present. International experience suggests that attempts to prohibit ridesharing services will be difficult. Uber now operates in 58 countries with numerous competitors appearing such as Lyft, Sidecar, Haxi and Hailo. The popularity of ridesharing is clearly a reflection of consumer sentiment.

b) Customer empowerment

The balance of power between organisations and individuals has shifted significantly. Customers now have unparalleled choice, information and influence. They are setting high standards for the service and experiences they expect. Customers have a greater voice with word-of mouth advocacy amplified on social media. They constantly use social-media platforms to seek and share information. Social media also allows business to engage with customers like never before.

Customers now expect personal solutions that reflect and anticipate their needs and that adapt to their changing circumstances. Polls have revealed that consumers currently take advantage of sharing economy services primarily because they offer greater convenience, better prices, and higher quality¹.

¹ <http://mercatus.org/publication/sharing-economy-and-consumer-protection-regulation-case->

MOTOR INSURANCE

Discussion point 11

The taskforce is interested in comment on insurance arrangements for point to point transport providers. How could they be improved?
Is it necessary to specify a minimum level of coverage for third party property insurance?

There is considerable confusion and uncertainty about the application of personal insurance policies to ridesharing for both drivers, users of the service and insurers. Participants in the shared economy may unknowingly expose themselves to significant financial risk. Alternatively, individuals may be deterred from participating in the shared economy because of fears that they may not be covered. Regulatory clarity will enable individuals to make informed decisions about offering or using these services and to take the necessary steps to manage their risks.

The immediate concern for consumers who are using their private vehicles to provide ridesharing services is whether they are covered for motor vehicle property damage (comprehensive or third party property) given that they are using the vehicle for a purpose other than private use. Generally speaking, policies for home or motor insurance do not extend to cover activities of a commercial nature.

a) Insurance cover

i) How insurance works

To appreciate the challenges posed by providing insurance cover to ridesharing services, it is necessary to have an understanding of how insurance risks are assessed. In Australia premiums are generally 'risk rated' and the price differs depending on the policyholder's level of risk (although sometimes a mix of community rating and risk rating is used). Data from a range of sources are used to develop an actuarial risk model that estimates the frequency and cost of future claims by looking at risk factors. The more likely the event is to occur, the higher the risk to the insurer and, as a result, the higher the cost of the premium.

The challenge with emerging services such as ridesharing lies with the limited information available (such as claims history and accident data) to assess the associated risks. To fully fund an insurer's liabilities, premiums must be sufficient to meet the cost of claims when they are settled. The level of uncertainty around ridesharing and variation in the way people use their vehicles for ridesharing makes it difficult for insurers to ensure that the premium collected is sufficient to cover claims and operating costs, as well as produce a profit for the business.

MOTOR INSURANCE (CONTINUED)

ii) Types of insurance cover relevant to ride sharing

The Discussion Paper identified issues with CTP, Third Party Property and Workers Compensation Insurance. The types of insurance that are relevant to ridesharing are outlined below.

Comprehensive Motor Insurance	<ul style="list-style-type: none">• Optional insurance that covers damage to your own vehicle and other people's property, as well as theft and some other risks, plus legal costs.
Third Party Property	<ul style="list-style-type: none">• Optional insurance that covers damage to other people's property and legal costs, but not damage to your own vehicle
Third Party Fire & Theft	<ul style="list-style-type: none">• Third Party Property with some add-on features that cover your vehicle
Compulsory Third Party (CTP)	<ul style="list-style-type: none">• Mandatory insurance cover in NSW that protects any person that you might injure while you are driving including passengers in the car
Workers Compensation	<ul style="list-style-type: none">• Mandatory insurance foremployers in NSW . Covers any of the employer's workers in the event of them suffering a work related injury or illness.
Income protection	<ul style="list-style-type: none">• Optional insurance that replaces the income lost through inability to work due to injury/ sickness. Especially suitable for self-employed people, small business owners
Personal Accident Insurance	<ul style="list-style-type: none">• Provides income protection foran injury or illness that prevents you from completing your normal work duties. This can provide cover for the home-based business owner who does not have access to sick leave

iii) Application of insurance cover to ridesharing activities (current state)

The rapid pace, at which ridesharing services have grown, in conjunction with inconsistent legal interpretations, has created a gap in insurance cover. There is considerable misinformation and confusion about the insurance implications of using a vehicle for ridesharing in motor vehicle policies, in particular third party property and comprehensive car insurance. Given the legal ambiguity surrounding ridesharing, there is a high level of uncertainty about how an insurance policy will be applied as a result of an incident. Additionally, motorists who offer ridesharing services are unsure of what they could be liable for, what policies they should take out and what is available.

