

# Motor Accident Guidelines

---

Procedure for Fund Levy refunds

**State Insurance  
Regulatory Authority**

**July 2019**

# Contents

Introduction.....	3
Levy refund.....	3
Calculation of levy refund.....	4
Issuing levy refunds.....	4
Fund levy adjustment.....	5
Reporting to the Authority .....	5

# Introduction

- 1.1 These Guidelines are published by the State Insurance Regulatory Authority (the Authority).
- 1.2 The Authority is constituted under the *State Insurance and Care Governance Act 2015* and is responsible for regulating workers compensation insurance, motor accidents compulsory third party (CTP) insurance and home building compensation insurance in NSW.
- 1.3 These guidelines are issued under section 10.18 of the *Motor Accident Injuries Act 2017* (the Act).
- 1.4 The Guidelines set out the administrative arrangements of licensed insurers (the insurers) for payment of refunds of the pro-rata Fund Levy (levy refund) under section 10.18 of the Act.
- 1.5 These Guidelines should be read in conjunction with relevant provisions of the Act and the *Motor Accident Injuries Regulation 2017*, and in a manner that supports the objects of the Act as described in section 1.3 of the Act.
- 1.6 These Guidelines come into effect on 26 July 2019 and apply to all pending and new applications for levy refunds in accordance with section 10.18, on third party policies issued on and from 1 December 2017 under the Act.
- 1.7 These Guidelines apply until the Authority amends, revokes or replaces them in whole or in part.
- 1.8 Existing Guidelines continue to have effect in relation to the scheme established under the *Motor Accidents Compensation Act 1999* (NSW), which applies to motor accidents from 1 October 1999 to 30 November 2017. Those Guidelines continue to apply to that scheme until they are amended, revoked or replaced (in whole or in part).

## Levy refund

- 1.9 These guidelines apply in respect of:

The Fund Levy to be refunded, on a pro rata basis, to any person to whom a third-party policy was issued if the third-party policy is cancelled on the cancellation of the registration of the motor vehicle to which the policy relates (except where the registration is cancelled under Division 3 of Part 4 of the *Fines Act 1996*)
- 1.10 For the purposes of making a levy refund, the person to whom a third-party policy was issued is the ‘registered operator’ of the vehicle (as defined in section 8 the *Road Transport Act 2013*) at the date on which cancellation of the registration of that vehicle became effective.
- 1.11 The insurer that issued the third-party policy is to refund the pro-rata Fund Levy to the registered operator.

## Calculating the levy refund

- 1.12 The date the third-party policy is cancelled is the date on which the cancellation of registration of the vehicle to which the policy relates became effective ('the registration cancellation day').
- 1.13 An insurer is to calculate the levy refund payable to the registered operator as a proportion of the total Fund Levy paid on the third-party policy.
- 1.14 The levy refund is to be calculated by using the following method  $(M \div Y) \times D$  where:
- **M** is the total amount of the Fund Levy paid in respect of the third-party policy that relates to the vehicle to which the cancellation of the registration relates.
  - **Y** is the total number of days for which the policy was issued.
  - **D** is the number of days remaining on the cancelled policy measured from the registration cancellation day to the last day of the policy, excluding the day that is the registration cancellation day.

## Issuing the levy refunds

- 1.15 The insurer that issued the third-party policy must pay the levy refund within 14 days of receiving from the registered operator:
- 1.15.1 a request in writing, and
  - 1.15.2 evidence the registration of the vehicle to which the policy relates has been cancelled and the date on which the cancellation of registration became effective (including, as relevant, the date as provided for under [s 84\(4\)](#) and [104C\(3\)](#) of the *Road Transport Act 2013*).
- 1.16 The insurer must not charge any person a fee for administering the levy refund or make any deduction from the levy refund for administrative or other costs.
- 1.17 On payment of the levy refund to the registered operator, the insurer is to provide the registered operator with a refund notification setting out:
- 1.17.1 the name of the registered operator
  - 1.17.2 the date on which the policy commenced
  - 1.17.3 details of the total amount of the Fund Levy paid on the issue of the policy
  - 1.17.4 the date on which cancellation of the policy and the cancellation of registration of the vehicle to which the policy relates became effective
  - 1.17.5 details of the amount of the levy refund.
  - 1.17.6 the method of payment and/or details of the bank account or credit card into which the levy refund has been paid.

## Fund levy adjustment

- 1.18 In circumstances where the insurer has already paid the Fund levy amount relating to the cancelled third-party policy to the Authority in accordance with section 10.17 (3) of Act, the reimbursement to the insurer may be affected by the insurer off-setting the amount of the levy refund from the total amount of Fund Levy which was collected in the month in which the refund was made and which is payable to the Authority under s 10.17 (3) of the Act.
- 1.19 In circumstances where the insurer has collected the Fund levy but not yet paid it to the Authority, the insurer is to deduct the amount of the levy refund from the total amount of Fund Levy which was collected in the month in which the refund was made and which is payable to the Authority under s 10.17(3) of the Act.

## Reporting to the Authority

- 1.20 Each insurer is to account for, and report to, the Authority on all levy refunds in their premiums returns, submitted monthly to the Authority.

#### Disclaimer

This publication may contain information that relates to the regulation of workers compensation insurance and motor accident third party (CTP) insurance in NSW. It may include details of some of your obligations under the various schemes that the State Insurance Regulatory Authority (SIRA) administers.

However, to ensure you comply with your legal obligations you must refer to the appropriate legislation as currently in force. Up to date legislation can be found at the NSW Legislation website: [legislation.nsw.gov.au](http://legislation.nsw.gov.au)

This publication does not represent a comprehensive statement of the law as it applies to particular problems or to individuals, or as a substitute for legal advice. You should seek independent legal advice if you need assistance on the application of the law to your situation. This material may be displayed, printed and reproduced without amendment for personal, in-house or non-commercial use.

Motor Accidents Insurance Regulation, Level 6, McKell Building, 2-24 Rawson Place, Sydney NSW 2000

CTP Assist 1300 656 919

Website [www.sira.nsw.gov.au](http://www.sira.nsw.gov.au)

Catalogue no. SIRA08965 | © State Insurance Regulatory Authority NSW June 2019