

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

GENERAL INSURANCE SUPERVISORY LEVY BILL 1989  
EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,  
the Hon P.J. Keating, MP)



## GENERAL INSURANCE SUPERVISORY LEVY BILL 1989

### GENERAL OUTLINE AND MAIN PURPOSES OF THE BILL

The Bill contains provisions for the imposition of an annual supervisory levy on general insurers and Lloyd's to recover the costs of their supervision under the Insurance Act 1973 by the Insurance and Superannuation Commission.

The Bill will:

- provide for an initial annual rate of levy of \$11,000;
- establish a statutory upper limit for the levy which the annual rate shall not exceed;
- provide for annual indexation of the statutory upper limit with effect from 1 July 1990; and
- give scope for variation of the annual rate of levy within the statutory upper limit by regulation, but with effect no earlier than 1 July 1990.

### FINANCIAL IMPACT STATEMENT

The purpose of the proposed annual levy is to recover the costs of supervising general insurers and Lloyd's under the Insurance Act 1973. As announced in the 1988-89 Budget, the proposed annual levy will be \$11,000 for general insurers and Lloyd's, producing savings of \$1.9m in a full year.

EXPLANATORY NOTES ON GENERAL INSURANCE SUPERVISORY LEVY  
BILL 1989

CLAUSE 1    SHORT TITLE

This clause provides the mode of citation of the Bill.

CLAUSE 2    COMMENCEMENT

This clause provides for the Bill to come into operation on the commencement of the Insurance Supervisory Levies Collection Bill 1989.

CLAUSE 3    ACTS TO BE READ AS ONE

This clause provides for the Insurance Supervisory Levies Collection Bill 1989 is to be read as one with this Bill.

CLAUSE 4    ACT TO BIND CROWN

This clause provides for binding of the Crown in right of the Commonwealth, each of the States, the Australian Capital Territory, the Northern Territory and Norfolk Island.

CLAUSE 5    EXTENSION TO EXTERNAL TERRITORIES

This clause extends the Bill to those external territories to which the Insurance Act 1973 extends.

CLAUSE 6    INTERPRETATION

This clause sets out definitions of a number of words and expressions for the purposes of the Bill.

#### CLAUSE 7 IMPOSITION OF GENERAL INSURANCE LEVY

This clause imposes a levy on bodies that are required to lodge accounts under the Insurance Act 1973 in accordance with the provisions of subclauses 6(1) or 6(2) of the Insurance Supervisory Levies Collection Bill 1989.

#### CLAUSE 8 AMOUNT OF LEVY

This clause provides that the amount of levy payable is the sum of the daily components of the levy for each day in a period for which the levy is payable.

#### CLAUSE 9 DAILY COMPONENT OF GENERAL INSURANCE LEVY

This clause sets out how the daily component of the levy shall be calculated.

Subclause (1) provides that the daily component of the levy for a leviable day in a financial year shall be the annual rate of the levy of \$11,000, or such other amount as is prescribed applicable to that leviable day, divided by the number of days in the financial year (that is, 365 or 366).

Subclause (2) provides that the prescribed annual rate of the levy in respect of a leviable day in a financial year shall not exceed the statutory upper limit established for that financial year.

Subclause (3) provides that the prescribed annual rate of the levy may be varied but with effect no earlier than 1 July 1990.

**CLAUSE 10    CALCULATION OF INDEXATION FACTOR**

This clause establishes the procedure for calculating the indexation factor which is used to adjust annually the amount of the statutory upper limit.

**CLAUSE 11    REGULATIONS**

This clause provides that the Governor-General may make regulations for the purpose of prescribing the annual rate of levy applicable to a leviable day.



