

[CONFIDENTIAL.]

(Rough Draft for Consideration Only.)

No. , 1921.

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# A BILL

To provide for the establishment of a Govern-  
ment Insurance Office and the investing by  
insurance companies in Government stock ;  
and for purposes connected therewith.

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

## PART I.

### PRELIMINARY.

**1.** This Act may be cited as the " Government Insur- Short title.  
ance Act, 1921."

26979

313—A (5)

**2.**

Date of commencement.

**2.** This Act shall commence on a day to be proclaimed by the Governor by notice in the Gazette.

Proclamation, regulation, &amp;c.

**3.** Any proclamation, regulation, rule, by-law, or appointment to an office under this Act may be made at any time after the passing, but shall not come into force until the commencement of this Act. 5

Parts.

**4.** This Act is divided into Parts as follows :—

PART I.—PRELIMINARY—*ss.* 1-5.

PART II.—ESTABLISHMENT OF THE OFFICE—*ss.* 6-11. 10

PART III.—MANAGEMENT OF THE OFFICE—*ss.* 12-21.

PART IV.—GENERAL PROVISIONS—*ss.* 22-35.

PART V.—ISSUE OF DEBENTURES BY THE OFFICE —*ss.* 36-44. 15

PART VI.—MISCELLANEOUS—*ss.* 45-53.

PART VII.—INSURANCE COMPANIES TO INVEST IN GOVERNMENT STOCK—*s.* 54.

Definition.

**5.** In this Act, unless the context or subject-matter otherwise indicates or requires,— 20

“Corporation” includes a public company.

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

“The general manager” means the general manager of the office. 25

“The office” means the Government Insurance Office of New South Wales established by this Act.

## PART II.

## ESTABLISHMENT OF THE OFFICE.

- 5 **6.** A Government Insurance Office, to be called the "Government Insurance Office of New South Wales" is hereby established. Establishment of office.
7. The office shall be a body corporate with perpetual succession and a common seal and may hold land, and may sue and be sued in its corporate name. Incorporation of office.
- 10 **8.** The office shall, in addition to any other powers conferred by this Act, have power— General powers of office.
- 15 (a) to carry on the general business of insurance including all classes of insurance, assurance, reinsurance, counter-insurance, and guarantee business practised or hereafter to be practised in any part of the world;
- (b) to effect reinsurances and counter-insurances;
- (c) to acquire and hold land on any tenure;
- (d) to borrow money; and
- (e) to do anything incidental to any of its powers.
- 20 **9.** (1) The office may, with the approval of the Minister, enter into an agreement with any other corporation carrying on the business of insurance for the purchase by the office of all or any of the assets of that corporation and for the transfer to the office of the debts and liabilities of that corporation or any part thereof. Office may purchase insurance business.
- 25 (2) Payment in respect of any such arrangement may be made either by debentures or in cash, or in part by debentures and in part by cash, or in such other manner as may be agreed upon between the office and the corporation. cf. No. 24 of 1914 (Fed.), s. 2.
- 30 **10.** (1) The capital of the office shall be one million pounds and shall be raised by the sale and issue of debentures in pursuance of this Act. Capital. cf. No. 18 of 1911 (Fed.), s. 9.
- (2) The capital of the office shall be available for all the purposes of the office.
- 35 **11.** (1) At any time after the passing of this Act, and either before or after its commencement, the Colonial Treasurer may, out of the Consolidated Revenue Fund, which is hereby appropriated accordingly, make advances Advance to office by Treasurer. Ibid. s. 10.

advances to the person who has been appointed as general manager for the purpose of enabling him to defray any of the expenses incidental to the establishment of the office, the opening of branches or agencies thereof for business, and the raising of sufficient capital for carrying on 5 business.

