

INSURANCE COMPANIES DEPOSITS BILL.

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*EXPLANATORY SCHEDULE of the Difference between the two Houses  
(vide Message of 23rd December, 1931, A.M.)*

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**Assembly insists as follows:—**

- Pages 4 and 5, clause 3. *After* line 9 *omit* new subsections (3), (4), (5), (6), (7), (8) and (9).
- Page 7, clause 7, line 20. *After* "money" *omit* "and all securities"
- Page 7, clause 7, line 37. *After* "money" *omit* "or securities"
- Page 7, clause 7, line 39. *After* "moneys" *omit* "or securities"
- Page 8, clause 8, line 5. *After* "moneys" *omit* "or securities"
- Page 8, clause 8, line 9. *After* "moneys" *omit* "or securities"
- Page 8, clause 9, line 15. *After* "moneys" *omit* "or securities"
- Page 8, clause 9, line 16. *After* "moneys" *omit* "or securities"
- Page 10, clause 14, line 13. *After* "moneys" *omit* "or securities"
- Page 10, clause 14, line 16. *After* "money" *omit* "or securities"
- Page 10, clause 14, line 17. *After* "is" *omit* "or are"
- Page 10, clause 15, line 20. *After* "moneys" *omit* "or securities"
- Page 11, clause 15, line 2. *After* "money" *omit* "or securities"

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

PHYSICS 311

LECTURE NOTES

## INSURANCE COMPANIES DEPOSITS BILL.

*SCHEDULE showing the Legislative Assembly's disagreements from and Amendment upon the Legislative Council's Amendments and Assembly's further Amendment referred to in Message of 13th August, 1931.*

W. R. McCOURT,  
Clerk of the Legislative Assembly.

- Pages 4 and 5, clause 3. *After line 9 omit new subsections (3), (4), (5), (6), (7), (8) and (9).*
- Page 7, clause 7, line 20. *After "money" omit "and all securities"*
- Page 7, clause 7, line 37. *After "money" omit "or securities"*
- Page 7, clause 7, line 39. *After "moneys" omit "or securities"*
- Page 8, clause 8, line 5. *After "moneys" omit "or securities"*
- Page 8, clause 8, line 9. *After "moneys" omit "or securities"*
- Page 8, clause 9, line 15. *After "moneys" omit "or securities"*
- Page 8, clause 9, line 16. *After "moneys" omit "or securities"*
- Page 10, clause 14, line 13. *After "moneys" omit "or securities"*
- Page 10, clause 14, line 16. *After "money" omit "or securities"*
- Page 10, clause 14, line 17. *After "is" omit "or are"*
- Page 10, clause 15, line 20. *After "moneys" omit "or securities"*
- Page 11, clause 15, line 2. *After "money" omit "or securities"*
- Page 13, Schedule, lines 3 to 29. *Omit all words in these lines and insert new Schedule—*

		Amount of Deposit.
A company carrying on any general insurance business in the State at the commencement of this Act.	A company with premium income:—	
	not exceeding £10,000...	£10,000
	exceeding £10,000 but not exceeding £25,000.	£15,000
	exceeding £25,000 but not exceeding £50,000.	£25,000
	exceeding £50,000 ...	£35,000
A company not carrying on any general insurance business in the State at the commencement of this Act, and commencing to carry on any general insurance business thereafter.	A company formed within the limits of the Commonwealth of Australia.	£35,000
	A company formed beyond the limits of the Commonwealth of Australia, but within the limits of Great Britain or any British Dominion, territory or possession.	£40,000
	A foreign company ...	£50,000

THE FEDERAL GOVERNMENT DEPARTMENT OF THE INTERIOR

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
WASHINGTON, D. C.

OFFICE OF THE ASSISTANT SECRETARY FOR LAND MANAGEMENT  
1400 DEPARTMENT STREET, SUITE 100  
DENVER, COLORADO 80202

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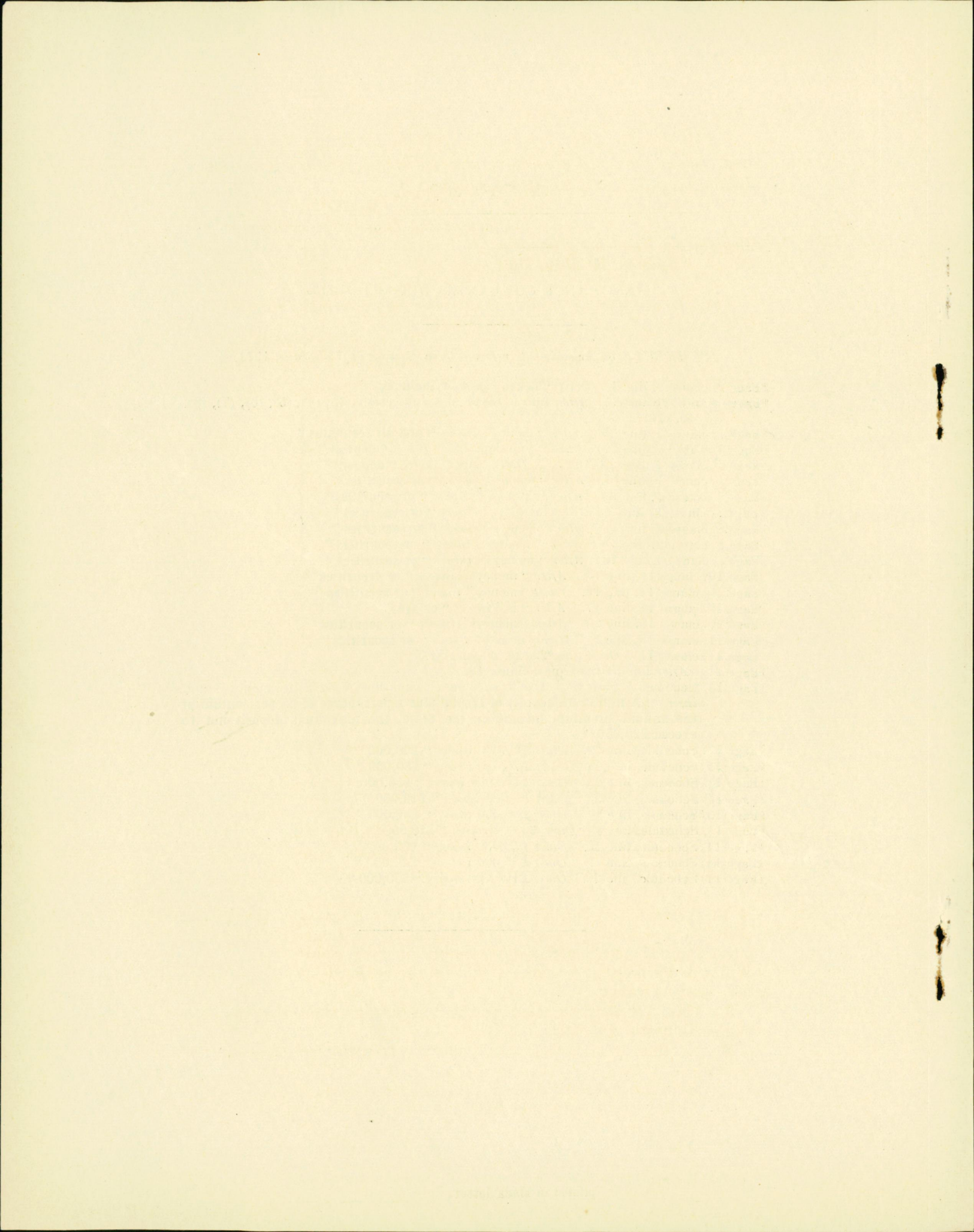
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INSURANCE COMPANIES DEPOSITS BILL

