



Queensland

# Motor Accident Insurance Amendment Regulation (No. 2) 2012

## Explanatory Notes for SL 2012 No. 69

made under the

*Motor Accident Insurance Act 1994*

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## General outline

### Short title

*Motor Accident Insurance Amendment Regulation (No. 2) 2012.*

### Authorising law

Section 100A of the *Motor Accident Insurance Act 1994*

### Policy objectives and the reasons for them

The objective of this Regulation amendment is to index monetary amounts referred to under section 100A of the *Motor Accident Insurance Act 1994* (MAI Act). They are:

- The declared costs limits;
- The lower offer limit; and
- The upper offer limit.

These amounts are used in determining the award of legal costs to claimants following court proceedings involving relatively small awards of damages. Specifically the lower and upper offer limits are used in

determining the amount of costs awarded, and the declared costs limit refers to the limit of legal costs able to be awarded in specific circumstances.

The MAI Act indexation provision requires the Minister to recommend to the Governor in Council, on or before 1 July 2012, the amounts to be prescribed under a regulation. Each recommended amount is to be the amount last prescribed under a regulation for the limit adjusted by the percentage change in average weekly earnings over the four quarters preceding the date of the recommendation and rounded to the nearest ten dollars.

### **Achievement of policy objectives**

The objective is achieved by amending section 27A of the *Motor Accident Insurance Regulation 2004* to include indexed amounts for the declared costs limit, lower offer limit and upper offer limit.

### **Consistency with policy objectives of authorising law**

The Regulation amendment is consistent with the policy objectives of the MAI Act, including to improve the system of Compulsory Third Party (CTP) motor vehicle insurance and keep the cost of CTP insurance at a level that the average motorist can afford.

This amendment also ensures consistency with the *Personal Injuries Proceedings Act 2002* (PIP Act) which contains provisions that mirror section 100A of the MAI Act and has identical monetary amounts for the declared cost limit and the upper and lower offer limits.

### **Inconsistency with policy objectives of other legislation**

There is no known inconsistency with policy objectives of other legislation.

### **Benefits and costs of implementation**

There is no cost to Government associated with these amendments. These amendments will ensure that the monetary amounts as prescribed in section 100A of the MAI Act are indexed and remain relative of the time in line with wages growth.

## **Consistency with fundamental legislative principles**

These amendments do not conflict with fundamental legislative principles.

## **Consultation**

The Motor Accident Insurance Commission (MAIC) consulted with the Department of Justice and Attorney-General regarding these amendments. The PIP Act, which is administered by the Attorney-General and Minister for Justice, contains provisions that mirror section 100A of the MAI Act; and monetary amounts in the two pieces of legislation for the declared costs limit and upper and lower offer limits are also identical.

In addition to the monetary amounts common to the MAI Act and the PIP Act, caps on general damages and other monetary amounts under the *Civil Liability Act 2003* are also due to be indexed using the same indexation rate as applied to monetary amounts in the MAI Act and PIP Act.

MAIC has also liaised with Treasury's Regulatory Review Branch regarding the need to prepare a Regulatory Assessment Statement (RAS) who confirmed that a RAS was not required due to being a standard annual monetary variation in line with, or below, a government endorsed indexation factor.

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## ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Queensland Treasury and Trade.