(2) Any moneys advanced in pursuance of this section shall be repaid to the Colonial Treasurer by the office together with interest at the rate of five per centum per annum. 10

### PART III.

#### MANAGEMENT OF THE OFFICE.

- Management. **12.** The office shall be managed by the general manager. cf. No. 18 of 1911 (Fed.), s. 11.
- Appointment of general manager. **13.** The general manager shall be appointed by the 15 Governor and shall hold office during good behaviour for a period of seven years and shall be eligible for reappointment. *Ibid.* s. 12.
- Salary. **14.** (1) The general manager shall be paid such salary and travelling expenses as shall be fixed by the 20 Governor. *Ibid.* s. 13.
- (2) The salary of the general manager shall not be reduced during his continuance in office.
- Powers and duties of general manager. **15.** The general manager shall have such powers and perform such duties as are prescribed. 25 *Ibid.* s. 14.
- Officer to exercise powers of general manager during absence, &c. **16.** If the general manager is absent from whatever cause, or if any vacancy exists in the office of general manager, the Governor may appoint some other officer already in the service of the office to exercise the powers and perform the duties of the general manager and either 30 generally or in respect of any special matters during his absence, or while the vacancy exists, or during any specified period. *Ibid.* s. 15.
- Appointment of officers. **17.** (1) The secretary and the heads of the several departments of the office shall be appointed by the 35 Governor. *Ibid.* s. 16.
- (2) The general manager may, from time to time, subject to the provisions of section forty-nine, appoint

appoint such other officers and servants of the office as he thinks necessary for efficiently conducting the business of the office.

(3) The provisions of the Public Service Act; 5 1902, and any Act amending the same shall not apply to officers or servants of the office: Provided that nothing herein contained shall affect any right or privilege accrued or to accrue under the said Acts or under the Superannuation Act, 1916, or any Act amending 10 the same, to any permanent or temporary employee whose services are transferred to the office, and such employee shall be entitled to contribute to the superannuation fund or the State provident fund; and any pension, gratuity or other sum shall be payable as if such 15 employees were officers within the meaning of the said Acts.

**18.** Officers of the office shall not borrow money from the office on any security except the surrender value of life policies issued by the office.

Officers not to borrow from office.  
No. 18 of 1911 (Fed.), s. 17.

**19.** The general manager shall furnish to the Minister, in accordance with the prescribed forms, annual statements of the assets and liabilities of the office, and of the business of the office, which statements shall be published in the Gazette.

Returns to Minister.  
*Ibid.* s. 18.

**20.** (1) The affairs of the office shall be subject to inspection and audit by the Auditor-General.

Audit.  
*Ibid.* s. 19.

(2) The inspection and audit shall be conducted yearly, and the Auditor-General shall report to the Minister the result of each inspection and audit.

**21.** The general manager shall prepare a balance-sheet in accordance with the prescribed form once in each year, and shall submit it to the Auditor-General for report as to its correctness or otherwise, and shall transmit it, together with the report of the Auditor-General, to the Minister. A copy of such balance-sheet and report shall be laid before both Houses of Parliament if Parliament is in session, and if not, then at the next ensuing session.

Balance-sheet.  
*Ibid.* s. 20.

## PART IV.

## GENERAL PROVISIONS.

Head office.

**22.** The head office of the office shall be situated in Sydney.

Branches and agencies.  
cf. No. 18 of 1911  
(Fed.), s. 22.

**23.** The general manager may establish branches or appoint agencies of the office in any part of the State. 5

Power to appoint attorney.

*Ibid.* s. 24.

**24.** The general manager may, with the approval of the Minister, by instrument under the common seal of the office, appoint any person (whether in the State or in any place beyond the State) to be the attorney of the office, and any person so appointed may, subject to the instrument, do any act or execute any power or function which he is authorised by the instrument to do or execute. 10

Agents.

*Ibid.* s. 25.

**25.** The general manager may arrange with any person to act as the agent of the office in any place whether in or outside Australia. 15

Office may act as agent.

*Ibid.* s. 26.

**26.** The office may act as the agent in New South Wales of any person carrying on insurance business in or outside Australia.

Power to improve property.

*Ibid.* s. 27.

**27.** Where the office holds any property, whether real or personal, the office may maintain, repair or improve the property until, in the discretion of the general manager, the property may be disposed of in the best interests of the office. 20

Custody of seal.

*Ibid.* s. 28.

