

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Presented and read a first time, 6 June 1991

(*Treasurer*)

A BILL

FOR

An Act relating to the imposition of levies on life insurance companies for the purpose of protecting certain policy holders

The Parliament of Australia enacts:

Short title

1. This Act may be cited as the *Life Insurance Policy Holders' Protection Levies Act 1991*.

Commencement

2. This Act commences, or is taken to have commenced, as the case requires, on the commencement of the *Life Insurance Policy Holders' Protection Levies Collection Act 1991*.

Object of Act

3. The object of this Act is to raise revenue in order to fund the provision, under the *Life Insurance Policy Holders' Protection Levies Collection Act 1991*, of a measure of financial protection for the policy holders of:

- (a) Occidental Life Insurance Company of Australia Limited; and
- (b) Regal Life Insurance Limited.

Application of Life Insurance Act and Collection Act

4. (1) Part I of the *Life Insurance Act 1945* applies in relation to this Act in a corresponding way to the way in which it applies in relation to that Act.

(2) Sections 5, 6, 7 and 8 of the *Life Insurance Policy Holders' Protection Levies Collection Act 1991* apply in relation to this Act in a corresponding way to the way in which they apply in relation to that Act.

Regulations may impose levies on life insurance companies

5. (1) The regulations may impose one or more levies on the assets in a leviable fund of a company.

(2) A protection levy is not imposed on the assets in a leviable fund of a company unless the company is registered under the *Life Insurance Act 1945* on the day before the day on which the regulation imposing the levy takes effect.

(3) Regulations imposing different protection levies must take effect on different days.

(4) A protection levy must not be imposed unless the Commissioner has issued a written certificate stating that the judicial manager or liquidator of an eligible company has notified the Commissioner that, if that protection levy were to be imposed, the judicial manager or liquidator will apply for a grant.

Protection levies to be numbered

6. Each protection levy must be identified in the regulations by a unique number (for example: "levy No. 1"; "levy No. 2").

Amount of protection levy

7. The amount of a protection levy imposed on the assets in a leviable fund of a company is calculated using the formula:

$$\text{Applicable rate} \times \text{Australian proportion of value of assets}$$

where:

"**Applicable rate**" means the rate (expressed as a decimal fraction) that, under the regulations, is applicable to the levy;

"**Australian proportion of value of assets**" means the Australian proportion of the value of the assets in the fund as at:

- (a) if the company was registered under the *Life Insurance Act 1945* at the end of the last financial year of the company before the day on which the regulation imposing the levy took effect—the end of that financial year; or
- (b) in any other case—the end of the day before the day on which the regulation imposing the levy took effect.

Protection levy to be non-discriminatory

8. Regulations made under this Act must not discriminate between leviable funds or between companies.

Protection levies not to exceed \$65,000,000

9. A regulation (in this section called the “**current regulation**”) purporting to impose a protection levy has no effect if:

- (a) the total amount of the protection levy purporting to be imposed by the current regulation exceeds \$65,000,000; or
- (b) both of the following conditions are satisfied:
 - (i) the amount calculated using the following formula does not exceed \$65,000,000:

Earlier protection levies – Net winding-up advances

where:

“**Earlier protection levies**” means the total amount of protection levy or protection levies imposed by regulations that took effect earlier than the date on which the current regulation took effect;

“**Net winding-up advances**” means so much of the total winding-up advances (if any) that became payable before the date on which the current regulation took effect as is not attributable to:

- (A) income derived from the investment of money standing to the credit of the Fund; or
 - (B) grant repayments;
- (ii) the sum of the following amounts exceeds \$65,000,000:
 - (A) the total amount of the protection levy purporting to be imposed by the current regulation;
 - (B) the amount calculated using the formula in subparagraph (i).

Protection levy not to be imposed on or after winding-up day of Fund

10. A protection levy must not be imposed on or after the winding-up day for the Fund.

Regulations

11. The Governor-General may make regulations for the purposes of sections 5 and 7.



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