

1989

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

INSURANCE SUPERVISORY LEVIES COLLECTION BILL 1989
EXPLANATORY MEMORANDUM

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

INSURANCE SUPERVISORY LEVIES COLLECTION BILL 1989

GENERAL OUTLINE AND MAIN PURPOSES OF THE BILL

The Bill contains provisions for the collection of the annual supervisory levies imposed on general insurers, Lloyd's and life insurers by the General Insurance Supervisory Levy Bill 1989 and the Life Insurance Supervisory Levy Bill 1989.

An annual supervisory levy will be payable by all authorised general insurers, Lloyd's and registered life insurers required to lodge accounts under the Insurance Act 1973 and the Life Insurance Act 1945.

The levy will be payable from the day after its announcement in the 1988-89 Budget, that is, from 24 August 1988. Accordingly, the initial amount of levy payable by general insurers, Lloyd's and life insurers will be on a pro-rata basis from, and including, 24 August 1988 to, and including, the last day of the insurer's/Lloyd's then current financial year.

Special payment arrangements will apply to those insurers whose financial year ends after 23 August 1988 and whose date for lodgement of accounts in respect of that financial year will have occurred prior to or within 28 days of commencement of the legislation. Subsequently, the levy will be payable in respect of each period for which general insurers, Lloyd's and life insurers are required to lodge accounts under the relevant Act. Where the period concerned is other than 12 months, or the annual rate of the levy has been altered during the period, the levy which is payable will be adjusted on a pro-rata basis. The period allowed for payment of the levy will correspond to the period allowed for the lodgement of the relevant accounts.

The Bill provides for a penalty for non-payment of the levy and will enable the Insurance and Superannuation Commissioner to remit the whole or a part of an amount paid as a penalty.

FINANCIAL IMPACT STATEMENT

The purpose of the proposed annual levies is to recover the costs of supervising general insurers and Lloyd's under the Insurance Act 1973 and life insurers under the Life Insurance Act 1945. As announced in the 1988-89 Budget, the proposed annual levy will be \$11,000 for general insurers and Lloyd's and \$19,000 for life insurers, producing savings of \$2.9m in a full year.

EXPLANATORY NOTES ON INSURANCE SUPERVISORY LEVIES COLLECTION
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 day the Bill receives Royal Assent.

CLAUSE 3 INTERPRETATION

This clause sets out definitions of a number of words and expressions for the purposes of the 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, in respect of the general insurance levy, to which the Insurance Act 1973 extends (subclause (1)), and, in respect of the life insurance levy, to which the Life Insurance Act 1945 extends (subclause (2)).

CLAUSE 6 LIABILITY TO LEVY

This clause specifies those persons that are liable to pay the levies imposed under the General Insurance Supervisory Levy Bill 1989 and the Life Insurance Supervisory Levy Bill 1989.

Subclause (1) provides that authorised general insurers required to lodge accounts under subsection 44(1) of the Insurance Act 1973 for a period which includes a leviable day, are liable to pay a levy for that period.

Subclause (2) makes similar provisions in respect of Lloyd's which is required to lodge accounts under Clause 3 of the Schedule to the Insurance Act 1973, as does subclause (3) in respect of registered life insurers required to lodge accounts under paragraph 52(2)(a) of the Life Insurance Act 1945.

CLAUSE 7 WHEN LEVY DUE FOR PAYMENT

Subclause (1) provides that the general insurance levy for a period is due and payable either at the expiry of the time allowed for lodgement of accounts under the Insurance Act 1973, or the 28th day after commencement of the Bill, whichever is the later.

Subclause (2) and subclause (3) respectively make similar provisions in respect of payment by Lloyd's of the general insurance levy for a period, and payment of the life insurance levy for a period.

Subclause (4) provides that extensions of time for lodging accounts shall be disregarded in determining the date by which the levy is payable.

CLAUSE 8 PENALTY FOR NON-PAYMENT OF LEVY

Subclause (1) provides for a penalty of 20% per annum to be imposed on the amount of the levy that is not paid by the due date, commencing from that date.

Subclause (2) provides that the Insurance and Superannuation Commissioner may remit, in whole or in part, a penalty payable under this clause.

CLAUSE 9 RECOVERY OF LEVY ETC.

This clause provides that amounts due under this Bill by way of levy or penalty may be recovered by the Commonwealth as debts due to the Commonwealth.

CLAUSE 10 DELEGATION BY COMMISSIONER

This clause empowers the Insurance and Superannuation Commissioner to delegate, in writing, the Commissioner's powers under this legislation to a person occupying or performing the duties of a specified office in the Insurance and Superannuation Commission.

Subclause (2) provides that the Commissioner may issue directions in respect of the exercising of a power so delegated.

CLAUSE 11 REVIEW OF DECISIONS

This clause provides scope for appeals to be made to the Administrative Appeals Tribunal against a decision of the Insurance and Superannuation Commissioner, or a decision made under a delegation, in respect of the remission of a penalty for the non-payment of the supervisory levy.

CLAUSE 12 REGULATIONS

This clause provides that the Governor-General may make regulations to prescribe matters necessary to give effect to the Bill. These matters include providing for exemptions from and remission of the levy, the manner of payment of the levy and provisions for the refund of overpayments.

