



Life Insurance Act 1995

PRUDENTIAL RULES No 42

APPROVAL OF AMENDMENT OF APPROVED BENEFIT FUND RULES AS REQUIRED BY APRA (S 16R(6)(b))

I, Graeme John Thompson, a delegate of the Australian Prudential Regulation Authority (“APRA”), under subsection 252(1) of the *Life Insurance Act 1995* (the “Act”), MAKE the following Prudential Rules for the purposes of paragraph 16R(6)(b) of the Act:

Notification of amendment to members

1. Subject to rule 2, if:

- (a) APRA gives the friendly society notice of an amendment of the approved benefit fund rules that APRA has determined under subsection 16R(5) of the Act; and
- (b) the amendment of the approved benefit fund rules determined by APRA has come into force under section 16T of the Act;

the friendly society must give a written notice to its members no later than the day on which notice is given of the next general meeting of the friendly society:

- (c) stating the date on which the amendment of the approved benefit fund rules came into force; and
 - (d) giving the text, or a summary, of the amendment of the approved benefit fund rules.
2. If APRA gives its prior approval, the notice under rule 1 may be given to members by an advertisement published in a newspaper circulating generally in the area of each State or Territory in which the friendly society operates.

This instrument commences on the transfer date (as defined in section 2 of the *Financial Sector Reform (Amendments and Transitional Provisions) Act (No. 1) 1999*).

Dated June 1999

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G J Thompson
Chief Executive Officer
Australian Prudential Regulation Authority

EXPLANATORY STATEMENT

Issued by the Australian Prudential Regulation Authority

Life Insurance Act 1995

Prudential Rules Number 42

Subsection 252(1) of the *Life Insurance Act 1995* (the “Act”) provides that the Australian Prudential Regulation Authority (“APRA”) may, in writing, make rules prescribing all matters required or permitted by the Act to be prescribed by Prudential Rules. Subsection 252(2) of the Act provides that such Prudential Rules are disallowable instruments for the purposes of section 46A of the *Acts Interpretation Act 1901*.

Section 16R of the Act provides for APRA approval of amendment of approved benefit fund rules as required by APRA. Paragraph 16R(6)(b) of the Act provides that Prudential Rules may require the friendly society to notify some or all of its members of the amendment.

This Prudential Rule is made for the purposes of paragraph 16R(6)(b) of the Act. It sets out requirements for a friendly society to notify the members of the approved benefit fund whose rules have been amended of certain details once APRA has approved the amendment and the amendment has come into force. Those details are the date that the amendment to the approved benefit rules came into force and a summary or a full text of the amendment. If APRA approves, notice may be given to relevant members by virtue of advertisements in newspapers in the State or Territory in which the friendly society operates. This option may be approved where, for example, the change is relatively minor and the expense to the society in individually notifying all relevant members is considered excessive.