

A Terms of reference (as per request dated 22 October 2002)

The specific questions to be answered fall into two categories.

Category 1 Recommendations 1 to 44 and 57; and

Category 2 Recommendations 45 to 61 (excluding Recommendation 57 - Structured Settlements that falls into category 1).

The questions to be answered are as follows:

1. What might the impact on the number and cost of claims;
2. What change would be expected in premiums, all other things being equal:
 - (a) how long will it take before actuaries agree to recongine the impacts of these reforms in their estimations of liabilities and the consequent effects on premiums;
 - (b) provide some commentary on the effect on premiums and whether it would be expected to be of sufficient duration to assist the stabilisation of insurance markets;
 - (c) based on experience elsewhere, what is the risk the impact of the reforms will be countered or muted over time by other developments on insurance or legal practice. This analysis should provide commentary on other factors (apart from tort and compensation law reform) that influence premium affordability and availability (eg likelihood of new entrants, balance of supply and demand); and
 - (d) in terms of counterfactuals use the situation as at 2 October 2002 as well as the situation as at 30 June 2001. Inclusion of the second scenario will allow the impact of reforms already underway in various jurisdictions to be isolated.

The review is to address the above questions for each category of recommendations.

Category 1 recommendations are to be considered in light of questions 2b, 2c and 2d; and

Category 2 recommendations are to be considered in light of all questions (1, 2a, 2b, 2c and 2d).

Outputs:

The consultant is required to:

1. Produce a generic report, but have individual state reports available.

Present the report to Minister's on 15 November 2002, in Brisbane.

A1 Heading 2

A1.1 Heading 3

A1.1.1 Heading 4