

Life Insurance Amendment Regulations 2002 (No. 1) 2002 No. 19

EXPLANATORY STATEMENT

Statutory Rules 2002 No. 19

Issued by the Parliamentary Secretary to the Treasurer

Life Insurance Act 1995

Life Insurance Amendment Regulations 2002 (No. 1)

Section 253 of the *Life Insurance Act 1995* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted to be prescribed (other than matters required or permitted to be prescribed by Prudential Rules or actuarial standards) or prescribing matters necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The purpose of the regulations is to make amendments to the *Life Insurance Regulations 1995* consequential on the reforms to the regulation of the financial services industry which are included in the *Financial Services Reform Act 2001* and associated legislation.

The *Financial Services Reform Act 2001* amends the *Corporations Act 2001* and the *Australian Securities and Investments Commission Act 2001*, and will provide:

- a single licensing regime for financial sales, advice and dealings in relation to financial products;
- consistent and comparable financial product disclosure; and
- a single authorisation procedure for financial exchanges and clearing and settlement facilities.

The Regulations:

- amend regulation 4.00A of the *Life Insurance Regulations 1995* by replacing the current definition of an approved body contained in subregulation 4.00A(2) with a new reference to the bodies listed in the new Schedule 7 of the regulations (Schedule 1, Items 1 and 3 refer).
- This Regulation is necessary because the definition currently refers to Schedule 11 of the *Corporations Regulations 2001* which will be repealed on the commencement of the relevant provisions of the *Financial Services Reform Act 2001*.
- The Regulation itself involves no change in policy and retains the effect of the current regulation.
- make a consequential amendment to the definition of a derivative contract in subregulation 4.00A(2) (Schedule 1, Item 2 refers). The new definition provides that any futures contract or options contract is a derivative contract.
- This amendment is required because the provisions in the *Corporations Act 2001* currently referred to in the definition of 'derivatives contract' in subregulation 4.00A(2) of the *Life Insurance Regulations 1995* have been deleted.

The Regulations commence at the same time as Item 1 of Schedule 1 of the *Financial Services Reform Act 2001* commences. This Item has been proclaimed to commence on 11 March 2002.

