



**THE LIFE INSURANCE COMPANIES INVESTMENTS
ORDER 1980**

KEITH HOLYOAKE, Governor-General
By His Deputy, RONALD DAVISON

ORDER IN COUNCIL

At the Government House at Wellington this 23rd day of June 1980

Present:

HIS EXCELLENCY THE GOVERNOR-GENERAL BY HIS DEPUTY IN COUNCIL
PURSUANT to sections 34c and 50 of the Reserve Bank of New Zealand
Act 1964, His Excellency the Governor-General, acting by and with
the advice and consent of the Executive Council, hereby makes the
following order.

ORDER

1. Title and commencement—(1) This order may be cited as the
Life Insurance Companies Investments Order 1980.

(2) This order shall come into force on the 1st day of July 1980.

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

“Bank” means the Reserve Bank of New Zealand:

“Company” has the same meaning as in section 2 of the Life
Insurance Act 1908; and includes any department, division, or
office of any such company:

“Farming investment” means—

(a) Any advance for the purchase of any farm land, or for
the purchase of any lease in respect of farm land:

(b) Any advance for the purchase or erection of any building
on farm land, or for the purchase of any lease in respect of any
building on farm land:

(c) The amount of any payment for the purchase of any
lease in respect of farm land or of any building thereon:

(d) The amount of any expenditure for the purchase or
development of farm land forming part of the selected New
Zealand assets:

(e) Any refinancing advance in respect of a farming invest-
ment:

“Farm land” means land in New Zealand that is used primarily and principally for agricultural purposes, being purposes which relate to the cultivation of the soil for the production of food and other useful products of the soil, and the use of the land for horticultural, silvicultural, or pastoral purposes, or for the keeping of pigs, bees, or poultry:

“Government securities” means any New Zealand Government securities or Treasury Bills issued and registered in New Zealand and any Government of Western Samoa stock which is both issued and registered in New Zealand after the 1st day of August 1976:

“Housing bond” means a housing bond issued pursuant to the Post Office Act 1959 or pursuant to the Trustee Savings Banks Act 1948:

“Housing investment” means—

(a) Any advance for the purchase or erection of any house or other dwelling place in New Zealand used or to be used for private residential purposes:

(b) Any advance for the purchase of any right to occupy any land or house or other dwelling place in New Zealand used or to be used for private residential purposes:

(c) Any advance for the purchase of any land in New Zealand for private residential purposes:

(d) The amount of any expenditure on any land or house or other dwelling place in New Zealand purchased for private residential purposes and forming part of the selected New Zealand assets:

(e) The amount of any payment for the purchase of any lease in respect of any land or house or other dwelling place in New Zealand used or to be used for private residential purposes:

(f) Any refinancing advance in respect of a housing investment:

(g) Housing bonds:

“Land” includes any estate or interest, whether freehold or chattel, in real property:

“Life insurance fund” has the meaning given to it by section 15 of the Life Insurance Act 1908:

“Local authority securities” means debentures, stock, or other securities issued by any local authority within the meaning of Part I of the Local Authorities Loans Act 1956, whether by virtue of section 2 of that Act or of any Order in Council thereunder or by virtue of any other Act:

“Public securities” means Government securities and local authority securities:

“Quarter” means a period of 3 months ending with the 31st day of March, the 30th day of June, the 30th day of September, or the 31st day of December in any year:

“Refinancing advance” means any advance for the purpose of repaying all or part of any farming investment or housing investment:

“Selected New Zealand assets” means the net value of the items specified in part A of the Schedule to this order, calculated as follows:

(a) In the case of a company transacting business besides that of life insurance, using the assets which relate to the life insurance fund of the company in New Zealand:

(b) In all other cases, using the entire assets of the company in New Zealand:

“Specified securities” means Government securities, local authority securities, housing investments, and farming investments.

3. Insurance companies to hold specified securities—(1) Every company shall at all times during each quarter hold the beneficial ownership of specified securities equal to at least 50 percent of the amount of its total selected New Zealand assets as at the end of the immediately preceding quarter, of which amount—

(a) Public securities shall comprise at least 30 percent of those assets; and

(b) Government securities shall comprise at least 20 percent of those assets; and

(c) Housing investments and farming investments shall comprise in total at least 20 percent of those assets.