**28.** The common seal of the office shall be kept in the custody of the general manager. 25

Affixing of seal.

*Ibid.* s. 29.

**29.** The common seal shall not be affixed to any document without the authority of the general manager.

Disposal of profits.

*Ibid.* s. 30.

**30.** (1) With the exception of the net profits derived from the life department, all of which shall belong to policy-holders in that department, the net profits of the office shall be dealt with as follows:— 30

(a) One-half shall be placed to the credit of a fund to be called the general reserve fund; and

(b) one-half shall be placed to the credit of a fund to be called the redemption fund. 35

(2) The general reserve fund shall be available for the payment of any liabilities of the office.

(3)

(3) The redemption fund may be used in repayment of any money advanced to the office by the Colonial Treasurer, or in the redemption of the debentures or stock issued by the office; but whenever the fund exceeds the amount of debentures and stock in circulation, the excess shall be placed to the credit of the general reserve fund.

**31.** Contracts on behalf of the office may be made, varied, or discharged as follows :—

Contracts.  
cf. No. 18 of  
1911 (Fed.),  
s. 31.

- 10 (a) Any contract which, if made between private persons, would be required by law to be in writing under seal, may be made, varied, or discharged, in the name and on behalf of the office, in writing under the common seal of the office.
- 15 (b) Any contract which, if made between private persons, would be required by law to be in writing and signed by the parties to be charged therewith, may be made, varied, or discharged, in the name and on behalf of the office, in writing signed by any person acting under the express or implied authority of the office.
- 20 (c) Any contract which, if made between private persons, would by law be valid, although made by parol only and not reduced into writing, may be made, varied, or discharged by parol, in the name and on behalf of the office, by any person acting under the express or implied authority of the office.
- 25

And all contracts made according to the provisions contained in this section shall be effectual in law, and shall be binding upon the office and on all other parties thereto, their heirs, executors, administrators, or assigns as the case may be :

30 Provided that nothing in this section shall invalidate any contract executed on behalf of the office by any duly appointed attorney of the office, if the contract would be valid if executed by the attorney on his own behalf.

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- Rules of office.  
cf. No. 18 of 1911 (Fed.), s. 32.
- 32.** The general manager may, with the consent of the Minister, make rules, not inconsistent with this Act or the regulations thereunder, for any of the following purposes :—
- (a) the good government of the office ; 5
  - (b) the classification of the officers of the office ; and
  - (c) any matter necessary or convenient to be provided for carrying on the business of the office.
- Crown responsible for payment of moneys due.  
*Ibid.* s. 33.
- 33.** The Crown shall be responsible for the payment of all moneys due by the office : 10
- Provided that nothing in this section shall authorise any creditor or other person claiming against the office to sue the Crown in respect of his debt or claim.
- Investment of funds.  
*Ibid.* s. 34.
- 34.** The office may invest any moneys held by it—
- (a) in any government security approved by the 15 Minister ; or
  - (b) on loan on the security of land ; or
  - (c) on loan on the security of life policies issued by the office within their surrender value ; or
  - (d) in any other prescribed manner. 20
- Priority of debts due to office.  
cf. No. 24 of 1914 (Fed.), s. 4.
- 35.** Debts due to the office by any person shall have the same priority as debts due to the Crown.

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## PART V.

### ISSUE OF DEBENTURES BY THE OFFICE.

- Issue of debentures.  
cf. No. 18 of 1911 (Fed.), s. 53.
- 36.** The office may from time to time issue debentures of such amount as it thinks necessary, but so that the total amount thereof current at any one time shall not exceed one million pounds. 25
- Form of debentures.  
*Ibid.* s. 54.
- 37.** Debentures shall be in accordance with the prescribed form, and shall be under the common seal of the office, and shall be signed and countersigned as prescribed. 30
- 38.**



