

1991

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

LIFE INSURANCE POLICY HOLDERS' PROTECTION LEVIES BILL, 1991  
EXPLANATORY MEMORANDUM

(Circulated by authority of the Treasurer,  
the Hon John Kerin, MP)

## LIFE INSURANCE POLICY HOLDERS' PROTECTION LEVIES BILL 1991

### GENERAL OUTLINE AND MAIN PURPOSE OF THE BILL

This Bill provides for the imposition of one or more levies on life insurance companies registered under the Life Insurance Act 1945 to raise revenue to provide a measure of financial protection to the policyholders of Occidental Life Insurance Company of Australia Limited and Regal Life Insurance Limited.

The Bill provides for a maximum of \$65 million to be raised through such levies. A separate Bill, the Life Insurance Policy Holders' Protection Levies Collection Bill 1991, will establish a mechanism for the collection and application of the levy moneys.

### FINANCIAL IMPACT STATEMENT

The funds collected and dealt with by this Bill are to come from levies imposed for those purposes on registered life insurance companies.

**EXPLANATORY NOTES ON LIFE INSURANCE POLICY HOLDERS'  
PROTECTION LEVIES BILL 1991**

**CLAUSE 1    SHORT TITLE**

1.     This clause provides a mode of citation of the Bill.

**CLAUSE 2    COMMENCEMENT**

2.     This clause provides for the Bill to come into operation on the same day as the Life Insurance Policy Holders' Protection Levies Collection Act 1991.

**CLAUSE 3    OBJECT OF ACT**

3.     This clause establishes that the object of the Bill is to raise revenue to provide financial assistance to policy holders of Occidental Life Insurance Company of Australia Limited and Regal Life Insurance Limited.

**CLAUSE 4    APPLICATION OF LIFE INSURANCE ACT AND COLLECTION ACT**

4.     This clause extends the application of certain provisions of the Life Insurance Act 1945 and the Life Insurance Policy Holders' Protection Levies Collection Act 1991 to this Bill.

**CLAUSE 5    REGULATIONS MAY IMPOSE LEVIES ON LIFE INSURANCE COMPANIES**

5.     This clause authorises the making of regulations to impose levies and specifies pre-conditions for the imposition of those levies.

**CLAUSE 6    PROTECTION LEVIES TO BE NUMBERED**

6.     This clause provides that each levy must be identified in the regulations by a unique number.

**CLAUSE 7    AMOUNT OF PROTECTION LEVY**

7.     This clause lays down the formula to be used to calculate the protection levy payable by each insurer. The formula requires the application of a rate specified in the regulations to the Australian proportion of the value of assets in the statutory funds of each insurer.

CLAUSE 8 PROTECTION LEVY TO BE NON-DISCRIMINATORY

8. This clause provides that leviable funds and companies shall be treated equally in regulations made.

CLAUSE 9 PROTECTION LEVIES NOT TO EXCEED \$65 million

9. This clause provides that the total amount to be raised by levies imposed under this Bill must not exceed \$65 million.

CLAUSE 10 PROTECTION LEVY NOT TO BE IMPOSED ON OR AFTER  
WINDING UP DAY OF FUND

10. This clause provides that a protection levy must not be imposed on or after the day on which the Fund established for the purposes of the levy is wound-up.

CLAUSE 11 REGULATIONS

11. This clause provides that the Governor-General may make regulations for the purposes of clauses 5 and 7, that is, for the imposition of levies.

