

[CONFIDENTIAL.]

(Rough Draft for Consideration Only.)

No. , 1922.

A BILL

To provide for the deposit of security by insurance companies and the licensing of insurance agents and brokers ; to amend the law relating to insurance in certain regards ; to amend certain Acts ; and for purposes connected therewith.

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows :—

1. This Act may be cited as the " Insurance Act, Short title. 1922."

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2. In this Act, unless the context otherwise requires,— Definitions.

“Agent” means a person (not being a salaried servant of an insurer) who, for remuneration, solicits insurance or reinsurance on behalf of an insurer, or who makes any contract of insurance or reinsurance, or collects or receives any premium for insurance or reinsurance, or in any manner aids or assists in doing either, or in transacting any insurance or reinsurance business for an insurer or advertises to do any such thing.

“Broker” means a person who, for remuneration, acts or aids in any manner in negotiating contracts of insurance or reinsurance for any person other than himself, and not being the appointed agent or officer of the insurance company with which such insurance is effected.

“Insurance company” means—

- (a) every corporation, wherever incorporated; and
- (b) every society or person or body of persons,

carrying on in the State any kind of insurance business whether in common with any other business or businesses or not.

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

“State” means the State of New South Wales.

“Treasurer” means the Colonial Treasurer of the State.

3. (1) Every insurance company shall deposit the sum of *twenty thousand* pounds with the Treasurer, to be retained so long as such insurance company continues to carry on business in the State.

(2) In the case of an insurance company carrying on business in the State at the commencement of this Act such deposit shall be made as follows:—Ten thousand pounds on the day of one thousand nine hundred and twenty-two, and ten thousand pounds on the day of one thousand nine hundred and twenty-three.

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(3) If it is proved to the satisfaction of the Treasurer that an insurance company has acquired the share capital of some other insurance company and that both companies are under a common management in Australia, a deposit of the sum of twenty thousand pounds by the acquiring company shall, if the Treasurer so certifies, be a sufficient compliance with the requirements of this Act.

(4) The Treasurer shall invest the money so deposited in debentures or inscribed stock of the State in the name of the Treasurer. The interest on the investment shall be paid to the insurance company as it accrues due. The investment in such debentures or inscribed stock shall be at par.

(5) The sum deposited, or the proceeds of sale of the investments thereof, may be applied by the Treasurer in his discretion toward the payment and satisfaction of the liabilities in the State of the insurance company by which the sum was deposited, arising in respect of any policy or contract of insurance issued or made before or after the commencement of this Act in case of default by the insurance company in meeting its liabilities.

(6) Where an insurance company ceases to carry on business in the State and it is proved to the satisfaction of the Treasurer that the company has paid or has made sufficient provision for payment of its liabilities in the State the Treasurer shall repay to the company the deposit made by it, less any amount applied by him in pursuance of the last preceding subsection.

4. Any insurance company which omits to deposit with the Treasurer the sum required by this Act to be deposited, and the attorney, agent, or manager of such company shall be severally liable to a penalty not exceeding fifty pounds for every day during which such omission continues.

5. (1) Every broker or agent shall, within the time prescribed, make application to the Treasurer for a license or for the renewal of a license.

(2) The application shall be in the form and shall contain the particulars prescribed. (3)

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(3) Every applicant, when making his application, shall pay to the Treasurer the license fee prescribed.

(4) The license fee to be prescribed for a license or for the renewal of a license shall not exceed—

in the case of a broker the sum of *twenty* pounds;

in the case of an agent the sum of *five* pounds.

6. (1) Upon compliance with the provisions of this Licenses Act the Treasurer shall grant to the applicant a license or the renewal of a license, as the case may require.

(2) Every license or renewal of a license shall be in force until the thirty-first day of December in the year in which the license or renewal of license is granted.

7. Every broker or agent engaging in or carrying on business without a license shall be liable to a penalty not exceeding *twenty* pounds, and to an additional penalty not exceeding *five* pounds for each day on which such broker or agent engages in or carries on such business.

8. (1) An insurable risk of any description in respect of property which is situated within the State shall not be insured outside the State until a proposal to insure within the risk in question has been made to an insurance company carrying on business in the State.

(2) An insurable risk of any description in respect of property which is situated within the State, and which has been insured with an insurance company carrying on business in the State, shall not be reinsured outside the State until an offer of the business has been made to an insurance company carrying on business in the State.

(3) Any person, corporation, or company failing to comply with or committing a breach of the provisions of this section shall be liable to a penalty not exceeding *one hundred* pounds.

(4) It shall be a defence to any proceeding for an offence under this section if the person alleged to have contravened the section proves—

(a) that a proposal to insure the risk in question, or an offer of the business of the reinsurance of a risk

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risk insured, has been made to an insurance company carrying on business in the State, and has been declined; or

- (b) that he was unable to effect the insurance or reinsurance (as the case may be) with an insurance company carrying on business in the State except upon terms and conditions not equally advantageous to him or to his principal (as the case may be) in every respect.

9. (1) The Governor may make regulations for the ~~Regulations~~ purpose of carrying out the provisions of this Act.

(2) Such regulations may impose a penalty not exceeding *twenty* pounds for any breach thereof. Such penalty may be recovered before any stipendiary or police magistrate or any two justices in petty sessions.

(3) Such regulations shall—

- (a) be published in the Gazette;
- (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 sitting days after publication if Parliament is in session, and if not, then within fourteen sitting days after the commencement of the next session. If either House of Parliament passes a resolution, of which notice has been given within fifteen sitting days after such regulations have been laid before such House, disallowing any regulation or part thereof, such regulation or part shall thereupon cease to have effect.

10. Nothing in this Act shall affect any society ~~Savings~~ registered under the Friendly Societies Act, 1912, or the Trades Union Act, 1881.