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Foreign Ownership and Control  
of Life Insurance Business

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**NEW ISSUE**



# **FOREIGN OWNERSHIP AND CONTROL OF LIFE INSURANCE BUSINESS**

**1973**

**AUSTRALIAN  
BUREAU OF  
STATISTICS**

**CANBERRA**

Reference No. 5.53

Reference No. 5.53

FOREIGN OWNERSHIP AND CONTROL OF  
LIFE INSURANCE BUSINESS  
1973

PREFACE

The Bureau is currently conducting a series of studies of foreign ownership and control of Australian industries and resources. This bulletin contains the results of a study of foreign ownership and control of life insurance business in Australia in 1973, and follows the advance release issued on 8 January 1975 (Reference No. 5.49). Other publications in this series are listed below. Additional studies will be conducted progressively to update statistics previously published, e.g., on the manufacturing sector, and also to cover other key sectors of the Australian economy.

2. The conceptual basis of this study is the same as that of the study, *Foreign Ownership and Control of General Insurance Business, 1972-73* (Reference No. 5.52) and is broadly similar to that of the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42).
3. Ownership and control characteristics were derived mainly from the Bureau's Survey of Overseas Investment as at 30 June 1973, and measures of the importance of ownership and control were based on data from the Bureau's monthly collection of Life Insurance Statistics for 1973. In each case the information used was the latest available at the commencement of the study.
4. This bulletin contains a summary section on pages 4 to 9. The summary highlights major results of the study, and gives a brief statement of definitions and methodology. Detailed notes on definitions and methodology are provided in the Explanatory Notes on pages 11 to 19 and in the Appendix.

Other publications of foreign ownership and control statistics in this series :

- Foreign Ownership and Control of the Mining Industry, 1971-72* (Reference No. 10.42)
- Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42)
- Foreign Ownership and Control of Finance Companies, 1973* (Reference No. 5.50)
- Foreign Ownership and Control of General Insurance Business, 1972-73* (Reference No. 5.52)

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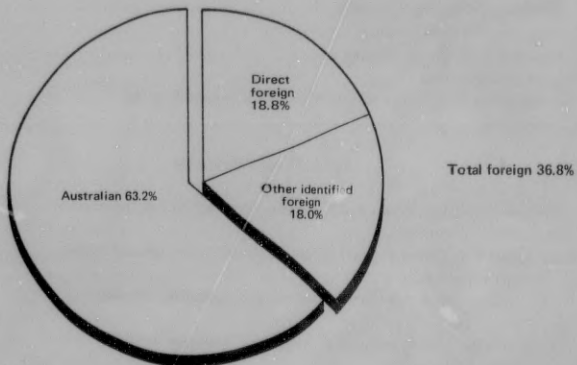
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## SUMMARY

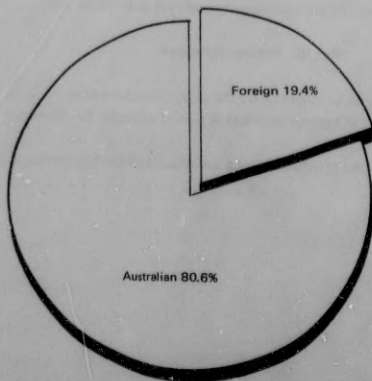
## FOREIGN OWNERSHIP AND CONTROL OF LIFE INSURANCE BUSINESS, 1973

(Based on ownership and control characteristics at 30 June 1973 and life insurance premiums for 1973)

## OWNERSHIP (by type)



## CONTROL



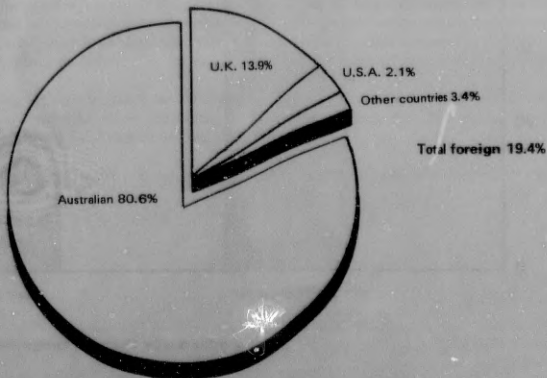
## FOREIGN OWNERSHIP AND CONTROL OF LIFE INSURANCE BUSINESS, 1973

