LIFE INSURANCE AMENDMENT BILL 1984

Date Introduced: 10 May 1984
House: House of Representatives
Presented by: Hon. P.J. Keating, M.P., Treasurer

Purpose

To amend the Life Insurance Act 1945 as a consequence of a number of changes to life insurance provided by the Insurance Contracts Bill 1984.

Background


Outline

This Bill deals with a number of the revised and comprehensive provisions of the Insurance Contracts Bill 1984 relating to life insurance. In addition, the Bill eliminates certain anomalies between the Life Insurance Act 1945 (Principal Act) and the Insurance Contracts Bill 1984.

For contracts entered into after the enactment of the Insurance Contracts Bill 1984, that Bill's provisions will supersede provisions in the Life Insurance Act 1945 concerning age misstatements, the consequences of written misstatements made when effecting insurance, and specifying interests that must be present for a valid life insurance policy. Furthermore, where a policy owner wishes to discontinue a life policy and requests a paid-up policy, the relevant policy will be varied instead of a paid-up policy being issued.

Main Provisions

This Bill will come into operation on the same day as the operative date of the Insurance Contracts Bill 1984 (clause 2).

Under clause 3, the existing provisions dealing with insurable interest (section 86 of the Principal Act), will continue to apply to life insurance contracts before the commencement of the Insurance Contracts Bill 1984.
Clause 4 inserts section 86A into the Principal Act to provide that sections 83, 84 and 86 will not apply to life insurance policies effected after the commencement of the Insurance Contracts Bill 1984. Section 83 deals with age misstatement; section 84 provides a three year limitation period on the insured's right to avoid a contract other than for fraud and section 86 deals with insurable interest.

The new section 96 provides for the varying of a life insurance contract instead of having a paid-up policy issued in those cases where the policy owner does not wish to continue with a policy. Payment of the varied amount will be determined in accordance with the rules relating to paid-up policies (clause 5).

Clause 6 amends section 113 of the Principal Act to provide that provisions relating to the payment of claims on the death of children under 10 years of age will only apply in situations where there exists a family or personal interest, rather than an economic interest, in the life of a child.

For further information, if required, contact:

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