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*SCHEDULE of Amendments referred to in Message of 11th June, 1931.*

- Page 2, clause 2, line 1. *Omit "means" insert "includes"*
- Pages 4 and 5, clause 3. *After line 9 insert new subsections (3), (4), (5), (6), (7), (8), (9), (10)*
- Page 7, clause 7, line 20. *After "money" insert "and all securities"*
- Page 7, clause 7, line 29. *Omit "sum deposited" insert "deposit"*
- Page 7, clause 7, lines 30 and 31. *Omit "sum" insert "deposit"*
- Page 7, clause 7, line 37. *After "money" insert "or securities"*
- Page 7, clause 7, line 39. *After "Moneys" insert "or securities"*
- Page 8, clause 8, line 5. *After "moneys" insert "or securities"*
- Page 8, clause 8, line 9. *After "moneys" insert "or securities"*
- Page 8, clause 9, line 15. *After "moneys" insert "or securities"*
- Page 8, clause 9, line 16. *After "moneys" insert "or securities"*
- Page 10, clause 14, line 13. *After "moneys" insert "or securities"*
- Page 10, clause 14, line 16. *Omit "money" insert "or securities"*
- Page 10, clause 14, line 17. *After "is" insert "or are"*
- Page 10, clause 15, line 20. *After "moneys" insert "or securities"*
- Page 11, clause 15, line 2. *After "money" insert "or securities"*
- Page 11, clause 17. *Omit lines 29, 29, 30, and 31.*
- Page 11. *After line 34 insert new clause 18.*
- Page 13, Schedule. *Omit lines 4 to 9 in column 2 and lines 6 to 9 in column 3 and insert "A minimum deposit of £5,000 plus a percentage of 25 per centum of the annual premium income in the State, the maximum deposit not to exceed £20,000"*
- Page 13, Schedule, line 20. *Omit £50,000 insert "£20,000"*
- Page 13, Schedule, line 28. *Omit £75,000 insert "£30,000"*
- Page 13, Schedule, line 29. *Omit £100,000 insert "£50,000"*
- Page 13, Schedule, line 32. *Omit £5,000 insert "£10,000"*
- Page 13, Schedule, line 43. *Omit £50,000 insert "£30,000"*
- Page 14, Schedule, line 4. *Omit £5,000 insert "£10,000"*
- Page 14, Schedule, line 10. *Omit £50,000 insert "£35,000"*
- Page 14, Schedule, line 19. *Omit £75,000 insert "£40,000"*
- Page 14, Schedule, line 20. *Omit £100,000 insert "£50,000"*
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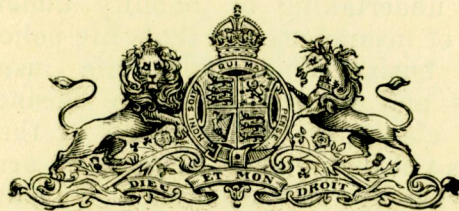
*This PUBLIC BILL originated in the LEGISLATIVE ASSEMBLY, and, having this day passed, is now ready for presentation to the LEGISLATIVE COUNCIL for its concurrence.*

W. R. McCOURT,  
*Clerk of the Legislative Assembly.*  
Legislative Assembly Chamber,  
Sydney, 19 May, 1931.

*The LEGISLATIVE COUNCIL has this day agreed to this Bill with Amendments.*

W. L. S. COOPER,  
*Clerk of the Parliaments.*  
Legislative Council Chamber,  
Sydney, 11th June, 1931.

## New South Wales.



ANNO VICESIMO SECUNDO

# GEORGII V REGIS.

\*\*\*\*\*

Act No. , 1931.

An Act to provide for the deposit of security by insurance companies; and for purposes connected therewith.

**B**E it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the "Insurance Companies Deposits Act, 1931." Short title.

2. In this Act, unless the context otherwise requires,— Interpretation.

10 "Amount insured" means total amount insured in the State, and includes any bonus or other additions.