(Based on ownership and control characteristics at 30 June 1973 and life insurance premiums for 1973)

## OWNERSHIP (by country)

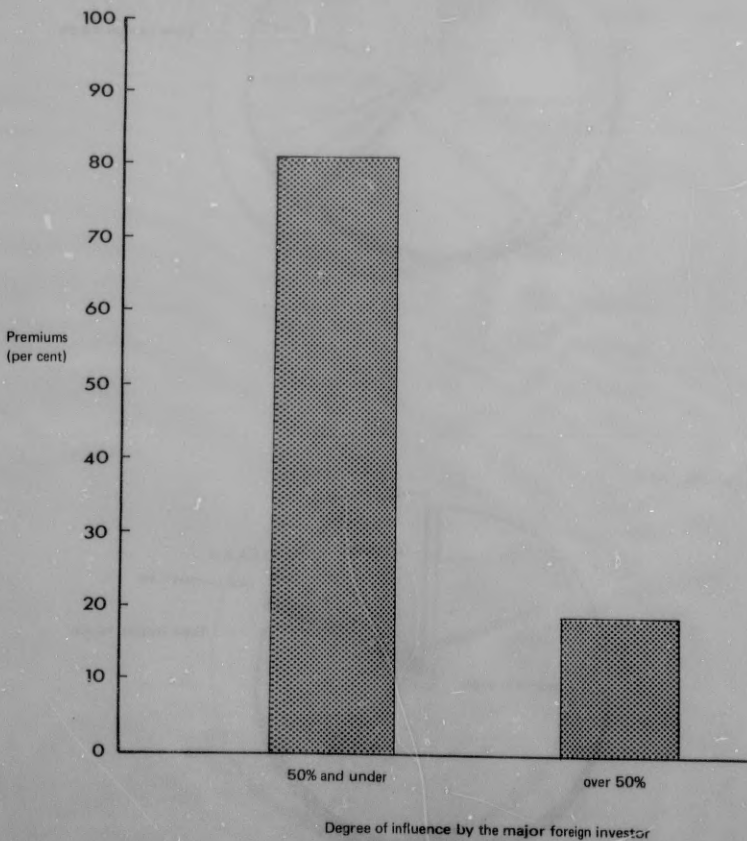


## CONTROL (by country)



LIFE INSURANCE BUSINESS 1973 : DISTRIBUTION OF PREMIUMS  
ACCORDING TO THE DEGREE OF INFLUENCE BY  
THE MAJOR FOREIGN INVESTOR

(based on ownership and control characteristics at 30 June 1973  
and life insurance premiums for 1973)



used. This section gives major results of the study, together with a brief statement of definitions and methodology

#### HIGHLIGHTS

Based on ownership and control characteristics at 30 June 1973  
and life insurance premiums for 1973 :

- o The aggregate level of *foreign ownership* of life insurance business in Australia was 36.8%, comprising 19.6% from the United Kingdom, 11.1% from New Zealand, 2.0% from the United States and 4.2% from other foreign countries.
- o Of the 36.8% foreign ownership, *direct foreign ownership* comprised 18.8% and *other identified foreign ownership* 18.0%.
- o The aggregate level of *foreign control* was 19.4% and *Australian control* 80.6%.
- o Foreign control was highest for the United Kingdom at 13.9%, followed by the United States with 2.1% and other foreign countries with 3.4%.
- o Australian control comprised 63.3% on account of *mutual life insurance enterprises* and 17.3% on account of *other life insurance enterprises*.



