



Statutory Rules 1995 No. 141

## Life Insurance Regulations

I, THE GOVERNOR-GENERAL of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, and under section 4 of the *Acts Interpretation Act 1901*, make the following Regulations under the *Life Insurance Act 1995*.

Dated 8 June 1995.

Bill Hayden  
Governor-General

By His Excellency's Command,

Paul Elliott  
Parliamentary Secretary to the Treasurer  
for the  
Treasurer

### PART 1—PRELIMINARY

#### Citation

1.01 These Regulations may be cited as the Life Insurance Regulations.

**Commencement**

1.02. These Regulations commence on 1 July 1995.

**Interpretation**

1.03. In these Regulations:  
“the Act” means the *Life Insurance Act 1995*.

**PART 2—EXPLANATION OF KEY CONCEPTS****Contract to pay annuity—term prescribed**

2.01. For the purposes of paragraph 9 (1) (d) of the Act, the term of 10 years is prescribed as the term that the term of an annuity paid under a contract must exceed for the contract to constitute a life policy.

**PART 3—REGISTRATION OF LIFE COMPANIES****Application for registration as a life company**

3.01. For the purposes of subsection 20 (2) of the Act, an application by a company for registration as a life company must:

- (a) be in writing; and
- (b) set out the particulars specified in Part A of Schedule 1; and
- (c) be accompanied by the documents specified in Part B of Schedule 1; and
- (d) be signed by the principal executive officer, and a director, of the company.

**Time for giving of notice due to change of circumstances**

3.02. For the purposes of subsection 25 (2) of the Act, the period of 14 days is prescribed as the time within which a company must give to the Commissioner notice about information that has ceased to be accurate because of a change of circumstances.

## PART 4—STATUTORY FUNDS OF LIFE COMPANIES

### Statutory funds—maximum amount of unsecured borrowing

4.01. (1) In this regulation:

“free assets”, in relation to a statutory fund, means the amount that would be left from the total assets of the fund after deducting the amount required to meet the capital adequacy standard, within the meaning of Division 2 of Part 5 of the Act, of the fund.

(2) For the purposes of subsection 38 (4) of the Act, a life company must not borrow money by means of unsecured borrowing, for the purposes of the business of a statutory fund, if the result would be that the total amount of principal outstanding under all unsecured borrowing relating to the fund would exceed 50% of the free assets of the fund.

## PART 6—FINANCIAL MANAGEMENT OF LIFE COMPANIES

### Statement of actuary’s pecuniary interests—prescribed form

6.01. (1) For the purposes of subsection 120 (3) of the Act, a statement of the pecuniary interests of a company’s appointed actuary must be prepared in accordance with Form 1 in Schedule 4.

(2) The statement must relate to all kinds of pecuniary interests of the actuary, or a related person, including:

- (a) a security in, or a contract with, the company; and
- (b) the receipt of any remuneration from the company.

(3) In subregulation (2):

“related person”, in relation to an actuary, means:

- (a) the actuary’s spouse; or
- (b) a dependent child of the actuary; or
- (c) a business partner of the actuary; or
- (d) an employer (other than the relevant life company) of the actuary; or
- (e) a company of which the actuary is a director.

**PART 9—TRANSFERS AND AMALGAMATIONS OF LIFE  
INSURANCE BUSINESS**

**Copy of scheme for transfer or amalgamation etc. to be given to  
Commissioner**

**9.01.** For the purposes of paragraph 191 (2) (a) of the Act, a copy of:

- (a) the scheme; and
- (b) each actuarial report on which the scheme is based;

must be given to the Commissioner before a notice of intention to apply to the Court for confirmation of the scheme is published in accordance with regulation 9.02.

**Notice of intention to apply for confirmation of scheme**

**9.02. (1)** For the purposes of paragraph 191 (2) (b) of the Act, an applicant to the Court for confirmation of a scheme must publish a notice of intention to make the application, in a form approved by the Commissioner:

- (a) in the *Gazette*; and
- (b) in one or more newspapers, approved by the Commissioner, circulating in each State and Territory in which there is a register of life policies that includes the relevant policy of an affected policy owner.

**(2)** A notice under subregulation (1) must:

- (a) state that an affected policy owner may get a copy of the scheme from the place, within the times, and for the period, set out in subregulation (4); and
- (b) give the address of each place at which a copy of the scheme may be obtained.