Existing insurance policies cater to either commercial or private use of an asset. Digital disruption, by connecting individuals, is blurring the distinction between personal and commercial asset use. Current personal insurance policies are unclear if they provide cover when a person uses their personal asset (e.g. home) for commercial purposes. In some instances, there is a clear gap (e.g. malicious damage) and in other cases it is grey or subject to interpretation (e.g. liability). This is particularly relevant in the case of ridesharing where the use of the insured vehicle is often a combination of private and commercial activity that varies considerably between different drivers.

MOTOR INSURANCE (CONTINUED)

	Driver 	Passenger 	General Public 
Compulsory Third Party Insurance (CTP)	Only covered if another driver is at fault.	Covered under the driver's compulsory CTP insurance	Covered under the driver's compulsory CTP insurance
Comprehensive Motor Insurance	May be liable for the costs of damaging own vehicle or another person's property.	May be exposed to loss if the driver is uninsured or the insurer does not cover ridesharing	May be unable to recover costs if property damaged by a driver who is uninsured or the insurer does not cover ridesharing
Third Party Property	May be liable for the costs of damaging another person's property.	May be exposed to loss if the driver is uninsured or the insurer does not cover ridesharing	May be unable to recover costs if property damaged by a driver who is uninsured or the insurer does not cover ridesharing
Third Party Fire and Theft	May be liable for the costs of damaging another person's property.	May be exposed to loss if the driver is uninsured or the insurer does not cover ridesharing	May be unable to recover costs if property damaged by a driver who is uninsured or the insurer does not cover ridesharing
Workers Compensation	Not covered. Uber drivers are currently classified as independent contractors and exempt from requiring Workers Compensation insurance.	Covered in travelling within the course of employment (except travelling to and from work)	
Income protection/ Personal Accident & Injury	May not be aware of the need to take out insurance if heavily reliant on ridesharing income		

b) Pricing the risk of ridesharing

Insurance premiums should accurately reflect the usage of a private vehicle for ridesharing purposes and cover any additional risks that come about as a result using a private vehicle for ridesharing. The ACT Government Taxi Innovation Industry Review Discussion Paper correctly notes that: *'...insurance premiums vary significantly depending on the type of public-passenger vehicle (and other factors, such as insurance claim history). The insurance costs for vehicles used for rideshare purposes are also expected to vary from those applied to private vehicles.'* (page 30).

MOTOR INSURANCE (CONTINUED)

When insurers have insufficient data to price risk, there is a tendency to price the risk more conservatively. That is, insurers will use 'a worst case scenario' to assess the risk, potentially resulting in a higher premium than if information is available to accurately assess and price the risk. In the current market, insurance pricing is likely to take the form of two scenarios:

1. Rideshare vehicle is insured under a **private policy** – the higher risk of the rideshare vehicle is subsidised by other drivers who use their vehicle exclusively for private use.
2. Rideshare vehicle is insured under a **commercial policy** – the ride share vehicle pays a premium that is higher than the commensurate risk associated with ridesharing activity.

Regulatory settings that confirm the legality of these services, as well as appropriate categorisation and classification of vehicle usage for insurance purposes will enable the development of appropriate insurance solutions. Until this occurs participants in the shared economy may unintentionally subject themselves to substantial financial risk.

c) IAG's Current Position

IAG has attempted to respond to the rising popularity of transport network companies such as Uber by developing an approach that will ensure that our customers are protected until greater regulatory certainty is available which allows a more tailored response.

Since the emergence and rapid growth of Uber, IAG has been faced with questions from Uber drivers using their private vehicle about the degree to which our Comprehensive Motor policy provides coverage.