#### Brief statement of definitions and methodology

The scope of this study is the same as the Bureau's annual *Life Insurance* collection and relates to the life insurance business of enterprises in Australia.

2. For purposes of this study, *direct foreign ownership* was, in general, that of a foreigner (individual, company or group of related companies) who held at least 25% of the ordinary shares in an insurance enterprise (a *direct investment enterprise*). *Other identified foreign ownership* was the remaining foreign ownership by way of *portfolio investment* that could be traced to insurance enterprises. Operations data for each insurance enterprise were *apportioned* between Australian and foreign ownership in proportion to the percentage owned of the ordinary shares of the insurance enterprise.

3. Broadly, an insurance enterprise was regarded as *foreign controlled* if the major foreign investor held at least 25% of the equity and an Australian investor did not have a larger holding. In previously published studies of foreign ownership and control, this category included cases where the holdings of the major foreign investor and the major Australian investor were equal i.e. cases where it could be considered that there was "joint foreign and Australian control". In this study, however, there were no cases where the holdings of the major foreign investor and the major Australian investor were equal.

4. Supplementary data are provided on the *degree of influence by the major foreign investor* (defined as the size of the minimum link in the ownership chain connecting the major foreign investor to the insurance enterprise), and on the *degree of influence by a coalition of all foreign investors*.

5. The above definitions etc. are subject to a considerable number of qualifications which are described in the Explanatory Notes.

6. *Operations data* such as premiums and employment have been used to weight the foreign ownership and control characteristics of each insurance enterprise in order to provide aggregate measures of foreign participation in life insurance business. Consequently, the extent of foreign ownership and control shown by the resulting statistics is dependent on the ownership and control characteristics and on the operations data used. Therefore, in interpreting these statistics, it should be borne in mind that different results can be obtained even in respect of the same period by using different items of operations data. No single item of operations data (or any other basis) provides a demonstrably 'correct' measure of foreign ownership and control. Highlights of the results of this study are given in terms of premiums because it is a generally useful measure of the relative economic significance of life insurance business.

## Major results of the study

Based on ownership and control characteristics at 30 June 1973 and life insurance premiums for 1973 :

### Ownership

- The aggregate level of foreign ownership of life insurance business in Australia was 36.8%, comprising 18.8% direct foreign ownership and 18.0% other identified foreign ownership.
- The United Kingdom accounted for 19.6% ownership (13.5% direct and 6.1% other), New Zealand for 11.1% (0.7% direct and 10.3% other), the United States for 2.0%, Switzerland for 1.4%, European Economic Community countries (other than the United Kingdom) for 0.6% with other foreign countries accounting for the remaining 2.2% of total foreign ownership.
- Mutual insurance enterprises accounted for almost one-half (16.4%) of the 36.8% foreign ownership and about three-quarters (48.9%) of the 63.2% Australian ownership.

### Control

- the aggregate level of foreign control of life insurance business in Australia was 19.4%.
- Insurance enterprises classified to United Kingdom control accounted for 13.9% of total premiums, United States control was 2.1% and other foreign countries 3.4%.
- The extent of foreign control varied widely as measured by different items of data on life insurance business :

<i>Item of life insurance business data</i>	<i>percentage of foreign control</i>
Premiums received during 1973	19.4
New sums insured during 1973 —	
Ordinary business	33.3
Industrial business	..
Superannuation business	16.4
<b>Total</b>	<b>26.4</b>
Claims, surrenders etc. paid during 1973	14.6
New loans paid over during 1973	17.5
Selected assets at end of December 1973 —	
Fixed assets	11.7
Loans	10.8
Investments —	
Government securities	14.5
Other	13.9
Cash	57.0
<b>Total</b>	<b>13.4</b>

- Of the 50 groups of related insurance enterprises included in the study, the largest 5 (with premiums received during 1973 of \$50 million and over) accounted for 72.9% of total premiums. All 5 were mutual life insurance companies and were classified as Australian controlled.

