



MINISTRY OF TRANSPORT

Information Alert

08/07/09

Dear Operator

Third Party Property Insurance

ISSUE:

It has been brought to the Ministry of Transport's notice that some Insurance Companies have recently changed their Product Disclosure Statement's (PDS) excluding coverage for vehicle's used for carrying passengers for hire or reward.

NOTICE:

It is a Condition of Accreditation that operators must maintain a Third Party Property Insurance which complies with Clause 22 of the Passenger Transport Regulation 2007.

Clause 22 requires:

- An accredited operator (unless otherwise notified in writing by the Director-General) must ensure that there is maintained one or more policies of insurance providing cover of at least \$5,000,000 for each public passenger vehicle used to provide the relevant service against liability in respect of damage to property caused by or arising out of the use of the vehicle.
- The policies must be issued by a corporation authorised under the Insurance Act 1973 of the Commonwealth to carry on insurance business.

Operators are required to ensure that current and future Third Party Property Insurance do not contain exclusions which prevent compliance with the requests for clause 22. For example, an exclusion for using the vehicle carrying passengers for hire or reward.

Commencing immediately, Bus Operator Accreditation Scheme (BOAS) Auditors are required to sight the Insurance Policy and PDS to ensure that vehicles are insured correctly.

If it is noted by the Operator that the current Third Party Insurance Policy excludes paying passenger, then the Operator is required to amend the policy immediately. Bus operators are reminded that failure to maintain a correct Third Party Property Insurance in accordance with the Regulations is classified as a *Safety Critical Deficiency*.

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