IAG's priority is to protect its customers. We believe drivers have the right to insurance and safe transport options. The growing uptake of shared economy services like Uber has the potential to leave a large number of drivers exposed because they are unaware they are uninsured. That is why in NSW IAG has made a discretionary decision to insure customers who occasionally use their vehicle for Uber. This is a somewhat unique position in the market at the moment. Uber drivers are excluded from most Australian insurance policies due to ambiguity about the legality of the service.

NRMA Comprehensive Motor Insurance

1. NRMA offers car insurance for individuals who drive their own cars for Uber occasionally, not on a full-time capacity.
2. This cover is different to a commercial taxi arrangement where there are multiple drivers and the car is generally on the road 24/7.
3. Standard CTP policies provide cover for any personal injury.

The cover offered by IAG is an interim measure to limit the exposure of IAG's customers until governments are able to provide greater certainty about the legality of, and the regulations that apply to non-traditional transport providers.

d) Potential insurance solutions

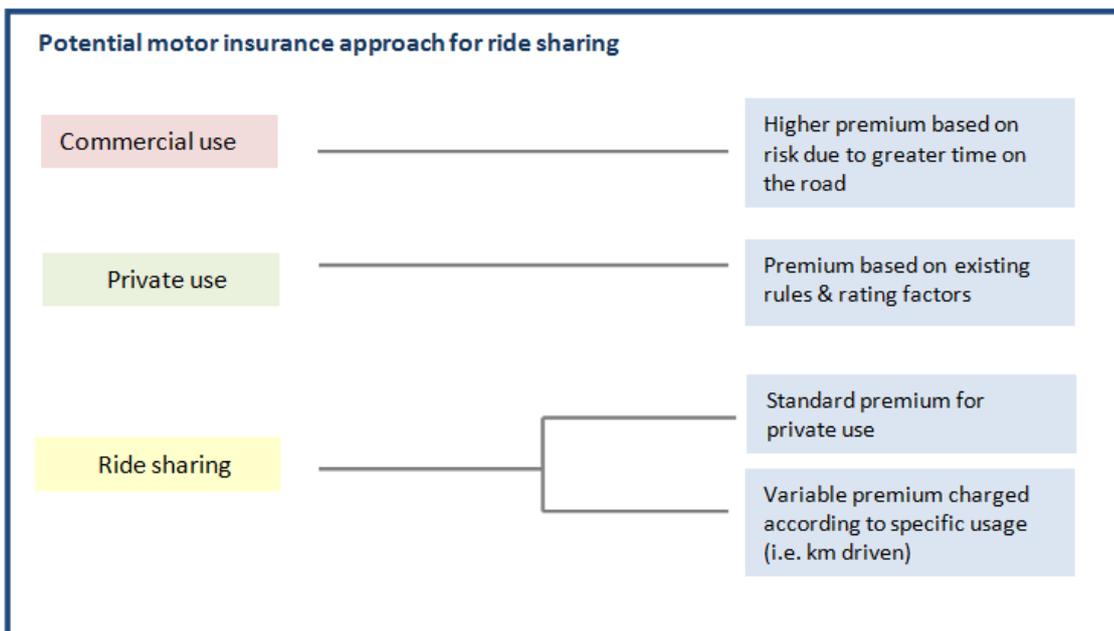
A clear, consistent regulatory framework nationally will allow insurers to customise business models to the changing needs of today. The current situation makes it difficult for insurers to make informed decisions about the appropriateness of providing cover to ridesharing participants. While there are tailored insurance solutions available overseas (see <https://www.metromile.com/uber/>, <https://www.geico.com/getaquote/ridesharing/>), a more certain regulatory environment is required in Australia to encourage investment in, and development of innovative products for this market.

MOTOR INSURANCE (CONTINUED)

In Australia, Uber has an estimated 9,000 drivers and has grown at 700% since January 2014. As the popularity and availability of shared service models is likely to continue to grow, IAG is exploring alternative insurance options and reviewing the appropriateness of our existing business models for these schemes.

