

STATE LIABILITY AMENDMENT BILL (MEDICAL NEGLIGENCE)

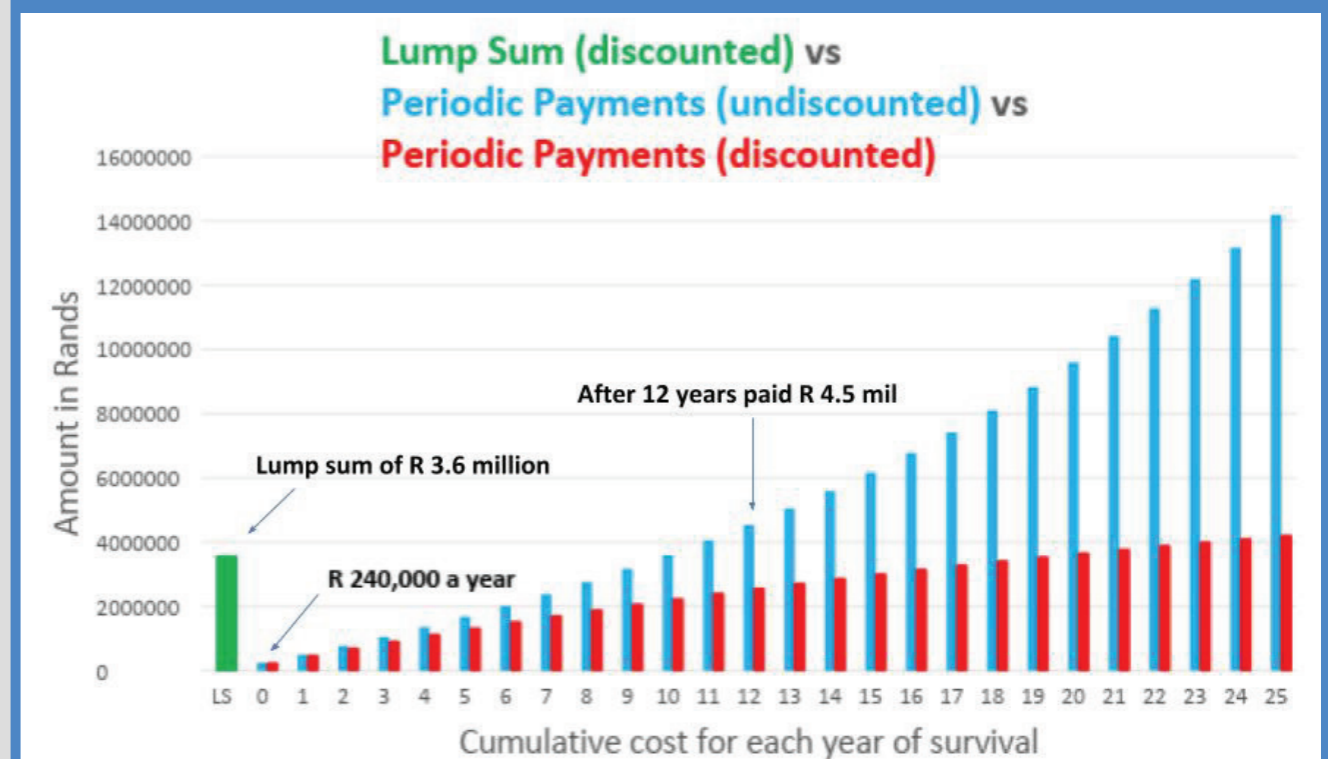
7 NEED TO KNOW NUMBERS



STRUCTURED SETTLEMENTS VS LUMP SUMS

| Issue | Lump Sums | Structured Settlements |
|-------------------|--------------------------------------|----------------------------------|
| Flexibility: | Maximum flexibility for claimant | No flexibility for claimant |
| Dissipation risk: | Falls back on State if funds run out | Reduces over/under spending risk |
| Adequacy risk: | Either too much or too little | No such risk |
| Mortality risk: | May die earlier/live longer | Longevity risk falls to State |
| Inflation risk: | Value of lump sum may be eroded | CPI increases (adequacy) |
| Investment risk: | Return may be lower than expected | Pay as you go |
| Default risk: | Removed by lump sum | Unclear if there is protection |

STRUCTURED SETTLEMENTS VS LUMP SUMS



RECOMMENDATIONS AND SOLUTIONS

1. Administrative costs must be carefully examined.
2. Placental pathology units to correctly assess merits.
3. Capping of lump sums & discount rates.
4. Centres for CP treatment.
5. Life expectancy studies.
6. Actuarial Society's willingness to assist.