(2) For the purposes of this order, a company that makes any payment to the Registrar of Stock in respect of a current subscription for Government stock shall be deemed to hold Government securities to the extent of that payment.

(3) If a company holds any specified security not later than the forty-second day after the commencement of any quarter, then, for the purposes of this clause, it shall be deemed to have held that specified security on the first day of that quarter.

4. Returns to Reserve Bank—(1) Within 42 days after the last day of each quarter, every company shall send to the Head Office of the Bank at Wellington a quarterly return of selected New Zealand assets made up as at the last day of each quarter.

(2) Every such return shall contain the information set out in the Schedule to this order and shall be in the form prescribed by the Bank.

5. Exemptions—(1) The Bank may from time to time, by notice in writing, grant to any company exemption from compliance with any provision of this order, subject to such conditions as the Bank thinks fit to impose.

(2) Any exemption granted under this clause may, by notice in writing to the company, be revoked or varied by the Bank from time to time as it thinks fit.

6. Revocations and savings—(1) The following orders are hereby revoked:

(a) The Life Insurance Companies Investments Order 1973*:

(b) The Life Insurance Companies Investments Order 1973, Amendment No. 3†:

*S.R. 1973/236

†S.R. 1977/156

(c) The Life Insurance Companies Investments Order 1973, Amendment No. 4*.

(2) Any securities hitherto approved as Government securities or local authority securities for the purposes of the Life Insurance Companies Investments Order 1973 shall, for the purposes of this order, continue to be regarded as Government securities or local authority securities, as the case may be.

*S.R. 1977/282

SCHEDULE

Reg. 4 (2)

INFORMATION TO BE CONTAINED IN QUARTERLY RETURN OF SELECTED NEW ZEALAND ASSETS TO BE MADE BY LIFE INSURANCE COMPANIES IN RESPECT OF NEW ZEALAND BUSINESS¹

Name of Company:

Quarter Ended:

A. STATEMENT OF SELECTED NEW ZEALAND ASSETS

	Value or Amount \$(000)
Cash in hand or on current account	
Other deposits	
Government securities	
Local authority securities	
Company stocks and shares	
Company debentures and notes	
Land, buildings, and house property ²	
Total mortgage advances for all purposes	
Loans on policies	
Other loans	
Less bank overdraft	
<i>Total selected New Zealand assets</i>	

B. STATEMENT OF HOUSING AND FARMING INVESTMENTS

	Value or Amount \$(000)
1. <i>Total Housing Investments</i>	
2. <i>Total Farming Investments</i>	

¹ To be completed in respect of assets of the life insurance fund where a company transacts business besides that of life insurance; and in respect of the entire assets of the company in all other cases. Balance according to the insurance company's books at the end of each quarter without adjustment for items which have not been brought into account at that date. Value of items to be shown at cost or market value in accordance with standard accounting procedures, except as specified in footnote 2.

² 30 September 1969 book value, or actual expenditure incurred.

P. G. MILLEN,
Clerk of the Executive Council.

EXPLANATORY NOTE

This note is not part of the order, but is intended to indicate its general effect.

This order consolidates and amends the Life Insurance Companies Investments Order 1973 and amendments.

It requires each life insurance company to hold, during each quarter, 50 percent of its total selected New Zealand assets (relating to the life insurance business of the company only) as at the end of the preceding quarter in specified securities, of which at least 30 percent must be in public securities, at least 20 percent must be in Government securities, and at least 20 percent must be in housing or farming investments.

Life insurance companies have 42 days after the commencement of a quarter to acquire the required securities.

Quarterly returns of selected New Zealand assets must be forwarded to the Reserve Bank of New Zealand within 42 days after the last day of each quarter.

Issued under the authority of the Regulations Act 1936.

Date of notification in *Gazette*: 26 June 1980.

This order is administered in the Reserve Bank of New Zealand.