

Minister bins popular plan

To quiz public again in October

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IMMEDIATE PLANS for compulsory third-party insurance have been scrapped despite what appears to be overwhelming public support.

Previous transport minister Harry Duynhoven had been pushing for compulsory third-party insurance to be introduced this year and submissions on the issue last year were in favour by a 75% margin.

But new Transport Minister Steven Joyce told the *Sunday Star-Times* last week there had been confusion over the number of uninsured New Zealand drivers. He did not believe forcing people to get insurance would deal with the boy racer problem, as touted by Duynhoven, and it could raise premiums for all drivers.

"I would really want to be convinced that we would solve the problem and that the costs that would be imposed on all road users would be worth the benefits."

Compulsory third-party insurance means all drivers have to cover themselves for repairs should they cause damage to other vehicles.

The public was asked a year ago if it wanted compulsory insurance. Of 131 submissions to the Transport Ministry, 98 wanted it, 27 did not, and six were unclear.

Joyce now says he will seek new public opinion in October, when the Transport Ministry consults on its 10-year road safety strategy.

He did not believe compulsory insurance would deter illegal street racing because premiums would still be lower in New Zealand than they were overseas, because elsewhere, premiums included the cost of personal injury, whereas New Zealanders

paid this through ACC levies.

Feedback from police was that they preferred stronger powers to penalise boy racers, hence the government's "cruising ban" and "crushing law", Joyce said. The laws give police more power to crack down on boy racers, including provisions to crush the cars of repeat offenders. The government wants these measure to be law by December.

The Insurance Council has advised that insurers would have to pay out more to cover damage caused by the 10-15% of drivers who are more likely to have accidents.

But Consumer New Zealand says compulsory insurance is more likely to reduce premiums, as insurance and repairs costs could be spread across more motorists.

During last year's public consultation, Consumer chief executive Sue Chetwin said 75% of vehicle owners who are insured were paying through their premiums for costs incurred by all vehicle owners – which amounted to between 7-11% of total motor vehicle insurance costs each year.

Joyce said he also wanted clarification on how many vehicles are uninsured. Last year a Ministry of Transport poll of 1000 people found 6% of vehicles were uninsured; but Duynhoven had put the figure at 25%. Joyce said if it turned out that 6% was accurate, he would prefer to ditch the proposal. He wanted the sample size increased to 4000.

Chetwin criticised the delay, but thought the survey might be useful.

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Premiums would rise.

– Insurance Council

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