As outlined above, the activity of rideshare drivers is a combination of private and commercial use of the vehicle. An insurance solution should be designed to ensure that the individual's asset is covered when they are using it for personal purposes, and when they are using it in the sharing economy.

The average typical UberX partner in Sydney drives around 20 hours a week and takes home \$2,500 a month². Given the varying nature of how people use their asset in the sharing economy, insurance should cater for an individual's circumstances while ensuring that the costs associated with additional risks of ridesharing are not borne by private vehicle users.



Alternatively, an insurance solution could be developed for the network transport provider rather than the individual driver. For example, insurance schemes exist for state run taxi organisations that have been designed to meet the common needs and interests of taxi cab owners and operators.

IAG is open to working collaboratively with government and road transport networks to develop appropriate insurance solutions for ridesharing activities. Sharing of data by transport network companies will assist the insurance industry to accurately assess and price risk for suitable insurance policies.

² Katie, 'Uber's Letter to the Transport Ministers of Australia' *Uber Blog*, 6 November 2014, www.blog.uber.com/Transport-Minister-Letter

COMPULSORY THIRD PARTY INSURANCE

With the recent and rapid evolution of ridesharing, the current regulatory framework for Compulsory Third Party (CTP) insurance for ridesharing vehicles needs to evolve to ensure legislation responds to consumer needs and behaviours, and enables the appropriate collection of data to accurately rate and price these risks.

The NSW CTP scheme provides for the classification of vehicles by their type and usage (passenger, hire car, bus, primary producer) and also provide for risk factors such as vehicle and driver age to be included in the price paid by consumers and businesses. These factors vary across geography and demographic risk factors to determine a final CTP premium price paid by the vehicle owner.

The main question raised by ridesharing with respect to CTP is how to best determine and price the risk and whether there is need to create a separate 'rating factor' or vehicle class to do this. As ridesharing is a relatively new activity, there is limited current data available in comparison to other vehicle types and uses.

It is possible that drivers who occasionally use their personal vehicle for ridesharing, and who are not undertaking this as a full-time activity, are exposed to only limited additional risk outside of what is already captured in the current Class 1 structure. Interestingly, in NSW, car-sharing vehicles are included in Class 1 (or equivalent) for the purposes of risk rating.

Finally, it appears that there is a degree of uncertainty regarding whether the use of a vehicle for 'business use' reflects an additional risk. A question is asked during the purchase process about whether the vehicle is used for business purposes. This question is asked for the purpose of determining whether or not the policy holder can claim an Input Tax Credit (ITC) on the policy, and *not* for the purpose of identifying a risk factor.

This distinction between 'business' and 'private' use is not well understood and is an issue that the government and ridesharing drivers will need to consider for tax purposes. Simply put, the use of a vehicle in a commercial capacity alone does not determine its class.

In addressing these concerns, IAG advocates for a simple solution for our customers who choose to use ridesharing either as a passenger or a driver to ensure they are properly covered for personal injury and for injuries they may cause to others.

IAG submits two options as possible solutions to positioning ridesharing in the NSW CTP regulatory scheme:

1. Classifying ridesharing vehicles as Class 1 vehicles
2. Creation of a "ridesharing" class of vehicles.

Option 1. Classification of ridesharing vehicles as Class 1 vehicles (or equivalent class)

This option would take advantage of the existing scheme where ridesharing vehicles (that are not licensed taxi or hire cars) are classified as Class 1 vehicles and are not uniquely identified in the scheme as a separate class. However, as this approach would not separately distinguish ridesharing activity which would otherwise allow for the ability to collect data over the long term which can be used to determine what difference in risk, if any, ridesharing poses and adjust premiums accordingly.

IAG views Class 1 as the most appropriate class for ride sharing vehicles under this option, as it better reflects mixed-usage of ridesharing vehicles, as opposed to the intensive dedicated passenger-carrying use of taxis that is reflected in Class 7.

COMPULSORY THIRD PARTY INSURANCE (CONTINUED)

If a measure to collect data on ridesharing usage by individual driver and vehicle was introduced in parallel, this arrangement could continue and a review can be undertaken to consider if there needs to be a separate vehicle class. The data collected for these vehicles could be used over the long term to help determine the appropriate relativity for the risk and evaluate the necessity or lack thereof of a distinct ridesharing vehicle class. IAG would endorse a model which reviews the relativities after 12 to 24 months.