47901

125—

"Company"

NOTE.—The words to be omitted are ruled through; those to be inserted are printed in black letter.

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*Insurance Companies Deposits.*

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- 5 "Company" means **includes** any person or association of persons (corporate or unincorporate) which carries on or proposes to carry on insurance business in the State, but does not include a trade union or society registered under any Act relating to friendly societies.
- 10 "Foreign company" means any company which is formed or the head office of which is outside the Commonwealth of Australia, Great Britain, or any other British Dominion, territory, or possession.
- 15 "General insurance business" means the issue of or the undertaking of liability under any policies of insurance other than life policies.
- 20 "Insurance business" includes life insurance business and general insurance business as distinct classes for the purposes of this Act, but does not include any scheme or arrangement whereby superannuation benefits are provided by an employer and/or his employees, or include any business of insurance which is guaranteed by the State.
- 25 "Life insurance business" means the issue of or the undertaking of liability under life policies.
- 30 "Life policy" means an instrument by which is assured the payment of money on death (except death by accident or specified sickness only) or the happening of any contingency dependent upon the termination or continuance of human life, and includes an instrument evidencing a contract which is subject to payment of premiums for a term dependent on the termination or continuance of human life and a contract to pay an annuity upon human life.
- 35 "Local reinsurance premiums" means reinsurance premiums paid to companies carrying on insurance business in the State, but does not include any reinsurance premium paid beyond the State whether under any treaty arrangements or otherwise.
- 40

"Policy"



*Insurance Companies Deposits.*

“Policy” means a policy or contract of insurance in any branch of insurance business.

“Policyholder” means the person who for the time being is the legal owner of the policy.

5 “Premium” includes contribution.

“Premium income” means annual gross income from premiums received in respect of general insurance business within the State, less only local reinsurance premiums and premiums actually returned to policyholders on cancelled insurance.

“Prescribed” means prescribed by this Act or the regulations made thereunder.

“State” means the State of New South Wales.

15 “Treasurer” means the Colonial Treasurer of the State.

**3.** (1) A company carrying on insurance business in the State at the commencement of this Act shall within three months after such commencement deposit with the Treasurer, in respect of each class of insurance business carried on by the company, the sum or sums of money determined in accordance with the Schedule to this Act, or shall within such period of three months cease to carry on insurance business in the State :

Deposit with  
Treasurer by  
insurance  
companies.

25 Provided that where the Treasurer is satisfied that compliance with the provisions of this subsection would press unduly upon the resources of a company carrying on insurance business in the State at the commencement of this Act, he may by writing permit the amount  
30 of the initial deposit required by the provisions of this Act, to be made by instalments by any such company as follows :—

- (a) One quarter within three months of the commencement of this Act ;
- 35 (b) One quarter within nine months of the commencement of this Act ;
- (c) One quarter within fifteen months of the commencement of this Act ;
- 40 (d) One quarter within twenty-four months of the commencement of this Act.

(2)

*Insurance Companies Deposits.*

(2) A company not carrying on insurance business in the State at the commencement of this Act (whether formed before or after the commencement of this Act) shall, if it desires to carry on insurance business in the State, and before commencing to carry on any insurance business in the State, deposit with the Treasurer, in respect of each class of insurance business proposed to be carried on by the company, a sum or sums of money determined in accordance with the Schedule to this Act.

10 (3) Notwithstanding anything in this Act, the obligation imposed by this Act upon a company carrying on insurance business to deposit with the Treasurer any specific sum of money may be satisfied in whole or in part by the deposit by the company of securities of  
15 equal value issued, or guaranteed, by the Government or the Parliament of the State or of the Commonwealth.

Alternative method of giving security for general insurance companies.

(4) The value of any such securities shall, for the purposes of this section, be deemed to be the face value thereof: Provided that, if the market value of any  
20 securities deposited by a company under this section is at any time below par, the Treasurer may, at his discretion, and from time to time, require the company to deposit further securities to such an amount that the total market value of all the securities deposited  
25 by the company equals the total amount of the deposit required to be made by the company under this Act.

(5) Every security deposited with the Treasurer under this section shall (unless it is negotiable) bear or be accompanied by an assignment in blank executed by  
30 the company making the deposit.

(6) Every reference in this Act to the sum of money required to be deposited with the Treasurer shall be deemed to include, mutatis mutandis, a reference to any securities substituted in whole or in part therefor  
35 under the authority of this section, and the Treasurer may, if he thinks fit, convert any such securities into money by sale, hypothecation or otherwise for the purpose of satisfying any final judgment against the company making the deposit prescribed by this Act.

40 (7) All interest accruing due on securities deposited shall be paid to the company depositing such securities as and when received by the Treasurer. (8)

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*Insurance Companies Deposits.*

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(8) If it is proved to the satisfaction of the Treasurer that any company has acquired the share capital or the business of any other company a deposit as required by this Act by the acquiring company shall, 5 if the Treasurer so certifies, be a sufficient compliance with the requirements of the Act.

(9) For the purpose of computing the deposit required to be lodged by the acquiring company the premium income of that company shall be deemed to 10 be the sum of the premium incomes of the acquiring company and of the company whose share capital or business has been acquired.

(10) Any company, person, or association of persons (hereinafter called brokers) granting cover or 15 receiving premiums, proposals, or requests in respect of general insurance business on behalf of or for transmission to any company, person, or association of persons outside the State (hereinafter called the insurers) shall be deemed for the purposes of this Act to be a 20 company carrying on in the State the insurance business to which the cover proposals, requests, or premiums relate, and such brokers shall make deposits of cash or securities under this Act accordingly. If several brokers act in respect of the granting of such cover or 25 in the doing of any of the Acts aforesaid for one insurer or group or groups of insurers the business deemed to be carried on by them under this section shall be regarded as a single insurance business, and the amount of any deposit required to be made under this Act 30 shall be calculated accordingly.

