

INSURANCE COMPANIES' DEPOSITS AMENDMENT BILL

EXPLANATORY NOTE

Clause 2 of this Bill provides that the deposits that will be required to be made by insurance companies in the event of their commencing or recommencing to carry on employers' liability insurance business must be made by the deposit of approved securities and not in money.

Clause 3 provides that companies that have not completely withdrawn the deposits previously made by them in respect of this class of business may do so on making a deposit of securities in accordance with *clause 2*.

Clause 4 repeals the provision for a deposit of £15,000 in respect of employers' liability insurance business by a British company that was carrying on business in New Zealand before 6th February, 1922. The effect of the clause is to raise the amount of every such deposit to £22,500, which is the amount required from other British companies and from local companies, except certain mutual companies now carrying on that business by virtue of section 5 of the Workers' Compensation Amendment Act, 1947, and entitled under section 5 of the Insurance Companies Act, 1940, to make a deposit of £1,000, plus a further £1,000 for each £2,500 of premium income. Mutual Fire Insurance Associations are not required to make any deposit. Agents of British underwriters are required to deposit £15,000. Foreign insurance companies and agents of foreign underwriters are required to deposit £50,000 to cover all classes of insurance business, or £35,000 in the case of companies carrying on business in New Zealand before 28th September, 1922.

Clause 5 enables local companies that were carrying on employers' liability insurance business on 11th October, 1940, and made deposits under section 5 of the Insurance Companies Act, 1940, based on premium income, to recommence that class of business before 1st April, 1952, on making a deposit of securities of a value computed on the same basis, that is to say—£1,000, plus a further £1,000 for each £2,500 of premium income.

Clause 6 provides for the payment to the Public Trustee by insurance companies of remuneration as agreed on, or as fixed by the Minister of Finance, for the Public Trustee's services in managing any securities deposited under the principal Act.

Hon. Mr. Marshall

**INSURANCE COMPANIES' DEPOSITS
AMENDMENT**

ANALYSIS

Title.	
1. Short Title.	4. Deposits by British companies in respect of employers' liability insurance business to be £22,500 in all cases.
2. Deposits in respect of employers' liability insurance business to be in approved securities.	5. Deposits by certain local companies recommencing employers' liability insurance business to be based on premium income.
3. Refund of deposits previously made.	6. Remuneration of Public Trustee.

A BILL INTITULED

AN ACT to Amend the Insurance Companies' Deposits Act, 1921-22. Title.

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the Insurance Companies' Deposits Amendment Act, 1950, and shall be read together with and deemed part of the Insurance Companies' Deposits Act, 1921-22 (hereinafter referred to as the principal Act). Short Title. See Reprint of Statutes, Vol. IV, p. 165
2. (1) Notwithstanding anything to the contrary in the principal Act, every company or other person required under the principal Act to make a deposit after the passing of this Act in respect of employers' liability insurance business shall, instead of depositing money, deposit with the Public Trustee approved securities as Deposits in respect of employers' liability insurance business to be in approved securities.

1940, No. 27

defined in section eleven of the Insurance Companies Act, 1940, valued at not less than the amount of the deposit required, and shall not at any time make any part of any such deposit in money.

(2) Subject to this section, the provisions of the principal Act, and in particular sections eleven, twelve, and thirteen of the Insurance Companies Act, 1940, shall, as far as they are applicable and with the necessary modifications, apply with respect to deposits made in accordance with this section.

Refund of deposits previously made. 1947, No. 58

3. Notwithstanding anything to the contrary in section eight of the principal Act or in section thirty-six of the Workers' Compensation Amendment Act, 1947, every company or other person that made any deposit to which the said section thirty-six applies and has not previously withdrawn it shall be entitled to withdraw the whole or, as the case may be, the balance of that deposit upon making a deposit in accordance with section two of this Act.

Deposits by British companies in respect of employers' liability insurance business to be £22,500 in all cases.

See Reprint of Statutes, Vol. IV, p. 169

Deposits by certain local companies recommencing employers' liability insurance business to be based on premium income. 1940, No. 27

4. (1) The First Schedule to the principal Act is hereby amended by repealing so much thereof as relates to employers' liability insurance business.

(2) Section two of the Insurance Companies' Deposits Amendment Act, 1922, is hereby amended by omitting from subsection one the words "Save as provided in subsection four of section three of the principal Act".

5. (1) This section applies to every local company which at the commencement of the Insurance Companies Act, 1940, was carrying on in New Zealand employers' liability insurance business, and which ceased on the first day of April, nineteen hundred and forty-nine, to carry on that class of business in New Zealand.

(2) Where any local company to which this section applies proposes to recommence employers' liability insurance business in New Zealand before the first day of April, nineteen hundred and fifty-two, it shall, before recommencing that class of business, instead of complying with section four of the Insurance Companies Act, 1940, as modified by this Act, in respect of that class of business, deposit with the Public Trustee approved securities valued at not less than one thousand pounds, together with further approved securities valued at not

less than one thousand pounds for each complete two thousand five hundred pounds of premium income earned by the company in respect of that class of business in its last financial year ended before the first day of April, 5 nineteen hundred and forty-nine.

(3) If the premium income earned by any such local company in respect of employers' liability insurance business in any financial year after the year referred to in the *last preceding* subsection is such that if the deposit 10 under that subsection had been fixed by reference thereto it would have exceeded the deposits already made by the company under this section in respect of that class of business, then in every such case the company shall, within six months after the end of that financial year, 15 deposit with the Public Trustee approved securities valued at not less than the amount by which the deposits already made would have been so exceeded.

(4) No company shall be required under this section to deposit in respect of employers' liability insurance 20 business a greater sum than the sum specified in the Schedule to the Insurance Companies Act, 1940, in respect of that class of business.

(5) Every local company to which this section applies shall, before recommencing employers' liability insurance 25 business, lodge with the Public Trustee a statement setting forth the premium income earned by the company in respect of that class of business in its last financial year ended before the first day of April, nineteen hundred and forty-nine. Every such statement shall be verified 30 by a statutory declaration made by a director or by the secretary of the company.

6. The Public Trustee shall be entitled to such reasonable remuneration from any company or other person as may be agreed upon between the Public Trustee and the 35 company or other person or, failing agreement, as shall be fixed by the Minister of Finance, either generally or in any particular case, for the Public Trustee's services in respect of any approved securities deposited by the company or other person (whether before or after the 40 passing of this Act) under any of the provisions of the principal Act, including this Act.

Remuneration
of Public
Trustee.