**(3)** The notice must be published before the scheme is released for public inspection under subregulation (4).

(4) A copy of the scheme must be open for public inspection from 9.00 a.m. until 5.00 p.m. every day (except weekends and public holidays), for a period of at least 15 days, at:

- (a) an office of the applicant; or
- (b) another location approved, in writing, by the Commissioner;

in each State and Territory in which there is a register of life policies that includes the relevant policy of an affected policy owner:

[NOTES: 1. A life company must have a register of life policies for each State and Territory in which it carries on life insurance business: subsection 226 (1) of the Act.

2. An “**affected policy owner**” is the owner of a policy that is referable to a statutory fund affected by a scheme: subsection 191 (1) of the Act.]

### **Application for confirmation of scheme**

**9.03. (1)** For the purposes of subsection 193 (2) of the Act, an application to the Court for confirmation of a scheme may be made no earlier than whichever is the later of:

- (a) the day after the day on which the period referred to in subregulation 9.02 (4) ends; or
- (b) unless the Court dispenses with the need for compliance with paragraph 191 (2) (c) of the Act—15 days after the approved summary of the scheme has been given to every affected policy owner under that paragraph.

[NOTE: The Court may dispense with the need to comply with paragraph 191 (2) (c) of the Act in relation to a particular scheme if it is satisfied that, because of the nature of the scheme or the circumstances attending its preparation, it is not necessary that the paragraph be complied with: subsection 191 (5) of the Act.]

### **Documents to be lodged with Commissioner**

**9.04. (1)** For the purposes of subsection 197 (1) of the Act, a company to which life insurance business is transferred, or with whose life insurance business any part of the business of another company is amalgamated must give the Commissioner the following documents:

- (a) a statement of the nature and terms of the transfer or amalgamation;
- (b) a certified copy of each of the following documents:
  - (i) the scheme providing for the transfer or amalgamation;
  - (ii) an actuarial report, or other report, on which the scheme, and the agreement or deed, are founded;
  - (iii) the agreement or deed under which the transfer or amalgamation is effected;
  - (iv) the Court order confirming the scheme;
  - (v) a statement of the assets and liabilities of each company associated with the transfer or amalgamation;
- (c) a statutory declaration by the principal executive officer:
  - (i) setting out, in relation to the transfer or amalgamation:
    - (A) each payment made; and
    - (B) a reasonable estimate of each payment to be made; and
  - (ii) stating that he or she reasonably believes that no other payment has been made, or will be made, by, or with the knowledge of, a party to the transfer or amalgamation.

(2) For the purposes of subsection 197 (2) of the Act, and subject to subregulation (3), the documents must be lodged within 30 days after the transfer or amalgamation is completed.

(3) A company may apply, in writing, to the Commissioner, before the end of the period referred in subregulation (2), for an extension of the time in which to lodge the documents.

(4) If the Commissioner believes that the company cannot reasonably provide the documents within the period referred to in subregulation (2), the Commissioner must, within 14 days of receiving an application:

- (a) give an extension, of no longer than 30 days, to the company, to provide the documents; and
- (b) so inform the company in writing.

## **PART 10—PROVISIONS RELATING TO POLICIES**

### **Assignment of life policy—prescribed form**

**10.01.** For the purposes of paragraph 200 (2) (a) of the Act, Form 2 in Schedule 4 is prescribed as the form of memorandum of transfer for the purpose of assigning rights under a life policy.

### **Notice of change of trustee of life policy**

**10.02.** For the purposes of subsection 203 (2) of the Act, a notice that a person is the trustee of a life policy must be in the form of a statutory declaration.

### **Division 4 of Part 10 of the Act not to apply to certain life policies (Act, s. 206 (2))**

**10.03.** Division 4 of Part 10 of the Act (relating to surrender values, paid-up policies and non-forfeiture of policies) does not apply to the following life policies:

- (a) a contract for the payment of an annuity (except a deferred annuity during the period of deferment) for a term dependent on human life;
- (b) a policy of insurance against contingencies that may or may not happen, other than:
  - (i) a policy providing for the payment of a sum of money if the life insured by the policy survives a period specified in the policy; or
  - (ii) a policy:
    - (A) the term of which exceeds 10 years; and
    - (B) under which premiums are paid at a level rate throughout the term; and
    - (C) under which the age of the life insured is 71 years or older at the end of the term;
- (c) an investment-linked contract.