4. A company having made any deposit in pursuance of this Act shall, in the event of an increase of premium income in respect of general insurance business, or increase of the amount insured in respect of life insurance business, as the case may be, deposit with the 35 Treasurer within the prescribed period such additional sum or sums of money as may be necessary to bring its deposit up to the amount prescribed in the Schedule as the amount to be deposited in respect of the amount 40 of premium income or the amount insured, as the case may be.

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*Insurance Companies Deposits.*

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**5.** (1) The initial deposit made to the Treasurer <sup>Initial deposit.</sup> under this Act shall be accompanied—

- 5 (a) by a return certified as correct under the hand of the principal officer of the company or of the chief representative of the company in the State, showing for the last annual business or trading period of the company the premium income of the company in respect of general insurance business or the amount insured under life insurance business of the company, as the case may be;
- 10
- 15 (b) by a copy of the last revenue account and balance-sheet of the company, or if no revenue account and balance-sheet have been issued, by a copy of any prospectus issued by the company;
- 20 (c) by a copy of the memorandum and articles of association of the company (if any); and
- (d) in the case of an individual, by such returns, balance-sheets, and information as are prescribed.

(2) A company or individual person having made an initial deposit with the Treasurer under this Act shall each year within three months after notice given by  
25 the Treasurer make to the Treasurer a return under the hand of the individual, or in the case of a company of the principal officer of the company, or the chief representative of the company in the State, showing for the last annual business or trading period of the company  
30 the premium income of the company in respect of general insurance business or the amount insured under life insurance business of the company, as the case may be.

(3) The Treasurer may, at the expense of the  
35 company or individual, require returns under this Act to be certified as correct by a qualified public accountant or actuary, and may, if he thinks fit, nominate such public accountant or actuary.

(4)

*Insurance Companies Deposits.*

(4) Any person who wilfully or knowingly makes any return under this Act which is false in any material particular shall be guilty of a misdemeanour, and upon conviction shall be liable to imprisonment for two 5 years.

6. (1) Every company shall, if so required by the Treasurer, by a notice in writing, produce to him, or to any person authorised by him in writing, at all reasonable times, any books, accounts, or documents of the 10 company, and shall permit him or any such person to inspect them and take abstracts from them. Production of books, &c.

(2) Any person who, without lawful excuse, publishes or reveals any matter or thing which has come to his knowledge in his official capacity or by virtue of any 15 of the provisions of this Act or the regulations in force thereunder, shall be guilty of a misdemeanour and shall be liable to imprisonment for a term not exceeding two years.

7. (1) Subject to this Act the Treasurer shall hold 20 every sum of money **and all securities** deposited under this Act as security for the payment and satisfaction at such time or times as he thinks fit of all claims under the policies of the company making the deposit in respect of which any policy-holder or person claiming under 25 him has obtained a final judgment against the company, or in the case of a winding-up of the company which are proved in such winding-up. Moneys deposited.

(2) If the claims to be paid or satisfied exceed in the aggregate the amount of the ~~sum deposited~~ **deposit** 30 under this Act the Treasurer shall divide the said ~~sum~~ **deposit** ratably amongst the persons entitled under such claims.

(3) Upon any payment by the Treasurer under this section the deposit under this Act shall be deemed 35 to be reduced by the amount of the payment so made, and upon demand by the Treasurer such further sum or sums of money **or securities** shall be deposited as may be necessary to make good the amount of such reduction.

(4) **Moneys or securities** deposited under this Act 40 shall not be available for the payment of any debts or contracts of the company other than to or with its policyholders

*Insurance Companies Deposits.*

policyholders in respect of their policies until payment or satisfaction in full of all liabilities in the State under such policies has been made or provided for to the satisfaction of the Treasurer.

5 **8.** Subject to this Act, any moneys **or securities** deposited by a company in respect of life insurance business shall be held as a security in respect of the life insurance business of the company only, and any moneys **or securities** deposited by a company in respect  
10 of general insurance business shall be held as a security in respect of the general insurance business of the company only.

Separation  
of deposits.

15 **9.** (1) The Treasurer shall issue certificates of deposit in the prescribed form for the amount of all moneys **or securities** deposited in pursuance of this Act.

Certificates  
of deposit.

(2) All moneys **or securities** deposited by a company in pursuance of this Act shall be deemed to form part of the assets of the company.

20 **10.** Every sum of money deposited by a company in pursuance of this Act shall be placed by the Treasurer in an account to be opened in the Special Deposits Account and designated "Insurance Companies Deposits Account," and on all moneys to the credit of the company therein the Treasurer shall pay to  
25 the company interest at a rate not less than the bank rate of interest on fixed deposits for a period of two years current at the date on the sums deposited by the company with the Treasurer, and such rate of interest shall be varied from time to time in conformity with  
30 any alteration in the bank rate aforesaid.

Interest.

The interest shall be payable half-yearly on the first day of March and the first day of September in each year, and payment shall be made from the Consolidated Revenue Fund without further appropriation than this  
35 Act.

**11.** Any company which complies with the provisions of this Act shall thereupon be exempt from any obligation to deposit against insurers imposed by the Workers' Compensation Act, 1926-1929, or any Act  
40 amending that Act, and any sum of money or securities deposited

Refund of  
deposits made  
under  
Workers'  
Compensa-  
tion Act.

*Insurance Companies Deposits.*

deposited by a company thereunder, or such part thereof as the Treasurer may determine to be free from any known claim, charge, or liability pursuant to that Act, shall be applied by the Treasurer towards satisfaction of  
5 the obligations imposed by this Act.

For the purpose of this section any company who makes an initial deposit by instalments under the proviso to subsection one of section three of this Act shall not be deemed to have complied with the provisions of this  
10 Act until the last such instalment has been made

**12.** (1) If any company makes default in compliance with any of the requirements of this Act, or carries on insurance business in the State in contravention of its provisions, such company, or any person acting as  
15 director thereof, and also its attorney, agent, manager, or chief representative in the State, shall be respectively and severally liable to a penalty not exceeding one hundred pounds for every day during which such default or contravention continues, and if any such default or con-  
20 travention is continued by any company for a period of three months the Treasurer may by notice in the Government Gazette prohibit any such company from carrying on any insurance business in the State either absolutely or for such time as specified in the notice.

