



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PUBLIC NOTICE

AMENDMENT OF COMPULSORY THIRD PARTY MOTOR VEHICLES INSURANCE REGULATORY CONTRACT

The Independent Consumer and Competition Commission (ICCC) and the Motor Vehicle Insurance Limited (MVIL) have mutually agreed to amend Schedule 2 Part 1 and related clauses of the current Compulsory Third-Party (CTP) Motor Vehicle Insurance Regulatory Contract (2023 – 2027) (**Regulatory Contract**). The basis of this agreement stems from MVIL's proposal to have its reinsurance costs removed from the Maximum Average Premium (MAP) calculations.

Schedule 2, Part 1 outlines the Premium Pricing Formulae to calculate the MAP for a regulatory year. The removal of reinsurance cost in the Pricing Formulae would directly reduce CTP insurance.

The proposed amendment is consistent with Clause 9 of the current Regulatory Contract.

Schedule 2 – Part 1 (A) provides the current formula to calculate the MAP as follows:

$$MAP_i = (ARP_t + AE_t + ARIP_t) * (1 + PL_t)$$

Where

ARP_t : is the Average Risk Premium (expressed in Kina) for Regulatory Year t and is calculated in accordance with paragraph B of Schedule 2;

AE_t : is the Average Expenses (expressed in Kina) for Regulatory Year t and is calculated in accordance with paragraph C of Schedule 2;

$ARIP_t$: is the Average Reinsurance Premium (expressed in Kina) for Regulatory Year t and is calculated in accordance with paragraph D of Schedule 2 (**Proposed to be excluded**);

P_t : is the Profit Loading for Regulatory Year t as set out in paragraph D of Schedule 2;

The Table below indicates the current MAP Formulae and the proposed MAP Formulae indicating the effect of reinsurance cost ($ARIP_t$) removal.

| Current MAP Formulae | Proposed MAP Formulae |
|--|---------------------------------------|
| $MAP_i = (ARP_t + AE_t + ARIP_t) * (1 + PL_t)$ | $MAP_i = (ARP_t + AE_t) * (1 + PL_t)$ |

The ICCC considers that with the removal of the reinsurance cost in the premium pricing (as shown above), it would ensure insurance affordability of which savings can be passed down to consumers.

In accordance with the provisions of the current Regulatory Contract, the ICCC is required to have the descriptions of the proposed variations published for public commentary through Public Notices and the National Gazette.

With the subsequent publications of this notice including in the National Gazette, the ICCC is now inviting submissions from relevant stakeholders and general public of this proposed amendment, if any.

Please address all your submissions on or before **8th July 2026** to:

Mr. Roy Daggy
Commissioner and CEO
Independent Consumer and Competition Commission
P.O. Box 6394
BOROKO
National Capital District

The submissions received will be treated as public information, unless prior declaration is made of any confidentiality, of which case such confidential information must be given reason(s) as to why they cannot be disclosed.

The ICCC will consider no feedback or response from stakeholders on the proposed variation as an agreement or approval of the same and therefore, will proceed to finalize.

Copies of the current Regulatory Contract with the above proposed variations can be obtained from the ICCC's website (www.iccc.gov.pg).

All enquiries in relation to this matter should be directed to **Mrs. Stella Mirisa Kora**, *Executive Manager – Regulated Industries Division* on 312 4600 or via email to skora@iccc.gov.pg.

Authorised by:



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MR. ROY DAGGY
Commissioner and CEO