### Influence

- Insurance enterprises in which the degree of influence by the major foreign investor (size of the minimum link in the ownership chain connecting the major foreign investor to the insurance enterprise) was 50% and under accounted for 80.9% of total life insurance premiums. More than four-fifths of this, however, was accounted for by insurance enterprises in which the degree of influence by the major foreign investor was under 10%.

## COMPARISON WITH OTHER SECTORS

A comparison of the levels of foreign ownership and control in several sectors, is given below :

	Ownership (%)		Control (a)(%)	
	Foreign	Australian	Foreign	Australian
Mining Industry, 1971-72 (b)	47.8	52.2	54.3	45.7
Mining Industry, 1972-73 (c)	49.6	50.4	57.2	42.8
Finance Companies, 1973 (d)	48.0	52.0	41.5	58.5
General Insurance Business, 1972-73 (e)	45.7	54.3	45.0	55.0
Life Insurance Business, 1973 (f)	36.8	63.2	19.4	80.6

(a) Based on a qualifying level of 25% of equity.

(b) Based on ownership and control characteristics at 30 June 1972 and value added for 1971-72.

(c) Based on ownership and control characteristics at 30 June 1973 and value added for 1972-73.

(d) Based on ownership and control characteristics at 30 June 1973 and balances outstanding on finance agreements at 31 December 1973.

(e) Based on ownership and control characteristics at 30 June 1973 and general insurance premiums for 1972-73.

(f) Based on ownership and control characteristics at 30 June 1973 and life insurance premiums for 1973.

## EXPLANATORY NOTES

## Introduction

This bulletin contains details of the extent of foreign ownership and control of life insurance business in Australia in 1973.

2. The concepts of ownership and control, and the methods and procedures adopted for this study are the same as those used in the study, *Foreign Ownership and Control of General Insurance Business, 1972-73* (Reference No. 5.52) and similar to those used in the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42). The differences between this study and the mining study are described in paragraph 45.

3. This study was undertaken by identifying the insurance enterprises conducting life insurance business, determining foreign ownership and control characteristics of each insurance enterprise, and weighting these with measures of operations of the respective enterprises to produce aggregate measures of the extent of foreign ownership and control of life insurance business.

## Timing and sources of data

4. Insurance enterprises conducting life insurance business were identified from the Bureau's monthly *Life Insurance* collection for 1973 and operations data from that collection were used as measures of the relative economic significance of the life insurance business of those enterprises. Foreign ownership and control characteristics were derived, as at 30 June 1973, from data collected mainly in the Bureau's Survey of Overseas Investment.

## Scope of the statistics

5. This study covers all enterprises in the Bureau's *Life Insurance* collection which conducted life insurance business in Australia in 1973.

6. The statistics in the Bureau's *Life Insurance* collection have been compiled from returns furnished by companies registered under the Life Insurance Act, 1945-1973, and made available by the Life Insurance Commissioner. The statistics relate to the Australian and overseas business of companies incorporated in Australia together with the Australian business of companies incorporated overseas.

7. The Life Insurance Act does not apply to life insurance business transacted by State Government Insurance Offices. However, the Government Insurance Office of New South Wales and the Queensland State Government Insurance Office, the only Government Insurance Offices conducting life business, have voluntarily provided monthly returns to enable a complete coverage of these statistics to be made. Only the life insurance business of these two offices has been included.

8. The types of enterprises which either conducted life insurance business or had an ownership interest in an insurance enterprise included:

- . companies, limited by shares, incorporated in Australia.
- . mutual life insurance companies incorporated in Australia.
- . Australian branches of foreign incorporated companies, limited by shares.
- . Australian branches of foreign incorporated mutual life insurance companies.
- . State Government insurance offices.

9. For the purposes of this study, a single *business unit* comprised a group of insurance enterprises related in terms of Section 6 of the uniform companies legislation, a group of insurance enterprises which were branches and/or subsidiaries of a common foreign resident enterprise, or any other individual insurance enterprise which was not related in either of these ways to another insurance enterprise.