- 38.** (1) Debentures shall be for ten pounds or some multiple thereof, and shall bear interest at a rate to be fixed by the office before the issue thereof. Interest and period of debentures. cf. No. 18 of 1911 (Fed.), s. 55.
- (2) Debentures shall be redeemable at par at such time or times as are specified therein, being—
- (a) on a fixed date; or
  - (b) after a fixed date on twelve months' notice given by the office in the prescribed manner; or
  - (c) between fixed dates on twelve months' notice given by the office in the prescribed manner.
- 39.** The Crown by this Act guarantees the payment by the office of the principal and interest due in respect of any debenture issued by the office in pursuance of this Act, and the Consolidated Revenue Fund is hereby appropriated for this purpose. Guarantee by Crown. Ibid. s. 56.
- 40.** (1) Every debenture issued in pursuance of this Act shall be payable to the bearer thereof, and shall pass by delivery only, without any assignment or endorsement, and the bearer of a debenture shall have the same rights and remedies as if he were expressly named therein. Negotiability of debentures. Ibid. s. 57.
- (2) At the request of the bearer of a debenture the office may in lieu thereof issue to him inscribed stock of the same currency and bearing the same interest, and transferable only in manner prescribed.
- (3) At the request of the holder of any inscribed stock of the office, the office may in lieu thereof issue to him debentures of the same currency and bearing the same interest.
- 41.** The office may sell debentures, or cause them to be sold, at such times and at such places and in such sums and on such conditions as are prescribed. Sale of debentures. Ibid. s. 58.
- 42.** A trustee, executor, or administrator may invest any trust moneys in his hands in the purchase of debentures or inscribed stock issued by the office. Investment of trust moneys in debentures.
- 43.** (1) Any person who, with intent to defraud—
- (a) forges any security of the office; or
  - (b) utters any forged security of the office; or
  - (c) makes any instrument for forging any security of the office; or
  - (d) has in his possession any such instrument; or
  - (e)

(e) has in his possession any forged security of the office,  
shall be guilty of a misdemeanour and liable to imprisonment for *ten* years.

Unauthorised forms.

(2) Any person who, without authority, proof 5  
whereof shall lie upon him—

(a) makes any form of security of the office;

(b) has in his possession any form of security of the office; or

(c) makes or has in his possession any instrument 10  
or thing by which any distinctive mark or signature on any security of the office may be made or imitated,

shall be guilty of a misdemeanour and liable to imprisonment for *two* years. 15

(3) In this part of this Act “security of the office” means any debenture, inscribed stock, or any coupon, warrant, or document for the payment of interest thereon, and includes any transfer of any inscribed stock, and any endorsement of any coupon, warrant, or 20  
document for the payment of interest on any security of the office.

Forfeiture of forged securities.

cf. No. 18 of 1911 (Fed.), s. 60.

**44.** All forged securities of the office, and all unauthorised forms of security of the office, and all unauthorised instruments and things by which any 25  
distinctive mark or signature on any security of the office, may be unlawfully made or imitated, shall be forfeited to His Majesty and may be seized by any member of the police force.

## PART VI.

## MISCELLANEOUS.

- 45.** Any officer of the office who fraudulently and in breach of his duty—
- 5 (a) makes any false entry in any book, record, or document; or
- (b) omits to make any entry in any book, record, or document; or
- 10 (c) by act or omission falsifies any book, record, or document; or
- (d) destroys or damages any book, record, or document; or
- (e) furnishes any false return or statement of any money or property; or
- 15 (f) omits to furnish any return or statement of any money or property,
- shall be guilty of a misdemeanour and liable to imprisonment for *seven* years.
- 46.** Any officer of the office who steals, or fraudulently misappropriates, or fraudulently converts to his own use any money or property of the office shall be guilty of a misdemeanour and liable to imprisonment for *seven* years.
- 47.** No insurance company carrying on business within the State shall refuse to allow additional insurance with the office in respect of any insurance risk.
- 25 Any such company refusing to allow such additional insurance shall be liable to a penalty of *fifty* pounds for every such offence:
- 30 Provided that this section shall not be held to prohibit the cancellation of a policy by any such company for prudential reasons provided that such company allows the insured a return premium in respect of the unexpired term of the policy calculated pro rata as to time and
- 35 without reference to any customary short period ratings.
- 48.** (1) In any case where any property which is insured in the office is destroyed or damaged by or in consequence of fire, if the loss exceeds fifty pounds, the Minister may direct an inquiry into the origin, causes, and

Falsification  
of books, &c.  
cf. No. 18 of  
1911 (Fed.),  
s. 61.