Option 2. Creation of a “ridesharing” vehicle class

The creation of a “ridesharing” vehicle class would ensure necessary data is obtained to identify the risk associated with ridesharing vehicles. We consider that this could operate for an initial 12 month period as a separate class, but with the same price points as *Class 1* and the relativities could be reevaluated after a sufficient amount of data has been collected over a period of time. The advantage of this option is that it provides a simple mechanism for the collection of data with respect to the ridesharing driver over the long term and if these drivers are found to be a lower or higher risk than *Class 1*, there is opportunity and mechanism to enable price to follow the risk.

SAFETY

a) Consumer protection

Discussion point 5

Should ridesharing services be regulated? If so, how? Is there any need to distinguish them from other booked services?

The taskforce seeks comment as to how the regulatory framework could be simplified so that point to point transport providers have more flexibility about how they provide services. Should there be fewer restrictions as to how they operate?

i) Confirmation of legal status

The legal status of ridesharing enterprises such as Uber has attracted significant public attention. IAG has faced strong criticism from segments of the community for providing insurance for 'illegal' activity. While ridesharing is declared illegal in NSW, the legality of ridesharing is currently under review together with a number of other State and Territory Governments. The issue continues to be ambiguous because of contradictory statements by political leaders and decisions by the ATO (which has begun to actively collect GST on ridesharing services).

Until the legitimacy of ridesharing is satisfactorily resolved, IAG has made a decision to offer protection to our customers as an interim measure. IAG's position will be reviewed once clear regulatory guidance is available to inform business decisions.

IAG's current position is based on the needs of our customers. While regulation has not kept pace with technological developments, customers may unknowingly be exposing themselves to significant financial risk. Suggestions have been made that insurance claims will not be paid due to illegal activity. Under IAG's Product Disclosure Statement and Section 54 of the Insurance Contracts Act 1984 (Cth), unless an illegal act can be proved to have caused the incident for which a claim is lodged, a claim cannot be declined.

ii) National co-ordination & harmonisation

A number of State Governments are in the process of reviewing their road transport legislation. IAG supports harmonisation across Australian jurisdictions of any regulation as far as is practicable and appropriate. Particularly in the area of road safety, Australian drivers regularly drive interstate and should be able to rely on a level of consistency between the regulatory frameworks of each jurisdiction. In addition, strategies such as adopting vehicle design standards in the mould of the European Statement of Principles for Driver Interactions require national support to be effective.

iii) Self-regulation

The new platforms tend to self impose standards and self-regulation measures. Uber for example has voluntarily developed a Code of Conduct. Many road transport networks incorporate reputational mechanisms (eg. rating systems), user profiles, and various safety and security checks. The reputational rating systems that govern ridesharing models encourage safer driving and performance on the road. Social facilitation means that people are likely to drive more carefully and cautiously when being watched or monitored by others.

Regulation needs to be progressive and forward thinking to keep pace with the rapid change that characterises today's society. The general movement away from anonymous transactions and the increased transparency of new business models makes traditional regulatory tools such as disclosure largely irrelevant. Regulation should utilise the principles of behavioural economics to support and reinforce commercial incentives to self-regulate and improve service standards.

SAFETY (CONTINUED)

iv) Regulation in the public interest

As consumers are increasingly utilising ridesharing services, legislation needs to evolve to keep pace with consumer behaviour. Ridesharing has the potential to satisfy consumer demands while at the same time maximizing the economic value of underutilised existing assets which can greatly improve the overall efficiency of the economy. Rideshare services take advantage of two underutilised resources – idle cars and people in need of work – and match them to the demand of people who need transport. Early research suggests ridesharing may have broader social benefits such as reducing incidents of drink-driving and alcohol-related road accidents³. However there must be appropriate boundaries and price signals relative to the risk on the road – as for other commercial operators such as taxis, hire vehicles and buses.

v) Collection of data

The UN Global Plan for the Decade of Action for Road Safety 2011–2020 recommends establishing and supporting national and local data systems to measure and monitor road traffic deaths, injuries and crashes. In order to monitor the effectiveness of strategies to reduce injuries and accidents it is essential to develop a national database on injuries resulting from road accidents. Access to this data by the insurance industry would also facilitate the development of tailored private insurance products and enable fair and equitable pricing of ridesharing activity.

b) Road safety

Discussion point 7

The taskforce seeks comment on whether the Government's current safety standards for public passenger drivers are reasonable.