[NOTE: An “investment-linked contract” is defined in subsection 14 (4) of the Act.]

**Division 4 of Part 10 of the Act to apply to certain life policies with modifications (Act, s. 206 (3))**

**10.04.** Division 4 of Part 10 of the Act (relating to surrender values, paid-up policies and non-forfeiture of policies) applies to a class of life policies specified in an item in Schedule 2 subject to the modifications specified in that item.

**Interest on overdue premiums—prescribed terms**

**10.05.** For the purposes of subsection 210 (3) of the Act, the least favourable terms on which interest may be charged on overdue premiums is the interest rate worked out by the following formula:

$$(XYB + 3)\%$$

where:

**XYB** is the mean, rounded to the lower 0.25%, of the 10 year Treasury Bond yields (as shown in figures supplied by the Reserve Bank of Australia) at the end of each of the 6 successive half financial years ended before the date of calculation.

**Calculation of net claim value of policy**

**10.06. (1)** For the purposes of subsection 223 (2) of the Act, the net claim value of a policy:

- (a) that has matured; or
- (b) under which the life insured has died;

is the amount payable in respect of the claim on the happening of the contingency, less the amount of any debt owed to the relevant life company under, or secured by, the policy, at that time.

**(2)** For the purposes of that subsection, the net claim value of a policy, other than a policy described in subregulation (1), at a particular time, is the amount payable in respect of the claim as if the policy had voluntarily been terminated at that time, less the amount of any debt owed to the relevant life company under, or secured by, the policy, at that time.



## PART 11—MISCELLANEOUS

### Fee for inspection or copying of documents

**11.01. (1)** For the purposes of subsection 243 (2) of the Act, a fee of \$10 is prescribed as the fee to inspect a financial statement or an annual statistical return given to the Commissioner under subsection 118 (2) of the Act.

**(2)** Subject to subregulation (3), for the purposes of that subsection, a fee of \$1 a page is prescribed as the fee for copying the whole, or part of, a document referred to in subregulation (1).

**(3)** In relation to a particular request to copy documents of a company in respect of a financial year, if the fee payable under subregulation (2) would exceed \$60, the maximum fee payable for that copying is \$60.

### Definition of “financial sector supervisory agency”

**11.02.** Each of the following persons or bodies is declared to be a financial sector supervisory agency for the purposes of the definition of that expression in subsection 251 (1) of the Act:

- (a) the Reserve Bank of Australia;
- (b) the Australian Securities Commission;
- (c) the Australian Financial Institutions Commission.

### Definition of “law enforcement agency”

**11.03.** Each of the following persons or bodies is declared to be a law enforcement agency for the purposes of the definition of that expression in subsection 251 (1) of the Act:

- (a) the Australian Bureau of Criminal Intelligence;
- (b) the Australian Federal Police;
- (c) the Australian Transaction Reports and Analysis Centre (AUSTRAC);
- (d) the Commonwealth Law Enforcement Board;
- (e) the Criminal Justice Commission of Queensland;
- (f) the Independent Commission Against Corruption of New South Wales;
- (g) the National Crime Authority;

- (h) the National Exchange of Police Information;
- (j) the New South Wales Crime Commission;
- (k) the Office of Law Enforcement Policy;
- (l) the Office of Strategic Crime Assessments;
- (m) the Director of Public Prosecutions of the Commonwealth, and of each State and Territory;
- (n) the police force of each State and Territory.

## **PART 12—HOW THE ACT AFFECTS EXISTING LIFE COMPANIES ETC.**

### **Modification of Divisions 5 and 6 of Part 4 of the Act in their application to existing life companies (Act, s. 261)**

**12.01.** The operation of Divisions 5 and 6 of Part 4 of the Act (relating to allocation of profits and losses and capital payments, and to distribution of retained profits and shareholders' capital, respectively) is modified, in relation to existing life companies, as if it were modified as set out in Schedule 3.

## **PART 13—DICTIONARY**

### **Definition of “eligible assets”—dictionary**

**13.01. (1)** For the purposes of the definition of “eligible assets” in the Schedule to the Act, the eligible assets of a company do not include an asset invested in a related company, except as provided in subregulation (2).

**(2)** The eligible assets of a company include an asset invested in a related company if:

- (a) both:
  - (i) the related company is a subsidiary of the company; and
  - (ii) the asset is not re-invested, whether directly or indirectly, through 1 or more interposed bodies corporate, trusts or partnerships, with a company that is related to the company (other than as a subsidiary); or

- (b) the investment is a deposit with:
  - (i) a bank within the meaning of subsection 5 (1) of the *Banking Act 1959*; or
  - (ii) a bank constituted by a State law.

