



General Insurance Supervisory Levy Imposition Act 1998

No. 56, 1998

Compilation No. 5

Compilation date: 10 December 2015

Includes amendments up to: Act No. 145, 2015

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Prepared by the Office of Parliamentary Counsel, Canberra

About this compilation

This compilation

This is a compilation of the *General Insurance Supervisory Levy Imposition Act 1998* that shows the text of the law as amended and in force on 10 December 2015 (the *compilation date*).

This compilation was prepared on 8 January 2016.

The notes at the end of this compilation (the *endnotes*) include information about amending laws and the amendment history of provisions of the compiled law.

Uncommenced amendments

The effect of uncommenced amendments is not shown in the text of the compiled law. Any uncommenced amendments affecting the law are accessible on ComLaw (www.comlaw.gov.au). The details of amendments made up to, but not commenced at, the compilation date are underlined in the endnotes. For more information on any uncommenced amendments, see the series page on ComLaw for the compiled law.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment of the compiled law is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Modifications

If the compiled law is modified by another law, the compiled law operates as modified but the modification does not amend the text of the law. Accordingly, this compilation does not show the text of the compiled law as modified. For more information on any modifications, see the series page on ComLaw for the compiled law.

Self-repealing provisions

If a provision of the compiled law has been repealed in accordance with a provision of the law, details are included in the endnotes.

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An Act to impose a levy on bodies to which the *Insurance Act 1973* applies

1 Short title

This Act may be cited as the *General Insurance Supervisory Levy Imposition Act 1998*.

2 Commencement

- (1) This Act commences on the commencement of the *Australian Prudential Regulation Authority Act 1998*.
- (2) If this Act commences during a financial year (but not on 1 July of that financial year), this Act has effect in relation to that financial year subject to the modifications specified in the regulations.

3 Act binds the Crown

This Act binds the Crown in each of its capacities.

4 External Territories

This Act extends to each external Territory.

5 Application of Act to Lloyd's

- (1) This Act applies to Lloyd's (within the meaning of section 3 of the *Insurance Act 1973*), at all times after the commencement of this Act, as if Lloyd's were a body corporate authorised under that Act to carry on insurance business.
- (2) For the purpose of this Act, Lloyd's assets, at a particular time, are taken to be the amounts standing to the credit of all designated security trust funds (within the meaning of Part VII of the *Insurance Act 1973*) at that time.

- (3) Nothing in this Act imposes levy on any Lloyd's underwriter.

6 Definitions

In this Act, unless the contrary intention appears:

general insurance company means a body corporate that is authorised under the *Insurance Act 1973* to carry on insurance business within the meaning of that Act.

indexation factor means the indexation factor calculated under section 9.

index number, in relation to a quarter, means the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Statistician in respect of that quarter.

levy imposition day, in relation to a general insurance company for a financial year, means:

- (a) if the general insurance company is a general insurance company on 1 July of the financial year—that day; or
- (b) in any other case—the day, during the financial year, on which the general insurance company becomes a general insurance company.

special statutory upper limit means:

- (a) in relation to the financial year commencing on 1 July 2006—\$500,000; or
- (b) in relation to a later financial year—the amount calculated by multiplying the special statutory upper limit for the previous financial year by the indexation factor for the later financial year.

statutory upper limit means:

- (a) in relation to the financial year commencing on 1 July 2005—\$1,500,000; or
- (b) in relation to a later financial year—the amount calculated by multiplying the statutory upper limit for the previous

financial year by the indexation factor for the later financial year.

7 Imposition of general insurance supervisory levy

Levy payable in accordance with subsection 8(3) of the *Financial Institutions Supervisory Levies Collection Act 1998* is imposed.

8 Amount of levy

(1AA) The amount of levy payable by a general insurance company for a financial year is the sum of the general component and the special component for the general insurance company for the financial year.

Note: For **general component**, see subsections (1) to (2). For **special component**, see subsection (2A).

(1) Subject to subsection (2), the **general component** for a general insurance company for a financial year is the sum of the restricted levy component and the unrestricted levy component for the financial year.

Note: For **restricted levy component**, see subsection (1A). For **unrestricted levy component**, see subsection (1B).

(1A) The **restricted levy component** for the financial year is:

- (a) unless paragraph (b) or (c) applies—the amount that, for the financial year, is the restricted levy percentage of the general insurance company's levy base; or
- (b) if the amount worked out under paragraph (a) exceeds the maximum restricted levy amount for the financial year—the maximum restricted levy amount; or
- (c) if the amount worked out under paragraph (a) is less than the minimum restricted levy amount for the financial year—the minimum restricted levy amount.