### Measurement of foreign ownership

10. "Foreign ownership" means that non-residents of Australia own shares (or have an equivalent ownership interest) in an enterprise operating in Australia. The obvious financial benefits of ownership of shares are the value of the shares as an asset and the periodic income (dividends) that may be paid in respect of those shares. If efficient open markets existed for all such shares, it would be possible to obtain a measure of the extent of foreign ownership in a particular industry by multiplying the number of shares, which non-residents hold in enterprises operating in that industry, by the market price for each share at a particular date (or the average price for a sequence of dates), and comparing that result with the corresponding calculation for Australian residents. However, in many cases the shares are not traded on any stock exchange and, for branches of enterprises incorporated in foreign countries, the shares are those of the foreign enterprise and not its Australian branch as such.

11. A further difficulty with the approach of using the capital value of shares held by non-residents as a measure of the extent to which foreigners have an ownership interest in a particular industry, is the problem of *joint contributions* to the value of a share. For example, suppose a foreigner owns shares in enterprise A which both operates in industry 1 and owns shares in enterprise B, which operates in industry 2. The value of enterprise A shares owned by the foreigner will be influenced by the expected return from enterprise A's holding of enterprise B shares, but it will also be influenced by the expected profitability of enterprise A's own operations. It would be very difficult to disentangle these joint contributions to the capital value of enterprise A's shares, in order to measure the extent of foreign ownership in either industry 1 or industry 2. Problems with regard to joint contributions would also apply in any attempt to analyse the financial accounts of enterprises that operate in a particular industry and operate in other industries with a view to measuring foreign ownership in terms of, say, the net worth of those enterprises.

12. Another approach to measuring the extent of foreign ownership might be to attempt to identify, in respect of each enterprise in an industry, the amount of profit paid ultimately to foreigners and the amount paid ultimately to Australian resident individuals and compare the respective aggregates. However, the analysis of dividend payments would be subject to many conceptual and practical difficulties including the problem of joint contributions, and for unincorporated mutual enterprises, periodic ownership benefits are not received in the form of dividends.

13. For the above reasons, it has not been practicable in this study to measure the extent of foreign ownership in terms of the aggregate value of shares owned by foreigners, or the dividends ultimately paid to foreigners, as compared with the corresponding figures for Australian residents.

14. The practicable approach that was considered to be the most appropriate was to try to gauge the extent of foreign ownership in terms of variables such as premiums, employment, etc. which were used to weight the foreign ownership characteristics (percentage of ordinary shares owned by foreigners) of each insurance enterprise. The correlation between the resulting aggregates for variables such as premiums, employment, etc. and the financial benefits of ownership (value of shares and dividends) is not known.

15. In this bulletin, foreign ownership is classified as 'direct foreign ownership' or 'other identified foreign ownership'. *Direct foreign ownership* is the ownership by direct foreign investors in insurance enterprises which are either 'direct investment enterprises' (defined below) or which are connected to 'direct investment enterprises' by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest). *Direct investment enterprises* are defined as:

- (a) enterprises incorporated in Australia in which:
  - (i) 25 per cent or more of the ordinary shares are held by an individual, an enterprise or a group of related enterprises, in the one foreign country, or if this does not apply,
  - (ii) 50 per cent or more of the ordinary shares are held by individual shareholders resident in the one foreign country;
- (b) branches of enterprises incorporated in foreign countries; and
- (c) wholly or partly owned subsidiaries (as defined in the companies legislation) of enterprises included in (a) and (b) above.

The foreigners (including enterprises incorporated in foreign countries) who hold the shares referred to in (a)(i) and (ii) above and own the branches referred to in (b) above are regarded as *direct foreign investors*.