[NOTE: The question whether a company is a related company is to be determined in the same way as it would be under the Corporations Law: see section 16 of the Act.]

**Definition of “superannuation policy”—dictionary**

**13.02.** For the purposes of paragraph (b) of the definition of “superannuation policy” in the Schedule to the Act, a life policy included in any of the following classes of policies is declared to be a superannuation policy for the purposes of the Act:

- (a) a policy of any of the following kinds that is maintained for the purposes of superannuation or retirement:
  - (i) an immediate annuity policy;
  - (ii) a deferred annuity policy;
  - (iii) an allocated annuity policy;
- (b) a policy that is owned by the trustee of a scheme, being a scheme that is:
  - (i) an approved deposit fund; or
  - (ii) a pooled superannuation trust.

**SCHEDULE 1**

Regulation 3.01

**REQUIREMENTS FOR APPLICATIONS FOR  
REGISTRATION****PART A—PARTICULARS TO BE SET OUT IN  
APPLICATION FOR REGISTRATION**

An application for registration as a life company must contain the particulars set out in this Part to the extent that they are applicable to the company.

1. Particulars of the company, as follows:
  - (a) the location of the head office of the company;
  - (b) the name of each State or Territory in which the company is, or is proposed to be, registered under the Corporations Law;
  - (c) each name under which the company carries on, or proposes to carry on, life business in a State or Territory;
  - (d) any other registered name used by the company in a State or Territory.
  
2. Particulars of each company related to the company (that is, each existing or proposed holding company, associated company or subsidiary, of the company), as follows:
  - (a) particulars of the existing or proposed Board of Directors and managerial structure of that company;
  - (b) particulars of the activities carried on, or proposed to be carried on, by that company.
  
3. Particulars of the managerial structure of the company, as follows:
  - (a) the name and address of:
    - (i) the principal executive officer of the company;
    - (ii) each director of the company;
    - (iii) the company secretary;
    - (iv) the chief financial officer of the company;
    - (v) the officer in charge of the operations of the company;

**SCHEDULE 1—continued**

- (vi) the members of the audit committee of the company;
  - (vii) the auditor of the company;
  - (viii) the appointed actuary of the company;
  - (b) particulars of the relevant qualifications and work experience of the persons referred to in paragraph (a);
  - (c) if the company is held by a holding company—particulars of the extent of the managerial authority of the first-mentioned company.
4. Particulars of the operational structure of the company, as follows:
- (a) the countries, other than Australia, in which the company carries on life insurance business;
  - (b) particulars of each proposed statutory fund of the company;
  - (c) the classes of life insurance business to be carried on by the company within each of those statutory funds;
  - (d) the categories of life insurance business to be carried on by the company within each of those classes;
  - (e) the kinds of policies to be written by the company within those categories.
5. Particulars of the company's plans for new business, as follows:
- (a) sample rates of premiums for each kind of policy to be issued by the company;
  - (b) particulars of any reinsurance arrangement entered into, or proposed to be entered into, by the company.
6. Particulars of the financing of new life business, as follows:
- (a) particulars of proposed financing arrangements for the writing of new life business by the company;
  - (b) particulars of projections of the company's life business for whichever is the greater of the following periods:
    - (i) the period of the financing arrangements for that business;
    - (ii) 10 years;

**SCHEDULE 1—continued**

- (c) a statement of the accuracy of the particulars referred to in paragraph (b) by the appointed actuary of the company.
7. Particulars of the distribution arrangements of the company, as follows:
- (a) in relation to the person responsible for the management of the distribution arrangements of the company—particulars of his or her:
    - (i) name and address; and
    - (ii) relevant qualifications and work experience;
  - (b) particulars of the company's existing or proposed distribution structure;
  - (c) particulars of the relevant qualifications and work experience that the company requires of its distribution staff and intermediaries;
  - (d) the basis of remuneration of those staff and intermediaries;
  - (e) particulars of how distribution staff and intermediaries are recruited and trained.
8. Particulars of the investment policy of the company, as follows:
- (a) in relation to the person responsible for the management of the investments of the company—particulars of his or her:
    - (i) name and address; and
    - (ii) relevant qualifications and work experience;
  - (b) particulars of the assets in which the initial capital of the company is, or will be, invested;
  - (c) if the function of investment is to be contracted out by the company—particulars of:
    - (i) the person to whom the function is contracted; and
    - (ii) the agreement under which the function is contracted;
  - (d) particulars of any arrangements entered into, or proposed to be entered into, by the company for the custody of any assets of the company.