Note: The restricted levy percentage, maximum restricted levy amount, minimum restricted levy amount and the method of working out the general insurance company's levy base are as determined under subsection (3).

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- (1B) The **unrestricted levy component** for the financial year is the amount that, for the financial year, is the unrestricted levy percentage of the general insurance company's levy base.

Note: The unrestricted levy percentage is as determined under subsection (3).

- (2) If the levy imposition day for the general insurance company for the financial year is later than 1 July in the financial year, the general component for the general insurance company for the financial year is the amount worked out using the following formula:

$$\frac{\text{The amount worked out under subsection (1)}}{\text{The number of days in the financial year}} \times \left(1 + \frac{\text{The number of days in the financial year after the levy imposition day}}{\text{The number of days in the financial year}} \right)$$

- (2A) The **special component** for a general insurance company for a financial year is:

- (a) nil, if the general insurance company belongs to a class of general insurance company for which no provision is made in the Treasurer's determination under paragraph (3)(h); or
- (b) if the general insurance company belongs to a class of general insurance company for which provision is made in the Treasurer's determination under paragraph (3)(h):
 - (i) unless subparagraph (ii) or (iii) applies—the amount that, for the financial year, is the special levy percentage of the general insurance company's eligible premium income; or
 - (ii) if the amount worked out under subparagraph (i) exceeds the special maximum levy amount for the financial year—the special maximum levy amount; or
 - (iii) if the amount worked out under subparagraph (i) is less than the special minimum levy amount for the financial year—the special minimum levy amount.

Note: The special levy percentage, the special maximum levy amount and the special minimum levy amount are as determined under subsection (3).

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- (3) The Treasurer is, by legislative instrument, to determine:
- (a) the *maximum restricted levy amount* for each financial year; and
 - (b) the *minimum restricted levy amount* for each financial year; and
 - (c) the *restricted levy percentage* for each financial year; and
 - (ca) the *unrestricted levy percentage* for each financial year; and
 - (d) how a *general insurance company's levy base* is to be worked out; and
 - (e) the *special maximum levy amount* for each financial year; and
 - (f) the *special minimum levy amount* for each financial year; and
 - (g) the *special levy percentage* for each financial year; and
 - (h) how a *general insurance company's eligible premium income* is to be worked out.
- (4) An amount determined under subsection (3) as the maximum restricted levy amount must not exceed the statutory upper limit as at the time when the determination is made.
- (4A) An amount determined under subsection (3) as the special maximum levy amount must not exceed the special statutory upper limit as at the time when the determination is made.
- (5) The Treasurer's determination under paragraph (3)(d) of how a general insurance company's levy base is to be worked out is to include, but is not limited to, a determination of the day as at which the general insurance company's levy base is to be worked out. That day must be:
- (a) if the general insurance company was a general insurance company at all times from and including 17 March of the previous financial year to and including the following 30 June—a day in the period from and including that 17 March to and including the following 14 April; or
 - (b) if the general insurance company was not a general insurance company at all times from and including 17 March of the

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previous financial year to and including the following 30 June—the day after that 17 March when the general insurance company became, or becomes, a general insurance company.

- (6) The Treasurer's determination under paragraph (3)(h) of how a general insurance company's eligible premium income is to be worked out is to include, but is not limited to, a determination of:
 - (a) that part of the premium income of a company that is eligible premium income; and
 - (b) the period for which the eligible premium income is to be worked out.
- (7) A determination under subsection (3) may make different provision for different classes of general insurance company.

9 Calculation of indexation factor

- (1) The indexation factor for a financial year is the number worked out by:
 - (a) dividing the index number for the March quarter immediately preceding that financial year by the index number for the March quarter immediately preceding that first-mentioned March quarter; and
 - (b) adding 0.030 to the number worked out under paragraph (a).
- (2) The indexation factor is to be calculated to 3 decimal places, but increased by .001 if the 4th decimal place is more than 4.
- (3) Calculations under paragraph (1)(a):
 - (a) are to be made using only the index numbers published in terms of the most recently published index reference period for the Consumer Price Index; and
 - (b) are to be made disregarding index numbers that are published in substitution for previously published index numbers (except where the substituted numbers are published to take account of changes in the index reference period).

