



General Insurance Supervisory Levy Imposition Determination 2014

I, Mathias Cormann, Minister for Finance, make the following determination under subsection 8(3) of the *General Insurance Supervisory Levy Imposition Act 1998*.

Dated: 25 June 2014

Mathias Cormann
Minister for Finance
for the Treasurer

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1 Name of determination

This determination is the *General Insurance Supervisory Levy Imposition Determination 2014*.

2 Commencement

This determination commences on 1 July 2014.

3 Authority

This determination is made under subsection 8(3) of the *General Insurance Supervisory Levy Imposition Act 1998*.

4 Repeal

The *General Insurance Supervisory Levy Imposition Determination 2013* is repealed.

5 Definitions

(1) In this determination:

2013 calendar year means the year commencing on 1 January 2013.

2014-2015 financial year means the financial year commencing on 1 July 2014.

Act means the *General Insurance Supervisory Levy Imposition Act 1998*.

designated security trust fund has the meaning given by section 69 of the *Insurance Act 1973*.

Form GRF 300.0: Statement of Financial Position (L) means the form titled “GRF_300_0_L: Statement of Financial Position (L)” that forms part of Reporting Standard GRS 300.0.

general insurance company includes Lloyd’s.

Lloyd’s has the meaning given by the *Insurance Act 1973*.

policy file means:

- (a) the document required to be submitted by a general insurance company to APRA under Reporting Standard GRS 800.1, containing the information about individual insurance policies required by the data specifications set out in the Schedule to that Standard; or
- (b) the document required to be submitted by a general insurance company to APRA under Reporting Standard LOLRS 800.1, containing the information about individual insurance policies required by the data specifications set out in the Schedule to that Standard.

product liability insurance includes insurance that provides for compensation for:

- (a) loss; or
- (b) injury; or
- (c) loss and injury;

caused by, or as a result of, the use of goods.

professional indemnity insurance includes:

- (a) insurance that provides cover for a professional person for actions taken against that person in tort, contract or under statute law in respect of advice or services provided as part of his or her professional practice, including cover in respect of damages and legal expenses; and
- (b) directors' and officers' liability insurance and legal expense insurance; and
- (c) medical indemnity insurance.

public liability insurance includes:

- (a) insurance covering legal liability to the public in respect of bodily injury or property damage arising out of the operation of the business of the insured person or body; and
- (b) insurance in respect of environmental clean-up costs resulting from pollution where not covered by Fire and Industrial Special Risk policies.

record means a line entry or row in a policy file that contains information relating to a single insurance policy.

reporting period, in relation to a general insurance company, means the reporting period that applies to the company under paragraph 6 or 7 of Reporting Standard GRS 300.0.

Reporting Standard GRS 300.0 means the Reporting Standard GRS 300.0 Statement of Financial Position, which is:

- (a) in the Schedule to the *Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2013—Reporting Standard GRS 300.0 Statement of Financial Position*; and
- (b) made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Reporting Standard GRS 800.1 means the Reporting Standard GRS 800.1 (2005) Policy Data: Public and Product Liability and Professional Indemnity Insurance, which is:

- (a) in the Schedule to the *Financial Sector (Collection of Data) determination No. 30 of 2005—Reporting Standard GRS 800.1 (2005)*; and
- (b) made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Reporting Standard LOLRS 800.1 means the Reporting Standard LOLRS 800.1 (2005) Policy Data: Public and Product Liability and Professional Indemnity Insurance, which is:

- (a) in the Schedule to the *Financial Sector (Collection of Data) determination No. 33 of 2005—Reporting Standard LOLRS 800.1 (2005)*; and
- (b) made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

valuation day, in relation to a general insurance company, means:

- (a) for a general insurance company that was a general insurance company at all times during the period from 17 March 2014 to 30 June 2014—31 March 2014; and
 - (b) for a general insurance company that was a general insurance company for some, but not all, of the period from 17 March 2014 to 30 June 2014—the day, after 17 March 2014, on which it became a general insurance company; and
 - (c) for a general insurance company that became a general insurance company after 30 June 2014—the day on which it became a general insurance company.
- (2) In this determination, a reference to a period from a specified date to another specified date includes both of those dates.

6 General component

For paragraphs 8(3)(a), (b), (c) and (ca) of the Act, the following table sets out matters for the 2014-2015 financial year.

