



9 December 2011

The Hon Gregory Pearce MLC
Minister for Finance
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

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Dear Minister

Eleventh Review of the MAA and the MAC

As you are aware, the Standing Committee on Law and Justice has a responsibility to review the exercise of the functions of the Motor Accidents Authority and the Motor Accidents Council, pursuant to a resolution of the Legislative Council and section 210 of the *Motor Accidents Compensation Act 1999*. This year the Committee has conducted its Eleventh Review.

As in previous reviews, the MAA's role in relation to insurer profits under the Motor Accidents Compensation Scheme, and the level of insurer profits made under the Scheme, has been a significant issue raised by several stakeholders. In grappling with this vexed aspect of the MAA's role, the Committee has been faced with its own limitations in understanding the actuarial issues involved.

While the Committee has examined the issue of insurer profits in its review report, and has made recommendations in relation to this issue, we have also resolved to undertake a preliminary investigation into seeking the expertise of an independent actuarial consultant to assist the Committee. As the Committee has an ongoing responsibility to review the MAA, this course of action will not delay the completion of the Committees' report for the Eleventh Review of the MAA, which is due to be tabled next week. I shall apprise you of the outcome of our preliminary investigations in due course.

Should you wish to discuss this matter please feel free to call the Committee's Director, Ms Rachel Callinan, on 9230 2976.

Yours sincerely

The Hon David Clarke MLC
Chair

cc Mr Andrew Nicholls, A/General Manager, Motor Accidents Authority