

EXPLANATORY STATEMENT

Life Insurance Supervisory Levy Imposition Determination 2011

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 2011-12 financial year. The *Life Insurance Supervisory Levy Imposition Determination 2010* is revoked on 1 July 2011. 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 2011-12 levy will be calculated at 0.00644 per cent of assets held by the entity, subject to a minimum of \$470 and a maximum of \$1,070,000. The unrestricted component of the 2011-12 levy will be calculated at 0.001945 per cent of assets held by the entity.

The finance sector has been consulted on the 2011-12 supervisory levies through a Treasury and Australian Prudential Regulation Authority Discussion Paper released on 18 May 2011.

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*.