



# **General Insurance Supervisory Levy Imposition Act 1998**

**No. 56, 1998**





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



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## Contents

1	Short title.....	1
2	Commencement.....	2
3	Act binds the Crown.....	2
4	External Territories.....	2
5	Application of Act to Lloyd's.....	2
6	Definitions.....	2
7	Imposition of general insurance supervisory levy .....	3
8	Amount of levy.....	3
9	Calculation of indexation factor .....	5
10	Regulations.....	6





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

[Assented to 29 June 1998]

The Parliament of Australia enacts:

### **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.



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***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.

***statutory upper limit*** means:

- (a) in relation to the first financial year that ends after this Act commences—\$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**

- (1) Subject to subsection (2), the amount of levy payable by a general insurance company for a financial year is:
  - (a) unless paragraph (b) or (c) applies—the amount that, for the financial year, is the levy percentage of the general insurance company's asset value; or

## Section 8

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- (b) if the amount worked out under paragraph (a) exceeds the maximum levy amount for the financial year—the maximum levy amount; or
- (c) if the amount worked out under paragraph (a) is less than the minimum levy amount for the financial year—the minimum levy amount.

Note: The levy percentage, maximum levy amount, minimum levy amount and the method of working out the general insurance company's asset value, are 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 amount of levy payable by the general insurance company for the financial year is the amount worked out using the following formula:

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

- (3) The Treasurer is, in writing, to determine:
  - (a) the *maximum levy amount* for each financial year; and
  - (b) the *minimum levy amount* for each financial year; and
  - (c) the *levy percentage* for each financial year; and
  - (d) how a *general insurance company's asset value* is to be worked out.
- (4) An amount determined under subsection (3) as the maximum levy amount must not exceed the 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 asset value 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 asset value 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 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) A determination under subsection (3) is a disallowable instrument for the purposes of section 46A of the *Acts Interpretation Act 1901*.

## **9 Calculation of indexation factor**

- (1) The indexation factor for a financial year is the number worked out by 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.
- (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 subsection (1):
  - (a) are to be made using only the index numbers published in terms of the most recently published reference base for the Consumer Price Index; and
  - (b) are to be made disregarding index numbers that are published in substitution for previously published index numbers (where the substituted numbers are published to take account of changes in the reference base).

Section 10

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**10 Regulations**

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

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*[Minister's second reading speech made in—  
House of Representatives on 26 March 1998  
Senate on 13 May 1998]*

(37/98)