**SCHEDULE 1—continued**

9. Particulars of the administrative functions of the company, as follows:

- (a) in relation to the person responsible for the policy administration of the company—particulars of his or her:
  - (i) name and address; and
  - (ii) relevant qualifications and work experience;
- (b) particulars of the company's administrative, statistical, valuation and accounting systems;
- (c) a statement by the appointed actuary of the company as to the adequacy of those systems for the purposes of the company's administration;
- (d) particulars of each life policy register established, or proposed to be established, by the company;
- (e) if the function of administration is to be contracted out by the company—particulars of:
  - (i) the person to whom the function is contracted; and
  - (ii) the agreement under which the function is contracted;
- (f) if the function of providing computing services is to be contracted out by the company—particulars of:
  - (i) the person to whom the function is contracted; and
  - (ii) the agreement under which the function is contracted.

**PART B—DOCUMENTS TO ACCOMPANY APPLICATION FOR REGISTRATION**

The following documents must be lodged with an application for registration as a life company to the extent that they are applicable to the company:

- (a) a copy of:
  - (i) the memorandum of the company; and
  - (ii) the articles of association of the company;

**SCHEDULE 1—continued**

- (b) a copy of the financial statements relating to the most recently completed financial year of the company;
- (c) in relation to the proposed issue of each kind of life policy—a copy of the written advice of the appointed actuary under subsection 116 (1) of the Act;
- (d) in relation to each reinsurance arrangement proposed to be entered into by the company—a copy of the written advice of the appointed actuary under subsection 116 (2) of the Act;
- (e) a copy of each service agreement entered into, or proposed to be entered into by the company, in relation to:
  - (i) the agreement referred to in subparagraph 8 (c) (ii) of Part A of this Schedule; or
  - (ii) the arrangements referred to in paragraph 8 (d) of Part A of this Schedule; or
  - (iii) the agreement referred to in subparagraph 9 (e) (ii) of Part A of this Schedule;
  - (iv) the agreement referred to in subparagraph 9 (f) (ii) of Part A of this Schedule;
- (f) a copy of each pro-forma agency agreement entered into, or proposed to be entered into, by the company;
- (g) in relation to a company's existing life business outside of Australia—a copy of each of the following documents lodged with the relevant overseas authority relating to the most recently completed financial year of the company:
  - (i) the financial statements of the company;
  - (ii) an actuarial report of the company;
  - (iii) an auditor's report, or other examination report, of the company;
- (h) for each holding company, associated company or subsidiary, of the company—a copy of the following documents relating to the most recently completed financial year of that company:
  - (i) the annual report of that company;
  - (ii) the financial statements of that company;



**SCHEDULE 1**—continued

- (j) examples of promotional material for each kind of policy to be issued by the company, including:
  - (i) customer information brochures; and
  - (ii) policy documents; and
  - (iii) policy information statements; and
  - (iv) annual statements.

[Note: The Schedule to the Act defines “articles of association”, in relation to a company, to include:

- (a) the documents by which the company is constituted; and
- (b) any other document governing activities or conduct of the company or its members.]

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**SCHEDULE 2**

Regulation 10.04

**MODIFICATION OF DIVISION 4 OF PART 10 OF THE ACT  
(SURRENDER VALUES, PAID-UP POLICIES AND NON-  
FORFEITURE OF POLICIES**

In the following table:

**“relevant actuarial standard”** means the actuarial standard:

- (a) made by the Life Insurance Actuarial Standards Board under section 101 of the Act; and
- (b) known as the “Actuarial standard for paid up values and surrender values”.