10 Regulations

The Governor-General may make regulations for the purposes of subsection 2(2).

Endnotes

Endnote 1—About the endnotes

Endnotes

Endnote 1—About the endnotes

The endnotes provide information about this compilation and the compiled law.

The following endnotes are included in every compilation:

Endnote 1—About the endnotes

Endnote 2—Abbreviation key

Endnote 3—Legislation history

Endnote 4—Amendment history

Endnotes about misdescribed amendments and other matters are included in a compilation only as necessary.

Abbreviation key—Endnote 2

The abbreviation key sets out abbreviations that may be used in the endnotes.

Legislation history and amendment history—Endnotes 3 and 4

Amending laws are annotated in the legislation history and amendment history.

The legislation history in endnote 3 provides information about each law that has amended (or will amend) the compiled law. The information includes commencement details for amending laws and details of any application, saving or transitional provisions that are not included in this compilation.

The amendment history in endnote 4 provides information about amendments at the provision (generally section or equivalent) level. It also includes information about any provision of the compiled law that has been repealed in accordance with a provision of the law.

Misdescribed amendments

A misdescribed amendment is an amendment that does not accurately describe the amendment to be made. If, despite the misdescription, the amendment can be given effect as intended, the amendment is incorporated into the compiled law and the abbreviation “(md)” added to the details of the amendment included in the amendment history.

If a misdescribed amendment cannot be given effect as intended, the abbreviation “(md not incorp)” is added to the details of the amendment included in the amendment history.

Endnote 2—Abbreviation key

A = Act	o = order(s)
ad = added or inserted	Ord = Ordinance
am = amended	orig = original
amdt = amendment	par = paragraph(s)/subparagraph(s) /sub-subparagraph(s)
c = clause(s)	pres = present
C[x] = Compilation No. x	prev = previous
Ch = Chapter(s)	(prev...) = previously
def = definition(s)	Pt = Part(s)
Dict = Dictionary	r = regulation(s)/rule(s)
disallowed = disallowed by Parliament	Reg = Regulation/Regulations
Div = Division(s)	reloc = relocated
exp = expires/expired or ceases/ceased to have effect	renum = renumbered
F = Federal Register of Legislative Instruments	rep = repealed
gaz = gazette	rs = repealed and substituted
LI = Legislative Instrument	s = section(s)/subsection(s)
LIA = <i>Legislative Instruments Act 2003</i>	Sch = Schedule(s)
(md) = misdescribed amendment can be given effect	Sdiv = Subdivision(s)
(md not incorp) = misdescribed amendment cannot be given effect	SLI = Select Legislative Instrument
mod = modified/modification	SR = Statutory Rules
No. = Number(s)	Sub-Ch = Sub-Chapter(s)
	SubPt = Subpart(s)
	<u>underlining</u> = whole or part not commenced or to be commenced

Endnotes

Endnote 3—Legislation history

Endnote 3—Legislation history

Act	Number and year	Assent	Commencement	Application, saving and transitional provisions
General Insurance Supervisory Levy Imposition Act 1998	56, 1998	29 June 1998	1 July 1998 (s 2)	
Financial Sector Reform (Amendments and Transitional Provisions) Act (No. 1) 1999	44, 1999	17 June 1999	Schedule 6 (item 20) and Schedule 8 (items 22, 23): Royal Assent	Sch 8 (items 22, 23)
General Insurance Supervisory Levy Imposition Amendment Act 2005	15, 2005	22 Feb 2005	22 Feb 2005 (s 2)	Sch 1 (item 7)
General Insurance Supervisory Levy Imposition Amendment Act 2006	42, 2006	22 May 2006	23 May 2006 (s 2)	Sch 1 (item 10)
Financial Sector Legislation Amendment (Prudential Refinements and Other Measures) Act 2010	82, 2010	29 June 2010	Sch 5 (items 13–17): 1 July 2010 (s 2(1) item 16)	—
Statute Law Revision Act (No. 2) 2015	145, 2015	12 Nov 2015	Sch 4 (item 16): 10 Dec 2015 (s 2(1) item 7)	—

Endnote 4—Amendment history

Endnote 4—Amendment history

Provision affected	How affected
s 6	am No 15, 2005; No 42, 2006
s 8	am No 15, 2005; No 42, 2006; No 82, 2010
s 9	am No 44, 1999; No 15, 2005; No 145, 2015