**25** (2) If insurance business is carried on by a company in the State in contravention of any notice of prohibition under this section, any person acting as director thereof, and the attorney, agent, manager, or chief representative of such company in the  
30 State, or any person responsible for such contravention, shall be guilty of a misdemeanour and shall be liable to imprisonment for a term not exceeding two years.

**13.** (1) Every company shall have an office in the State under the control of a person duly appointed as  
35 its chief representative in the State, and shall lodge with the Treasurer notice in writing of the situation of the office and of the full name, address, and designation of such representative, and whenever any change takes place in the situation of the office, or the name, address,  
40 or designation of the representative a prescribed notice in writing shall be lodged with the Treasurer.

(2)

*Insurance Companies Deposits.*

(2) Process in any legal proceedings under this Act in any court against a company, its attorney, agent, manager, or chief representative, may be served by leaving it at the office of the company.

5 (3) The allegation in any proceeding under this Act that any body or association therein named is an incorporated body under any Act shall be prima facie evidence of the fact alleged.

10 **14.** In the event at any time of the Treasurer being satisfied that consequent upon any reduction in premium income in respect of general insurance business or reduction in the amount insured in respect of life insurance business moneys **or securities** deposited by a company are in excess of the requirements of this Act, 15 the company may, upon three months notice to the Treasurer, apply to withdraw such money **or securities** as is **or are** in excess of the requirements of this Act.

20 **15.** (1) If any company ceases to carry on insurance business in the State, such company may withdraw the moneys **or securities** which are held deposited by it under this Act, together with interest,—

(a) upon the expiration of six months after service on the Treasurer of a notice in writing on behalf of the company under the hand of the principal officer of the company, or of the chief representative of the company in the State, stating that the company has ceased to carry on insurance business in the State; and

25 (b) upon satisfying the Treasurer that the company has not from the date of the service of the notice carried on insurance business in the State; and

30 (c) upon satisfying the Treasurer that all the liabilities of the company in the State in respect of insurance business are fully liquidated or provided for.

35 (2) The Treasurer shall cause every notice served on him under this section, and also his decision with regard to the proposed withdrawal, to be published at the cost of the company in such manner as he thinks fit.

(3)



*Insurance Companies Deposits.*

(3) Any company having withdrawn any surety money **or securities** under this section shall not again carry on insurance business in the State except with the consent of the Treasurer, but such consent shall not be  
 5 withheld if such company, before commencing to carry on business, makes the deposit required by this Act to be made by a company not carrying on insurance business in the State at the commencement of this Act.

Any contravention of the provisions of this subsection  
 10 shall be punishable in the same manner as a contravention of section twelve of this Act is punishable.

**16.** Failure on the part of a company to comply <sup>Saving.</sup> with any provision of this Act shall not in any way invalidate any policy issued by the company.

**15 17.** (1) Subject to this Act any company which carries on or proposes to carry on only mutual insurance may, upon application to the Treasurer in prescribed form, be granted by the Treasurer in his absolute discretion and for such period as he may determine, a  
 20 certificate of whole or partial exemption from the obligation to make a deposit under this Act. <sup>Exemption in certain cases.</sup>

(2) Any application for exemption under this section shall be accompanied by such information as may be required by the Treasurer, or as may be pre-  
 25 scribed.

(3) A certificate of exemption under this section shall not be granted in respect of life insurance business, or in respect of insurance of employers against liability to pay compensation or damages to workers in their  
 30 employment, or in respect of any other kind of insurance which may be prescribed.

No such certificate shall be granted unless the Treasurer is satisfied that—

- 35** (a) all profits on any such mutual insurance belong wholly to policyholders of the company;
- (b) that policyholders of the company are not subject to any call or liability other than payment of the required insurance premium.

**18.** (1) Nothing in this Act shall apply to any person  
 40 or association of persons (corporate or unincorporate) appointed, formed, or to be formed or appointed by any religious denomination to carry on and whilst carrying on fire insurance only, in relation only, to churches,  
 church

*Insurance Companies Deposits.*

church schools, or church property (and contents thereof) belonging to any such religious denomination and/or in relation to any property used for or in connection with any religious, educational, benevolent, or charitable  
5 work of any such denomination.

(2) For the purpose of this section fire insurance shall be deemed to mean insurance against loss or damage by fire and/or lightning and/or by such other causes as under general insurance practice in the  
10 State are ordinarily insurable under a contract of fire insurance.

1819. (1) The Governor may make regulations not <sup>Regulations.</sup> inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed  
15 or which are necessary or convenient to be prescribed for giving effect to this Act.

(2) The regulations shall—

- (a) be published in the Gazette;
- 20 (b) take effect from the date of publication, or from a later date specified in the regulations;
- (c) be laid before both Houses of Parliament within fourteen sitting days if Parliament is then in session, and if not, then within fourteen sitting days after the commencement of  
25 the next session.

If either House of Parliament passes a resolution of which notice has been given at any time within fifteen sitting days after the regulations have been laid before such House disallowing any regulation or part thereof,  
30 the regulation or part shall thereupon cease to have effect.

*Insurance Companies Deposits.*

SCHEDULE.

GENERAL INSURANCE BUSINESS.