General component					
Item	Company	Maximum restricted levy amount (\$)	Minimum restricted levy amount (\$)	Restricted levy percentage	Unrestricted levy percentage
1	General insurance company	1 064 000	4 900	0.01289	0.010073

7 General insurance company's levy base

- (1) For paragraph 8(3)(d) of the Act, the general insurance company's levy base is to be worked out using this section.
- (2) Subject to subsection (3), the general insurance company's levy base is the value of the company's assets as at the valuation day for the general insurance company, worked out in the same way as for item 13 Total assets (under column headed "Total Amount") in Form GRF 300.0: Statement of Financial Position (L).
- (3) The general insurance company's levy base of Lloyd's is the value of the amounts standing to the credit of all designated security trust funds as at 31 March 2014.

8 Special component

(1) For paragraphs 8(3)(e), (f) and (g) of the Act, an item in the following table sets out, for the 2014-2015 financial year, for a public/product only insurer or professional only insurer, the following for the class of company mentioned in the item:

- (a) the special maximum levy amount and special levy percentage on public/product EPI;
- (b) the special maximum levy amount and special levy percentage on professional EPI;
- (c) the special minimum levy amount.

Public/product only insurer or professional only insurer						
Item	Company	Special maximum levy amount on public/product EPI (\$)	Special levy percentage on public/product EPI	Special maximum levy amount on professional EPI (\$)	Special levy percentage on professional EPI	Special minimum levy amount (\$)
1	Public/ product only insurer	50 000	0.0373	N/A	N/A	5 000
2	Professional only insurer	N/A	N/A	32 000	0.0250	5 000

(2) For paragraphs 8(3)(e), (f) and (g) of the Act, an item in the following table sets out, for the 2014-2015 financial year, for a public/product and professional insurer, the following for the class of company mentioned in the item:

- (a) the special maximum levy amount and special levy percentage on public/product EPI;
- (b) the special maximum levy amount and special levy percentage on professional EPI;
- (c) the special minimum levy amount.

Public/product and professional insurer						
Item	Company	Special maximum levy amount on public/product EPI (\$)	Special levy percentage on public/product EPI	Special maximum levy amount on professional EPI (\$)	Special levy percentage on professional EPI	Special minimum levy amount (\$)
1	Public/ product and professional insurer	50 000	0.0373	32 000	0.0250	10 000

- (3) For paragraphs 8(3)(e), (f) and (g) of the Act, an item in the following table sets out, for the 2014-2015 financial year, for a general insurance company in runoff, the following for the class of company mentioned in the item:
- the special maximum levy amount and special levy percentage on public/product EPI;
 - the special maximum levy amount and special levy percentage on professional EPI;
 - the special minimum levy amount.

General insurance company in runoff				
Item	Company	Special maximum levy amount on EPI	Special levy percentage on EPI	Special minimum levy amount (\$)
1	Public/product only runoff insurer	2 500	0.0	2 500
2	Professional only runoff insurer	2 500	0.0	2 500
3	Public/product and professional runoff insurer	5 000	0.0	5 000

- (4) In this section:

EPI means eligible premium income mentioned in subsection 9(2).

general insurance company in runoff means a general insurance company that did not issue or renew any insurance policies of any of the following kinds during the 2013 calendar year:

- public liability insurance;
- product liability insurance;
- professional indemnity insurance.

professional only insurer:

- means a general insurance company that:
 - carried on professional indemnity insurance during the 2013 calendar year; and
 - did not carry on public liability insurance during the 2013 calendar year; and
 - did not carry on product liability insurance during the 2013 calendar year; but
- does not include a general insurance company in runoff.

professional only runoff insurer means a general insurance company in runoff that:

- has liabilities in respect of professional indemnity insurance; and
- has no liabilities in respect of public liability insurance; and

(c) has no liabilities in respect of product liability insurance.

public/product and professional insurer:

- (a) means a general insurance company that:
- (i) carried on either or both of public liability insurance and product liability insurance during the 2013 calendar year; and
 - (ii) carried on professional indemnity insurance during the 2013 calendar year; but
- (b) does not include a general insurance company in runoff.

public/product and professional runoff insurer means a general insurance company in runoff that:

- (a) has liabilities in respect of either or both of public liability insurance and product liability insurance; and
- (b) has liabilities in respect of professional indemnity insurance.