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
1	Family income	<p>A policy under which:</p> <p>(a) an amount is payable (“the basic sum insured”) on the death of the life insured; and</p> <p>(b) an additional amount of life insurance benefits (“the additional benefits”) is payable if the death of the life insured occurs within the term specified in the policy.</p>	<p>1.1 For the purposes of subsection 209 (3) of the Act, the amount payable under the paid-up policy is taken to be calculated under the relevant actuarial standard according to the following formula:</p> <p><b>PUVB + (PUVA × ADJ)</b></p> <p>where:</p> <p><b>PUVB</b> is the amount of the paid-up policy in respect of the basic sum insured;</p> <p><b>PUVA</b> is the amount of the paid-up policy in respect of the additional benefits calculated according to subsection 3.04 (2) of the relevant actuarial standard, as if, for the purposes of that subsection, the additional benefits were a policy that will not participate in future profits;</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
			<p data-bbox="943 405 1273 495"><b>A D J</b> is calculated according to the following formula:</p> $\frac{AA}{AB}$ <p data-bbox="943 568 1018 591">where</p> <p data-bbox="943 600 1273 775"><b>AA</b> is the present value, as at the attained age, of \$1 of sum insured according to the contingencies upon which the additional benefits are payable;</p> <p data-bbox="943 784 1273 958"><b>AB</b> is the present value, as at the attained age, of \$1 of sum insured according to the contingencies upon which the basic sum insured is payable.</p>
2	Additional benefits	<p data-bbox="587 1010 911 1155">A policy under which an amount of additional life insurance benefits (“the additional benefits”) are payable:</p> <p data-bbox="587 1164 911 1227">(a) for accidental death; or</p> <p data-bbox="587 1236 911 1339">(b) for death by an illness specified in the policy; or</p> <p data-bbox="587 1348 911 1413">(c) in an event other than survival or death.</p>	<p data-bbox="943 1010 1273 1211">2.1 For the purposes of subsection 209 (3) of the Act, in calculating the amount payable under the paid-up policy according to the relevant actuarial standard:</p> <p data-bbox="943 1220 1273 1357">(a) the additional benefits are taken not to be part of the calculation; and</p> <p data-bbox="943 1366 1273 1500">(b) the paid-up policy is taken not to provide any part of an additional benefit.</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
3	Option	<p>A policy (“the original policy”) under which the contract of insurance may be varied at the option of the policy owner:</p> <p>(a) on a date specified in the policy; or</p> <p>(b) on the happening of an event specified in the policy.</p>	<p>3.1 For the purposes of subsection 209 (3) of the Act, in calculating the amount payable under the paid-up policy according to the relevant actuarial standard, if the policy owner makes a request under subsection 209 (1) of the Act before the option is exercised, the paid-up policy is taken to be the paid-up policy that would have applied if the original policy had not included the option.</p>
4	Altered ordinary	<p>An ordinary policy under which the contract of insurance (“the original contract”) is varied, at the request of the policy owner, by a change to:</p> <p>(a) the date on which the sum insured is payable; or</p> <p>(b) the term during which premiums are payable.</p>	<p>4.1 For the purposes of subsection 209 (3) of the Act, the amount payable under the paid-up policy is taken to be calculated under the relevant actuarial standard according to the following formula:</p> $APUV + PBPUV$ <p>where:</p> <p><b>APUV</b> is the amount of the adjusted paid-up policy at the date of variation, being an amount calculated as follows:</p> $PUV \times \frac{AO}{AA}$ <p>where:</p>