		Amount of Deposit.
5	A company carrying on any general insurance business in the State at the commencement of this Act.	<p>A company with premium income:—</p> <p>not exceeding £10,000 ... £20,000</p> <p>exceeding £10,000 but not exceeding £40,000 ... £35,000</p> <p>exceeding £40,000 ... £50,000</p>
10		A minimum deposit of £5,000 plus a percentage of 25 per centum of the annual premium income in the State, the maximum deposit not to exceed £20,000.
15		
20	A company not carrying on any general insurance business in the State at the commencement of this Act, and commencing to carry on any general insurance business thereafter.	<p>A company formed within the limits of the Commonwealth of Australia ... .. £50,000 £20,000</p> <p>A company formed beyond the limits of the Commonwealth of Australia, but within the limits of Great Britain or any British Dominion, territory or possession ... .. £75,000 £30,000</p> <p>A foreign company ... .. £100,000 £50,000</p>
25		
30	LIFE INSURANCE BUSINESS.	
35	A company carrying on life insurance business in the State at the commencement of this Act.	<p>Amount of Deposit.</p> <p>£5,000 £10,000 when the amount insured by the company does not exceed £100,000, and a further amount of £5,000 in respect of each additional £100,000 or part by which the amount insured by the company exceeds £100,000 : Subject to a maximum deposit of £50,000 £30,000.</p>
40		

*Insurance Companies Deposits.*SCHEDULE—*continued.*LIFE INSURANCE BUSINESS—*continued.*

		Amount of Deposit.		
5	A company not carrying on life insurance business in the State at the commencement of this Act, and commencing to carry on such business thereafter.	A company formed within the limits of the Commonwealth of Australia.	£5,000	£10,000 and a further amount of £5,000 in respect of each £100,000 or part of the amount insured by the company: Subject to a maximum deposit of £50,000
10			£35,000.	
15		A company formed beyond the limits of the Commonwealth of Australia, but within the limits of Great Britain or any British Dominion, territory or possession ...	£75,000	£40,000
			A foreign company ...	£100,000





*This PUBLIC BILL originated in the LEGISLATIVE ASSEMBLY, and, having this day passed, is now ready for presentation to the LEGISLATIVE COUNCIL for its concurrence.*

W. R. McCOURT,  
*Clerk of the Legislative Assembly.*  
*Legislative Assembly Chamber,*  
*Sydney, 19 May, 1931.*

## New South Wales.



ANNO VICESIMO SECUNDO

# GEORGII V REGIS.

\*\*\*\*\*

Act No. , 1931.

An Act to provide for the deposit of security by insurance companies; and for purposes connected therewith.

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the "Insurance Companies Deposits Act, 1931." Short title.

2. In this Act, unless the context otherwise requires,— Interpretation.

10 "Amount insured" means total amount insured in the State, and includes any bonus or other additions.

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*Insurance Companies Deposits.*

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- 5 "Company" means any person or association of persons (corporate or unincorporate) which carries on or proposes to carry on insurance business in the State, but does not include a trade union or society registered under any Act relating to friendly societies.
- 10 "Foreign company" means any company which is formed or the head office of which is outside the Commonwealth of Australia, Great Britain, or any other British Dominion, territory, or possession.
- 15 "General insurance business" means the issue of or the undertaking of liability under any policies of insurance other than life policies.
- 20 "Insurance business" includes life insurance business and general insurance business as distinct classes for the purposes of this Act, but does not include any scheme or arrangement whereby superannuation benefits are provided by an employer and/or his employees, or include any business of insurance which is guaranteed by the State.
- 25 "Life insurance business" means the issue of or the undertaking of liability under life policies.
- 30 "Life policy" means an instrument by which is assured the payment of money on death (except death by accident or specified sickness only) or the happening of any contingency dependent upon the termination or continuance of human life, and includes an instrument evidencing a contract which is subject to payment of premiums for a term dependent on the termination or continuance of human life and a contract to pay an annuity upon human life.
- 35 "Local reinsurance premiums" means reinsurance premiums paid to companies carrying on insurance business in the State, but does not include any reinsurance premium paid beyond
- 40 the State whether under any treaty arrangements or otherwise.

"Policy"



*Insurance Companies Deposits.*

“Policy” means a policy or contract of insurance in any branch of insurance business.

“Policyholder” means the person who for the time being is the legal owner of the policy.

5 “Premium” includes contribution.

10 “Premium income” means annual gross income from premiums received in respect of general insurance business within the State, less only local reinsurance premiums and premiums actually returned to policyholders on cancelled insurance.

“Prescribed” means prescribed by this Act or the regulations made thereunder.

“State” means the State of New South Wales.

15 “Treasurer” means the Colonial Treasurer of the State.

3. (1) A company carrying on insurance business in the State at the commencement of this Act shall within three months after such commencement deposit with the Treasurer, in respect of each class of insurance business carried on by the company, the sum or sums of money determined in accordance with the Schedule to this Act, or shall within such period of three months cease to carry on insurance business in the State :

Deposit with  
Treasurer by  
insurance  
companies.

25 Provided that where the Treasurer is satisfied that compliance with the provisions of this subsection would press unduly upon the resources of a company carrying on insurance business in the State at the commencement of this Act, he may by writing permit the amount

30 of the initial deposit required by the provisions of this Act, to be made by instalments by any such company as follows :—

- 35 (a) One quarter within three months of the commencement of this Act ;
- (b) One quarter within nine months of the commencement of this Act ;
- (c) One quarter within fifteen months of the commencement of this Act ;
- 40 (d) One quarter within twenty-four months of the commencement of this Act.

(2)

*Insurance Companies Deposits.*

(2) A company not carrying on insurance business in the State at the commencement of this Act (whether formed before or after the commencement of this Act) shall, if it desires to carry on insurance business in the State, and before commencing to carry on any insurance business in the State, deposit with the Treasurer, in respect of each class of insurance business proposed to be carried on by the company, a sum or sums of money determined in accordance with the Schedule to this Act.

10 **4.** A company having made any deposit in pursuance of this Act shall, in the event of an increase of premium income in respect of general insurance business, or increase of the amount insured in respect of life insurance business, as the case may be, deposit with the  
15 Treasurer within the prescribed period such additional sum or sums of money as may be necessary to bring its deposit up to the amount prescribed in the Schedule as the amount to be deposited in respect of the amount of premium income or the amount insured, as the case  
20 may be.