Also, how could the processes for enforcing these standards be improved? Are there alternatives to the current system that could work more efficiently and effectively?

Discussion Point 9

The taskforce invites comment on whether the current safety and security requirements for taxis are appropriate and whether there are alternative models for how safety outcomes can be achieved.

Discussion Point 10

The taskforce is interested in views on appropriate safety standards for point to point transport vehicles and how these standards may best be achieved.

For example, are there any requirements beyond roadworthiness you think are necessary?

IAG has a long history of advocating for road safety and it is at the very core of our business. A road safety culture, implemented at all levels of our society will help keep drivers safe, reduce collisions, injuries and damage to vehicles. This can in turn lead to a reduction of claims and frequency which is ultimately in the best interest of the community, our customers and our business. This will also help keep insurance affordable for the long term.

Vehicles used for the paid transportation of the public should be held to a higher standard. There is a need for regulation of minimum standards to protect consumers. Driver behaviour and vehicle design as outlined below should be considered in the development of minimum safety standards. This should as far as practicable, take the form of self-regulation or principle based regulation.

³ Greenwood & Wattle (2015) *Show Me The Way To Go Home: An Empirical Investigation of Ride Sharing and Alcohol Related Motor Vehicle Homicide* Temple University

SAFETY (CONTINUED)

i) Safe Vehicles

All vehicles used to deliver point-to-point transportation should be held to a higher standard of safety requirements due to the unique characteristics of the vehicle use, and the additional responsibility of carrying passengers for monetary gain.

Consumers should be able to expect that vehicles that transport the public meet satisfactory safety standards. Taxis and rideshare vehicles should aspire towards a 5 Star ANCAP rating. Taxi fleets have already made substantial progress towards this goal. Price signals could be used to encourage purchasing of safer vehicles, for example discounts on vehicle registration for 5-Star rated ANCAP vehicles. The size of vehicles should also be considered, as the physical mass of a vehicle can have almost as much impact on safety as its ANCAP rating in the event of an accident. Medium vehicles should be preferred, with a minimum of 1200kgs. This would also incidentally improve customer comfort and better accommodate some individuals with impaired mobility.

The nature of taxis and ridesharing means that they are subject to greater mileage and wear and tear than vehicles used for exclusively personal use. More time spent on the road means that the standard assumptions about the 'age' of a vehicle do not apply. For example, a Ford Falcon purchased three years ago for use as a taxi, could actually exhibit the same wear and tear as an identical vehicle twice its 'age'. This means that standard deterioration of the vehicle and some of its safety apparatuses are accelerated. For example, brake pads and tyre treads will wear down faster, increasing stopping distance and therefore increasing the risk of accidents. Risks could be minimized by the introduction of guidelines for the maximum age of passenger vehicles and frequency of servicing required.

A greater reliance on technology by drivers (such as Smartphone and GPS) also necessitates safety measures to minimize the risks of driver distraction. Regulation of passenger vehicles should include prescribing the location and use of portable devices in vehicles.

ii) Safer drivers

Taxis and ridesharing drivers are increasingly dependent on technology such as smart phones and GPS to locate passengers, communicate with them, and take them to their destination. While these innovations can improve service for customers and enable innovative new business models, they can also pose serious risks relating to driver distraction if not properly used.

Driving is a complex task that requires considerable concentration and focus if the risk of a collision is to be minimised. Drivers put themselves at increased risk of a collision when they attempt to combine driving with another task. Anything external to a driver that may impair their ability to focus their attention on the primary driving task, and consequently affect their driving performance, can be considered a driver distraction.