**SCHEDULE 2—continued**

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
			<p><b>PUV</b> is the value of the paid-up policy under the original contract, calculated according to Part 3 of the relevant actuarial standard, as at the day before the date of variation;</p> <p><b>AO</b> is the present value, as at the attained age, of \$1 of sum insured according to the contingencies upon which the sum insured under the original contract was payable;</p> <p><b>AA</b> is the present value, as at the attained age, of \$1 of sum insured according to the contingencies upon which the sum insured under the original contract, as varied, on the day after the date of variation, is payable;</p> <p><b>PBPUV</b> is the amount of the paid-up policy on the day the calculation is made for the purposes of subsection 209 (3) of the Act, calculated according to the relevant actuarial standard, as if:</p> <p>(a) the policy came into effect on the date of variation; and</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
			<p>(b) the sum insured under the policy is the premium bearing sum insured (“PBSI”) calculated as the total sum insured under the original contract, as varied, on the day after the date of variation, less APUV; and</p> <p>(c) PBSI is payable on the same contingencies upon which the total sum insured under the original contract, as varied, on the day after the date of variation, is payable.</p> <p>4.2 For the purposes only of:</p> <p>(a) subsection 209 (1) of the Act; and</p> <p>(b) the definition of “Factor” in subsection 3.04 (1) of the relevant actuarial standard;</p> <p>the period for which premiums have been paid under the policy is taken to have started on the date of the original contract.</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
5	Increased ordinary	<p>An ordinary policy under which the contract of insurance (“the original contract”) is varied, at the request of the policy owner, by increasing:</p> <p>(a) both the amount of the sum insured and the amount of each premium; or</p> <p>(b) if additional amounts of premium are paid—the amount of the sum insured.</p>	<p>4.3. For the purposes of subitem 4.1, “the date of variation” means the date on which the first premium is payable under the original contract, as varied.</p> <p>5.1 For the purposes of subsection 209 (3) of the Act, the amount payable under the paid-up policy is taken to be calculated under the relevant actuarial standard according to the following formula:</p> <p style="text-align: center;"><b>PUV + INCPUV</b></p> <p>where:</p> <p><b>PUV</b> is the amount of the paid-up policy under the original contract, calculated according to Part 3 of the relevant actuarial standard;</p> <p><b>INCPUV</b> is the total of the amounts of the paid-up policy, in respect of each increase of the original contract, calculated according to Part 3 of the relevant actuarial standard as if, for the purposes of that Part, each increase was a policy:</p> <p>(a) that was effected on the date of the increase; and</p> <p>(b) under which the sum insured is the amount of the increase; and</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
			<p>(c) under which the period for which premiums have been paid started on the date of the increase.</p> <p>5.2 For the purposes of subsection 207 (4) of the Act, the surrender value of the policy is taken to be calculated under the relevant actuarial standard according to the following formula:</p> $SV + INCSV$ <p>where:</p> <p><b>SV</b> is the surrender value under the original contract, calculated according to Part 4 of the relevant actuarial standard;</p> <p><b>INCSV</b> is the total of the amounts of the surrender value, in respect of each increase of the original contract, calculated according to Part 4 of the relevant actuarial standard as if, for the purposes of that Part, each increase was a policy:</p> <p>(a) that was effected on the date of the increase; and</p> <p>(b) under which the sum insured is the amount of the increase; and</p>



**SCHEDULE 2**—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
			(c) under which the period for which premiums have been paid started on the date of the increase.
			<p>5.3 Section 210 of the Act is taken to apply to an increase of the original contract as if the increase was a policy:</p> <p>(a) that was effected on the date of the increase; and</p> <p>(b) under which the sum insured is the amount of the increase; and</p> <p>(c) under which the period for which premiums have been paid started on the date of the increase.</p>

## SCHEDULE 2—continued

Item No.	Class of life policy	Description of policy within the class	Modification of application of Division 4 of Part 10
6	Special endowment insurance	<p>A policy under which:</p> <p>(a) the sum insured is payable by instalments at the times specified in the policy; and</p> <p>(a) the premiums under the policy are payable at a level rate until the total sum insured is paid; and</p> <p>(b) in the case of the death of the life insured—the balance of the sum insured is payable.</p>	<p>6.1 For the purposes of subsection 209 (3) of the Act, the amount payable under the policy is taken to be the amount calculated according to subsection 3.04 (2) of the relevant actuarial standard.</p>
7	Paid-up	<p>A paid-up policy under section 209 of the Act.</p>	<p>7.1. Subject to subitem 7.2, for the purposes of subsection 207 (4) of the Act, the surrender value of the policy is taken to be the surrender value calculated according to Part 4 of the relevant actuarial standard.</p> <p>7.2. For the purposes of the calculation, the paid-up value of the policy at the date of surrender is taken to be the actual amount of the paid-up policy.</p>

## SCHEDULE 3

Regulation 12.01

MODIFICATION OF THE OPERATION OF DIVISIONS 5 AND 6  
OF PART 4 OF THE ACT IN RELATION TO EXISTING LIFE  
COMPANIES*[Division 5 of Part 4]***1. Section 56 (Interpretation)**

1.1 Subsection 56 (3):

Omit the subsection.

**2. Section 57 (Obligation to allocate operating profit or loss)**

2.1 Omit the section.

**3. Section 58 (Operating profit etc.)**

3.1 Omit the section, substitute:

**Statutory funds—surplus**

“**58. (1)** The life insurance business of a statutory fund has a surplus at the date of an investigation if that investigation shows that the balance of the revenue account exceeds the net liabilities of the company in respect of that business at that time. The amount of the surplus is the amount by which the balance of the revenue account exceeds net liabilities.