**5.** (1) The initial deposit made to the Treasurer under this Act shall be accompanied—

(a) by a return certified as correct under the hand of the principal officer of the company or of the chief representative of the company in the State, showing for the last annual business or trading period of the company the premium income of the company in respect of general insurance business or the amount insured under life insurance business of the company, as the case may be ;

(b) by a copy of the last revenue account and balance-sheet of the company, or if no revenue account and balance-sheet have been issued, by a copy of any prospectus issued by the company ;

(c) by a copy of the memorandum and articles of association of the company (if any) ; and

(d) in the case of an individual, by such returns, balance-sheets, and information as are prescribed.

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*Insurance Companies Deposits.*

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(2) A company or individual person having made an initial deposit with the Treasurer under this Act shall each year within three months after notice given by the Treasurer make to the Treasurer a return under the  
5 hand of the individual, or in the case of a company of the principal officer of the company, or the chief representative of the company in the State, showing for the last annual business or trading period of the company the premium income of the company in respect of  
10 general insurance business or the amount insured under life insurance business of the company, as the case may be.

(3) The Treasurer may, at the expense of the company or individual, require returns under this Act  
15 to be certified as correct by a qualified public accountant or actuary, and may, if he thinks fit, nominate such public accountant or actuary.

(4) Any person who wilfully or knowingly makes any return under this Act which is false in any material  
20 particular shall be guilty of a misdemeanour, and upon conviction shall be liable to imprisonment for two years.

**6.** (1) Every company shall, if so required by the Treasurer, by a notice in writing, produce to him, or to  
25 any person authorised by him in writing, at all reasonable times, any books, accounts, or documents of the company, and shall permit him or any such person to inspect them and take abstracts from them. Production of books, &c.

(2) Any person who, without lawful excuse, publishes or reveals any matter or thing which has come to  
30 his knowledge in his official capacity or by virtue of any of the provisions of this Act or the regulations in force thereunder, shall be guilty of a misdemeanour and shall be liable to imprisonment for a term not exceeding two  
35 years.

**7.** (1) Subject to this Act the Treasurer shall hold every sum of money deposited under this Act as security  
for the payment and satisfaction at such time or times as he thinks fit of all claims under the  
policies Moneys deposited.

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*Insurance Companies Deposits.*

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policies of the company making the deposit in respect of which any policy-holder or person claiming under him has obtained a final judgment against the company, or in the case of a winding-up of the company which  
5 are proved in such winding-up.

(2) If the claims to be paid or satisfied exceed in the aggregate the amount of the sum deposited under this Act the Treasurer shall divide the said sum ratably amongst the persons entitled under such claims.

10 (3) Upon any payment by the Treasurer under this section the deposit under this Act shall be deemed to be reduced by the amount of the payment so made, and upon demand by the Treasurer such further sum or sums of money shall be deposited as may be necessary  
15 to make good the amount of such reduction.

(4) Moneys deposited under this Act shall not be available for the payment of any debts or contracts of the company other than to or with its policyholders in respect of their policies until payment or satisfaction  
20 in full of all liabilities in the State under such policies has been made or provided for to the satisfaction of the Treasurer.

8. Subject to this Act, any moneys deposited by a company in respect of life insurance business shall be  
25 held as a security in respect of the life insurance business of the company only, and any moneys deposited by a company in respect of general insurance business shall be held as a security in respect of the general insurance business of the company only.

30 9. (1) The Treasurer shall issue certificates of deposit in the prescribed form for the amount of all moneys deposited in pursuance of this Act.

(2) All moneys deposited by a company in pursuance of this Act shall be deemed to form part of  
35 the assets of the company.

10. Every sum of money deposited by a company in pursuance of this Act shall be placed by the Treasurer in an account to be opened in the Special Deposits  
**Account**

*Insurance Companies Deposits.*

- Account and designated "Insurance Companies Deposits Account," and on all moneys to the credit of the company therein the Treasurer shall pay to the company interest at a rate not less than the bank rate of interest on fixed deposits for a period of two years current at the date on the sums deposited by the company with the Treasurer, and such rate of interest shall be varied from time to time in conformity with any alteration in the bank rate aforesaid.
- 10 The interest shall be payable half-yearly on the first day of March and the first day of September in each year, and payment shall be made from the Consolidated Revenue Fund without further appropriation than this Act.
- 15 **11.** Any company which complies with the provisions of this Act shall thereupon be exempt from any obligation to deposit against insurers imposed by the Workers' Compensation Act, 1926-1929, or any Act amending that Act, and any sum of money or securities deposited by a company thereunder, or such part thereof as the Treasurer may determine to be free from any known claim, charge, or liability pursuant to that Act, shall be applied by the Treasurer towards satisfaction of the obligations imposed by this Act. Refund of deposits made under Workers' Compensation Act.
- 20
- 25 For the purpose of this section any company who makes an initial deposit by instalments under the proviso to subsection one of section three of this Act shall not be deemed to have complied with the provisions of this Act until the last such instalment has been made.
- 30 **12.** (1) If any company makes default in compliance with any of the requirements of this Act, or carries on insurance business in the State in contravention of its provisions, such company, or any person acting as director thereof, and also its attorney, agent, manager, or chief representative in the State, shall be respectively and severally liable to a penalty not exceeding one hundred pounds for every day during which such default or contravention continues, and if any such default or contravention is continued by any company for a period of three Penalty for carrying on business without making deposit.
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*Insurance Companies Deposits.*

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three months the Treasurer may by notice in the Government Gazette prohibit any such company from carrying on any insurance business in the State either absolutely or for such time as specified in the notice.