As the National Road Safety Strategy 2011-202⁴ notes, the sources of driver distraction have '*increased substantially*' in recent years.

"Modern vehicles can include on-board DVD, satellite navigation, complex sound systems, climate controls, and audible and visual signals for an array of vehicle operations which compete for driver attention. Although it is very difficult to quantify the effect of all of these and other sources of

⁴ p 84. The National Road Safety Strategy 2011-2020 released by the Australian Transport Council on 20 May 2011 outlines broad directions for the future of Australian road safety in the four key areas - Safe Roads, Safe Speeds, Safe Vehicles and Safe People. The Strategy addressed the impact of driver distraction on road safety as part of 'Safe People'.

SAFETY (CONTINUED)

distraction on serious road casualties, they are recognised as a major and potentially growing problem area.”

IAG has conducted numerous road safety tests and studies into driver distraction.

IAG research findings

- Mobile phone use significantly impairs driving ability
- Visual GPS units can impair driving ability as they require the driver to divert his/her eyes from the road.
- Voice commands are the safest means by which drivers can be directed by GPS technology
- The least safe position for a portable GPS unit is in the centre of the windscreen under the rear-vision mirror or directly in front of the driver, as these locations block the field of view creating large areas invisible for the driver.
- Activities that encourage a driver to take their eyes off the road are a particularly dangerous source of distraction.

(Refer to IAG's submission to the NSW Staysafe joint standing committee on Road Safety <http://www.nrma.com.au/sites/default/files/NRMA-Documents/Stay-Safe-Driver-Distraction-Submission.pdf>)

Global Positioning Systems (GPS)

Given that both taxi and rideshare services are increasingly dependent on GPS mapping, guidelines should be developed to minimise the driver distraction associated with the use of GPS technology.

Based on IAG's research, guidelines should encourage:

- a) The use of voice commands (as opposed to visual maps) to reduce the need for drivers to divert their eyes from the road.
- b) Deactivation of screens and restriction of all modes and forms of entering data into a GPS unit while the vehicle is moving
- c) Positioning of the device in a location that minimizes obstruction of the driver's view - devices should be mounted in the right front lower corner of the windscreen.

Smart phones and other devices

Smart phone booking apps are integral to the ridesharing model. Most rideshare apps stipulate a brief time limit within which a fare can be accepted. The demand for instant attention when notified of a potential fare is concerning. Drivers need to react almost instantly to the smart phone to gain the customer (and the associated fare) making it difficult for the driver to take into account road conditions or safety before responding.

IAG considers banning an inventory of activities to be undesirable. In our view the best way to encourage safe driving behaviour is through education and vehicle design rather than trying to legislate for common sense. However, in light of the pace of recent technological developments, any regulation of technology needs to be 'device neutral'.

Ideally, businesses should be encouraged to compete on the basis of their safety standards as outlined in relevant guidelines. Transport network companies in particular should be encouraged to redesign its technology to prevent drivers from interacting with the app while in motion. Public awareness campaigns can educate passengers on what they should expect from a safe driver and persuade transport providers to compete to meet these expectations. Public awareness campaigns to educate drivers and passengers about the realities of distracted driving may also encourage developers to create app based booking systems that minimise driver distraction.

SAFETY (CONTINUED)

SUMMARY OF RECOMMENDATIONS

1. Confirmation of the legal status in NSW is required to encourage insurers to develop suitable products and educate customers on risk management solutions for ridesharing.
2. IAG recommends nationally consistent regulation of ridesharing that prioritises the public interest and reinforces effective self-regulatory mechanisms.
3. IAG supports a CTP regulatory framework which makes it easy for ridesharing drivers and consumers to understand their policy cover and which does not create a disincentive to self-identify as a ridesharing driver or to undertake these activities.
4. The collection and sharing of data nationally is recommended to improve risk rating for both private and publicly underwritten insurance schemes, as well as aid the development of effective road strategies .
5. Development of minimum safety standards for all transport vehicles is recommended including:
 - a. Guidelines and incentives to encourage safer vehicle purchasing and appropriate vehicle inspections and servicing
 - b. Device neutral guidelines on technology use while driving to minimize driver distraction