

EXPLANATORY STATEMENT

Life Insurance Supervisory Levy Imposition Determination 2010

This determination relates to a levy imposed on life insurance entities by the *Life Insurance Supervisory Levy Imposition Act 1998*.

This determination commences on the day after it is registered and relates to the 2010-11 financial year. The *Life Insurance Supervisory Levy Imposition Determination 2009* is revoked upon commencement of this determination. Consistent with section 50 of the *Acts Interpretation Act 1901*, any obligation or liability incurred in previous financial years remains valid.

Subsection 7(3) of the *Life Insurance Supervisory Levy Imposition Act 1998* allows the Minister to determine:

- (a) the maximum restricted levy amount for each financial year;
- (b) the minimum restricted levy amount for each financial year;
- (c) the restricted levy percentage for each financial year;
- (ca) the unrestricted levy percentage for each financial year; and
- (d) how a life insurance company's asset value is to be calculated.

This determination provides that the restricted component of the 2010-11 levy will be calculated at 0.00562 per cent of assets held by the entity, subject to a minimum of \$470 and a maximum of \$940,000. The unrestricted component of the 2010-11 levy will be calculated at 0.001633 per cent of assets held by the entity.

The finance sector has been consulted on the 2010-11 supervisory levies through a Treasury and Australian Prudential Regulation Authority Consultation Paper released on 27 May 2010 and a number of follow-up meetings to discuss the issues in the paper.

Although this determination does not allude specifically to friendly societies, they are considered as leviable bodies, as they are registered under the *Life Insurance Act 1995* and consequently fall under the definition of 'life insurance company' of the *Financial Institutions Supervisory Levies Collection Act 1998*. As subsection 16C(1) of the *Life Insurance Act 1995* notes, item 11 of Schedule 8 to the *Financial Sector Reform (Amendments and Transitional Provisions) Act 1999* provided that friendly societies existing then are taken to be registered under the *Life Insurance Act 1995*.

This determination is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.