- 5 (2) If insurance business is carried on by a company in the State in contravention of any notice of prohibition under this section, any person acting as director thereof, and the attorney, agent, manager, or chief representative of such company in the  
10 State, or any person responsible for such contravention, shall be guilty of a misdemeanour and shall be liable to imprisonment for a term not exceeding two years.

13. (1) Every company shall have an office in the State under the control of a person duly appointed as  
15 its chief representative in the State, and shall lodge with the Treasurer notice in writing of the situation of the office and of the full name, address, and designation of such representative, and whenever any change takes place in the situation of the office, or the name, address,  
20 or designation of the representative a prescribed notice in writing shall be lodged with the Treasurer.

- (2) Process in any legal proceedings under this Act in any court against a company, its attorney, agent, manager, or chief representative, may be served by  
25 leaving it at the office of the company.

(3) The allegation in any proceeding under this Act that any body or association therein named is an incorporated body under any Act shall be prima facie evidence of the fact alleged.

- 30 14. In the event at any time of the Treasurer being satisfied that consequent upon any reduction in premium income in respect of general insurance business or  
reduction in the amount insured in respect of life insurance business moneys deposited by a company are in  
35 excess of the requirements of this Act, the company may, upon three months notice to the Treasurer, apply to withdraw such money as is in excess of the requirements of this Act.

*Insurance Companies Deposits.*

**15.** (1) If any company ceases to carry on insurance business in the State, such company may withdraw the moneys which are held deposited by it under this Act, together with interest,—

Withdrawal  
on ceasing  
business.

5 (a) upon the expiration of six months after service on the Treasurer of a notice in writing on behalf of the company under the hand of the principal officer of the company, or of the chief representative of the company in the State, stating that the company has ceased to carry on insurance business in the State; and

10

(b) upon satisfying the Treasurer that the company has not from the date of the service of the notice carried on insurance business in the State; and

15

(c) upon satisfying the Treasurer that all the liabilities of the company in the State in respect of insurance business are fully liquidated or provided for.

20

(2) The Treasurer shall cause every notice served on him under this section, and also his decision with regard to the proposed withdrawal, to be published at the cost of the company in such manner as he thinks fit.

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(3) Any company having withdrawn any surety money under this section shall not again carry on insurance business in the State except with the consent of the Treasurer, but such consent shall not be withheld if such company, before commencing to carry on business, makes the deposit required by this Act to be made by a company not carrying on insurance business in the State at the commencement of this Act.

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Any contravention of the provisions of this subsection shall be punishable in the same manner as a contravention of section twelve of this Act is punishable.

35

**16.** Failure on the part of a company to comply with any provision of this Act shall not in any way invalidate any policy issued by the company.

Saving.

*Insurance Companies Deposits.*

**17.** (1) Subject to this Act any company which carries on or proposes to carry on only mutual insurance may, upon application to the Treasurer in prescribed form, be granted by the Treasurer in his absolute discretion and for such period as he may determine, a certificate of whole or partial exemption from the obligation to make a deposit under this Act. Exemption in certain cases.

(2) Any application for exemption under this section shall be accompanied by such information as may be required by the Treasurer, or as may be prescribed.

(3) A certificate of exemption under this section shall not be granted in respect of life insurance business, or in respect of insurance of employers against liability to pay compensation or damages to workers in their employment, or in respect of any other kind of insurance which may be prescribed.

No such certificate shall be granted unless the Treasurer is satisfied that—

- (a) all profits on any such mutual insurance belong wholly to policyholders of the company ;
- (b) that policyholders of the company are not subject to any call or liability other than payment of the required insurance premium.

**18.** (1) The Governor may make regulations not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed or which are necessary or convenient to be prescribed for giving effect to this Act. Regulations.

- (2) The regulations shall—
- (a) be published in the Gazette ;
  - (b) take effect from the date of publication, or from a later date specified in the regulations ;
  - (c) be laid before both Houses of Parliament within fourteen sitting days if Parliament is then in session, and if not, then within fourteen sitting days after the commencement of the next session.

If



*Insurance Companies Deposits.*

If either House of Parliament passes a resolution of which notice has been given at any time within fifteen sitting days after the regulations have been laid before such House disallowing any regulation or part thereof, the regulation or part shall thereupon cease to have effect.

## SCHEDULE.

## GENERAL INSURANCE BUSINESS.

		Amount of Deposit.	
10	A company carrying on any general insurance business in the State at the commencement of this Act.		
		A company with premium income:—	
		not exceeding £10,000...	£20,000
15		exceeding £10,000 but not exceeding £40,000	£35,000
		exceeding £40,000 ...	£50,000
20	A company not carrying on any general insurance business in the State at the commencement of this Act, and commencing to carry on any general insurance business thereafter.	A company formed within the limits of the Commonwealth of Australia ... ..	£50,000
25		A company formed beyond the limits of the Commonwealth of Australia, but within the limits of Great Britain or any British Dominion, territory or possession ... ..	£75,000
		A foreign company ...	£100,000

SCHEDULE

*Insurance Companies Deposits.*

SCHEDULE—*continued.*

LIFE INSURANCE BUSINESS.

		Amount of Deposit.
5	A company carrying on life insurance business in the State at the commencement of this Act.	£5,000 when the amount insured by the company does not exceed £100,000, and a further amount of £5,000 in respect of each additional £100,000 or part by which the amount insured by the company exceeds £100,000 : Subject to a maximum deposit of £50,000.
10		
15	A company not carrying on life insurance business in the State at the commencement of this Act, and commencing to carry on such business thereafter.	£5,000 and a further amount of £5,000 in respect of each £100,000 or part of the amount insured by the company : Subject to a maximum deposit of £50,000.
20	A company formed within the limits of the Commonwealth of Australia.	
25	A company formed beyond the limits of the Commonwealth of Australia, but within the limits of Great Britain or any British Dominion, territory or possession ... ..	£75,000
30	A foreign company ... ..	£100,000