public/product only insurer:

- (a) means a general insurance company that:
- (i) carried on either or both of public liability insurance and product liability insurance during the 2013 calendar year; and
 - (ii) did not carry on professional indemnity insurance during the 2013 calendar year; but
- (b) does not include a general insurance company in runoff.

public/product only runoff insurer means a general insurance company in runoff that:

- (a) has liabilities in respect of public liability insurance or product liability insurance; and
- (b) has no liabilities in respect of professional indemnity insurance.

special levy percentage on professional EPI means the special levy percentage on the eligible premium income mentioned in paragraph 9(2)(a).

special levy percentage on public/product EPI means the special levy percentage on the eligible premium income mentioned in paragraphs 9(2)(b), (c) and (d).

special maximum levy amount on professional EPI means the special maximum levy amount in relation to the special component of levy on the eligible premium income mentioned in paragraph 9(2)(a).

special maximum levy amount on public/product EPI means the special maximum levy amount in relation to the special component of levy on the eligible premium income mentioned in paragraphs 9(2)(b), (c) and (d).

9 Eligible premium income

- (1) For paragraph 8(3)(h) of the Act, a general insurance company's eligible premium income is to be worked out using this section.

- (2) The part of the general insurance company's premium income that is eligible premium income is:
- (a) gross premium income from professional indemnity insurance during the 2013 calendar year, worked out under subsection (5); and
 - (b) for a general insurance company that carries on public liability insurance, but not product liability insurance—gross premium income from that public liability insurance during the 2013 calendar year, worked out under subsection (3); and
 - (c) for a general insurance company that carries on product liability insurance, but not public liability insurance—gross premium income from that product liability insurance during the 2013 calendar year, worked out under subsection (3); and
 - (d) for a general insurance company that carries on public liability insurance and product liability insurance—gross premium income from that public liability insurance and product liability insurance during the 2013 calendar year, worked out under subsection (3).
- (3) Gross premium income from public liability insurance and gross premium income from product liability insurance, during the 2013 calendar year, is the sum of:
- (a) the aggregate of the amounts required to be reported in the policy file in the column headed "Gross Earned Premium" (and referred to as "field 15b") for each of the reporting periods ending 30 June 2013 and 31 December 2013, where the class of business reported in the column headed "Class of Business" (and referred to as "field 2") is "Public & Product" ("PL"); and
 - (b) for each record in relation to which the general insurance company has not completed the column headed "Gross Earned Premium"—the aggregate of GEP amounts for each such record calculated in accordance with subsection (4).
- (4) For subsection (3), a **GEP amount** is the amount calculated using the formula:
- $$GAP \times F$$
- where:
- GAP** is the gross annualised premium reported in respect of the relevant policy in the column headed "Gross Annualised Premium" (and referred to as "field 15a") for each of the reporting periods ending 30 June 2013 and 31 December 2013, where the class of business reported in the column headed "Class of Business" (and referred to as "field 2") is "Public & Product" ("PL").
- F** is the number of days in the 6 month reporting period during which the policy was in force, expressed as a percentage of the number of days in the relevant calendar year.
- (5) Gross premium income from professional indemnity insurance during the 2013 calendar year is the sum of:
- (a) the aggregate of the amounts required to be reported in the policy file in the column headed "Gross Earned Premium" (and referred to as "field 15b")

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for each of the reporting periods ending 30 June 2013 and 31 December 2013 where the class of business reported in the column headed “Class of Business” (and referred to as “field 2”) is “Professional Risk” (“PI”); and

- (b) for each record in relation to which the general insurance company has not completed the column headed “Gross Earned Premium”—the aggregate of GEP amounts for each such record calculated in accordance with subsection (6).

- (6) For subsection (5), a **GEP amount** is the amount calculated using the formula:

$$\text{GAP} \times F$$

where:

GAP is the gross annualised premium reported in respect of the relevant policy in the column headed “Gross Annualised Premium” (and referred to as “field 15a”) for each of the reporting periods ending 30 June 2013 and 31 December 2013, where the class of business reported in the column headed “Class of Business” (and referred to as “field 2”) is “Professional Risk” (“PI”).

F is the number of days in the 6 month reporting period during which the policy was in force, expressed as a percentage of the number of days in the relevant calendar year.