



Life Insurance Act 1995

COMMISSIONER'S RULES

SINGLE BANK ACCOUNT FOR STATUTORY FUNDS (s 34(4))

I, Frederick George Herbert Pooley, Insurance and Superannuation Commissioner, under subsection 252(1) of the *Life Insurance Act 1995* (the "Act"), MAKE the following Commissioner's rules for the purposes of subsection 34(4) of the Act:

The bank account must be maintained in accordance with the following rules:

1. A statutory fund account must be established in the records of the life company in respect of each statutory fund in respect of which the bank account is maintained.
2. The statutory fund account must be a current account (or ledger) that records, as accounting entries, drawings from and receipts by the bank account in respect of the statutory fund.
3. The drawings and receipts must be balanced by offsetting entries in both the bank account and the statutory fund account.
4. The balancing must be carried out not less frequently than once every 7 days, except that:
 - (a) in the case of drawings or receipts relating to investment-linked contracts, the balancing must be carried out not less frequently than the frequency at which the unit prices relevant to the contract concerned are quoted by the person managing the unitised investment concerned, and in any event not less frequently than once every 7 days;
 - (b) in the case of drawings or receipts that:
 - (i) do not relate to any particular policy; and
 - (ii) need to be apportioned between statutory funds (other than as provided for in section 35 of the Act in relation to policies referable to more than one statutory fund);if, as at the beginning of 20 December 1995, the life company's practice is to carry out such balancing less frequently than once every 7 days, then, until the end of 31

December 1996, the balancing may be carried out not less frequently than once every 28 days;

- (c) in the case of drawings or receipts of amounts that are less than or equal to the greater of:
 - (i) \$500,000; or
 - (ii) 1% of the value of the assets of the statutory fund as last reported to the Commissioner in Form R1 in the Schedule to the Commissioner's rules made for the purposes of subsections 244(1) and (2) of the Act;the balancing may be carried out not less frequently than once every 28 days.
- 5. A debit balance in the statutory fund account must be recorded as a "sundry debtor", and a credit balance as a "sundry creditor".
- 6. Interest must accrue daily on any balance (whether credit or debit) in the statutory fund account, at a rate that the company believes, on reasonable grounds, is fair and reasonable to the policyholders whose policies are referable to the statutory fund having regard to the interest earned by the bank account.
- 7. The net position of all the statutory fund accounts in aggregate must be reconciled not less frequently than once every 28 days. When so reconciled the net position must be equal to the balance of the bank account at that time.
- 8. If, at any time, the balance (whether credit or debit) in a statutory fund account comes to exceed the greater of:
 - (a) \$500,000; or
 - (b) 1% of the value of the assets of the statutory fund as last reported to the Commissioner in Form R1 in the Schedule to the Commissioner's rules made for the purposes of subsections 244(1) and (2) of the Act;the company must, in writing, within 28 days after that time, tell the Commissioner and give the Commissioner particulars of the transactions that caused the balance to exceed the applicable amount.

These rules commence to have effect on 1 January 1996.

Dated 20 December 1995

F G H Pooley
Commissioner