Misappro-  
priation.  
*Ibid.* s. 62.

Additional  
insurance to  
be allowed.  
cf. Geo. V,  
No. 27 (Q.),  
s. 23.

Inquiry as to  
fires.  
*Ibid.* s. 26.

and circumstances of such fire to be held by a police magistrate or other justice appointed by the Minister for that purpose.

(2) If a charge is made against any person at such inquiry such person shall have an opportunity of placing his defence before the police magistrate or justice. 5

(3) The police magistrate or justice, after completing the inquiry, shall make a report to the Minister containing a full statement of his decision and findings, and of his opinion thereon, accompanied by such reports of or extracts from the evidence and such observations thereon as he thinks fit. 10

Government insurance business to be transferred to office.

**49.** (1) Upon the commencement of this Act the general manager shall take over any Government insurance business which is then being carried on by the Treasury Insurance Board, and any persons who, at the date of the said commencement, are permanent or temporary employees in the Treasury Insurance Branch of the Public Service shall be entitled to be appointed by the general manager under subsection two of section seventeen, as from the date of the said commencement, as officers or servants of the office, at a salary, or a salary and allowance, not less than the salary, or the salary and allowance, received by them respectively at the said date: Provided that any such employee shall also be eligible for appointment by the Governor under subsection one of section seventeen. 15 20 25

(2) The Colonial Treasurer may make such payments to the office, as in his opinion are just and equitable, out of any funds accumulated in special deposit account in the Treasury, in respect of any Government insurance business which is taken over by the office. 30

Risks to be insured with office.

**50.** (1) Insurable risks affecting or relating to any property, business, or enterprise belonging to the State, or carried on by or on behalf of the State or of some department of the State or in respect of which some subsidy or endowment has been or is paid by the State, shall not be insured otherwise than with the office. 35

(2) Any person failing to comply with the provisions of this section shall be liable to a penalty of *fifty* pounds. 40 **51.**

**51.** The provisions of the Life, Fire and Marine Insurance Act, 1902, and of the Life, Fire and Marine Insurance Amendment Act, 1917, so far as the same are applicable, shall extend and apply to all contracts or 5 policies of insurance made or granted by the office under this Act. Application of other Acts.

**52.** The provisions of any Act now or hereafter in force affecting insurance companies and rendering them liable to assessment, stamp duty, fire brigade charges or 10 State taxation shall extend and apply to the office and to the business conducted thereby by virtue of this Act. Liability as to stamp duty, &c.

**53.** (1) The Governor may make regulations, not inconsistent with this Act, prescribing all matters which are required or permitted to be prescribed or which are 15 necessary or convenient to be prescribed for carrying out or giving effect to this Act, and in particular for making provision for the issue, inscription, transfer, transmission, and redemption of debentures and inscribed stock of the office and all matters incidental thereto. Regulations.

20 (2) Such regulations may prescribe a penalty not exceeding *fifty* pounds for any breach thereof.

(3) Such regulations shall—

- (a) be published in the Gazette;
- 25 (b) take effect from the date of publication, or from a later date to be specified in such regulations; and
- (c) be laid before both Houses of Parliament within fourteen days after publication if Parliament is in session, and if not, then 30 within fourteen days after the commencement of the next session.

**PART VII.****INSURANCE COMPANIES TO INVEST IN GOVERNMENT STOCK.**

Insurance  
companies  
to hold  
Government  
stock.

**54.** (1) Every insurance company, while carrying on business in this State, shall invest and keep invested a sum of not less than twenty thousand pounds in New South Wales Government stock : **5**

Provided that if and so long as the head office of any such company is situated outside New South Wales, the sum to be so invested by such company shall be not less than thirty thousand pounds. **10**

(2) For the purpose of this section "insurance company" includes every corporation, wherever incorporated, and every society or person or body of persons whose principal business in this State is the carrying on of any kind of insurance business. **15**

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