“(2) In subsection (1):

‘**balance of the revenue account**’, in relation to the life insurance business of a statutory fund, means the balance of the revenue account of the fund in respect of that business, determined in accordance with Part A of the Schedule to the Commissioner’s rules made for the purposes of section 82 (5) of the Act;

‘**investigation**’ means an investigation of the financial condition of a life company made under:

(a) section 113; or

(b) if the results of the investigation are made public—  
section 115;

**SCHEDULE 3—continued**

**‘net liabilities’**, in relation to the life insurance business of a statutory fund, means the net liabilities of the fund in respect of that business, determined in accordance with Part E of the Schedule to the Commissioner’s rules made for the purposes of section 117 (2) of the Act.”.

**4. Section 59 (Allocation of operating profit etc.)**

4.1 Omit the section.

**5. Section 60 (Basis of allocation of operating profit etc.)**

5.1 Omit the section.

*[Division 6 of Part 4]*

**6. Section 61 (Interpretation)**

6.1 Subsection 61 (1) (definition of “Australian policy owners’ retained profits”):

Omit the definition, substitute:

**“Australian policy owners’ retained profits’**, in relation to a statutory fund at the date of investigation, means 80%, or a greater percentage specified in the articles of association of the company to which the fund relates, of the total surplus of the fund under section 58 that is derived from Australian participating business;”.

6.2 Subsection 61 (1) (definition of “shareholders’ retained profits (Australian participating)”):

Omit the definition, substitute:

**“shareholders’ retained profits (Australian participating)’**, in relation to a statutory fund at the date of investigation, means the total surplus of the fund under section 58 that:

- (a) is derived from Australian participating business; and
- (b) is not Australian policy owners’ retained profits.”.

**SCHEDULE ~~2~~—continued**

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6.3 Subsection 61 (1) (definitions of “overseas policy owners’ retained profits”, “shareholders’ capital”, “shareholders’ retained profits (overseas and non-participating)” and “starting amount”):  
Omit the definitions.

6.4 Subsection 61 (1):  
Insert the following definitions:  
“**date of investigation**’ means the date of an investigation made under section 58;  
‘**shareholders’ retained profits (other)**’, in relation to a statutory fund at the date of investigation, means the total surplus of the fund under section 58 that is not derived from Australian participating business.”.

6.5 Subsection 61 (2):  
Omit the subsection.

**7. Section 62 (Distribution of retained profits)**

7.1 Paragraphs 62 (1) (b) and (c):  
Omit the paragraphs.

7.2 Paragraph 62 (1) (d):  
Omit “(overseas and non-participating)”, substitute “(other)”.

7.3 Subsection 62 (1):  
Add at the end:  
“; (e) shareholders’ retained profits (other) may be distributed to owners of overseas policies that provide for participating benefits only in a manner consistent with the articles of association of the company.”.

7.4 Subsection 62 (4):  
Omit “(overseas and non-participating)”, substitute “(other)”.

**8. Section 63 (Distribution of shareholders’ capital)**

8.1 Omit the section.

**SCHEDULE 4****FORMS****FORM 1**

Subregulation 6.01 (1)

*Life Insurance Act 1995***STATEMENT OF PECUNIARY INTERESTS OF APPOINTED  
ACTUARY**

*[full name of actuary]* of *[address]*, the appointed actuary of the *[name of life company]* under the *Life Insurance Act 1995* has, in respect of the company:

- \* no pecuniary interest.
- \* the pecuniary interest(s) set out in the Schedule.

**SCHEDULE****Pecuniary interests of appointed actuary**

Dated

Signature of appointed actuary

[NOTE: Regulation 6.01 specifies the kinds of interests that are required to be set out in this form.]

- \* Omit whichever is inapplicable

*Life Insurance Act 1995*

**MEMORANDUM OF TRANSFER FOR ASSIGNING RIGHTS UNDER A LIFE POLICY**

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<b>Date of transfer</b>	<b>Signature of transferor</b>	<b>Signature of transferor's witness</b>	<b>Full name of transferee</b>	<b>Address of transferee</b>	<b>Occupation of transferee</b>	<b>Signature of transferee</b>	<b>Signature of witness of transferee</b>	<b>Date of transfer of registration by the life company</b>	<b>Signature of principal executive officer (or authorised person) of the life company</b>
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**NOTE**

1. Notified in the *Commonwealth of Australia Gazette* on

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1995.

15 June/