16. *Other identified foreign ownership* consists of :
- (i) Foreign ownership by other than direct foreign investors of ordinary shares in insurance enterprises which are either direct investment enterprises or which are connected to direct investment enterprises by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest) from the direct investment enterprise.
  - (ii) Ownership by foreigners of ordinary shares in insurance enterprises, which are not direct investment enterprises and are not connected by one or more sequential ownership links of 25 per cent or more of ordinary shares (or equivalent ownership interest) to direct investment enterprises.

17. It has been possible to identify small shareholdings of *immediate* foreign owners of insurance enterprises. However, it has not been practicable to trace all foreign ownership in enterprises which are partly owned by foreigners and which own ordinary shares in an insurance enterprise. Because of the complexity and cost of tracing numerous small ownership links, it was necessary to adopt a cut-off level of "significant" ownership for the purpose of tracing ownership links. The cut-off level adopted for this study was a holding of 10 per cent of ordinary shares. That is, for each insurance enterprise and each enterprise in an ownership network (refer Diagram 1, page 14) ownership of an individual shareholding of less than 10 per cent has been traced only to the immediate owner, and allocated to foreign or Australian according to the residence (or country of incorporation) of that immediate owner. Any foreign ownership which has been excluded in this process would be unlikely, in aggregate, to account for a significant percentage of the total foreign ownership of life insurance business.

18. In calculating foreign ownership of insurance enterprises in Australia, account was taken of foreign investment through the larger identified *Australian nominees*. This type of ownership was classified as 'other identified foreign ownership'.

19. Ownership characteristics for enterprises limited by shares are based on information on *ordinary shares (or voting stock)* collected mainly in the Survey of Overseas Investment. Therefore, preference shares which do not carry a general voting entitlement are excluded. For convenience the term 'ordinary shares' is used to describe this aspect of the information on which this study is based. This term is also used in this study to cover an equivalent ownership interest in other types of entities.

20. Insurance enterprises set up under an Act of an Australian Parliament have been treated as wholly Australian owned. For Australian incorporated mutual life insurance companies the measure selected to represent ownership interest was actuarial liability to policyholders, and the relative size of ownership interest attributed to each country of operation has been calculated according to the relative size of actuarial liability to policyholders in each country. A *branch* in Australia of a company incorporated in a foreign country (including any mutual life insurance company incorporated in a foreign country) is regarded for the purpose of this study as being wholly owned by residents of the country of incorporation.

21. The extent of foreign ownership of insurance enterprises was calculated by *apportioning* separately to Australian ownership, direct foreign ownership, and other identified foreign ownership, details of premiums, employment, etc. for each enterprise on the basis of the percentage of ordinary shares of the enterprise held by direct and other foreign investors respectively. When no direct or other foreign ownership of an enterprise was identified, the data for that enterprise were classified wholly to Australian ownership.

22. This apportionment of data on the operations of insurance enterprises does not imply that part of the premiums or the employees, etc. of individual enterprises are themselves actually owned by foreigners. It simply represents a measure of the extent of foreign ownership of life insurance business in Australia obtained by separately weighting the degree of foreign and Australian ownership of each enterprise by measures of the relative economic significance of individual insurance enterprises and aggregating the results of those calculations.

23. In order to take account of *indirect ownership* the widely accepted convention of *multiplying* ownership links was adopted. For example, if a foreigner owns 60 per cent of the ordinary shares of enterprise A, and enterprise A owns 70 per cent of the ordinary shares of enterprise B, the foreigner is said to 'own' (indirectly) 42 per cent of the ordinary shares in enterprise B. It should be noted that under this convention, although each link in the ownership chain which connects a direct foreign investor and an insurance enterprise must be at least 25 per cent, direct foreign ownership in an insurance enterprise may be less than 25 per cent. For example, if a direct foreign investor held 30 per cent of the ordinary shares in enterprise A which owns 40 per cent of the ordinary shares in enterprise B which is an insurance enterprise, then direct foreign ownership in that enterprise is 12 per cent. However, there were no cases in this study in which direct foreign ownership of an insurance enterprise was less than 25 per cent.

24. The following example illustrates the ownership classification and the coverage of foreign ownership statistics.

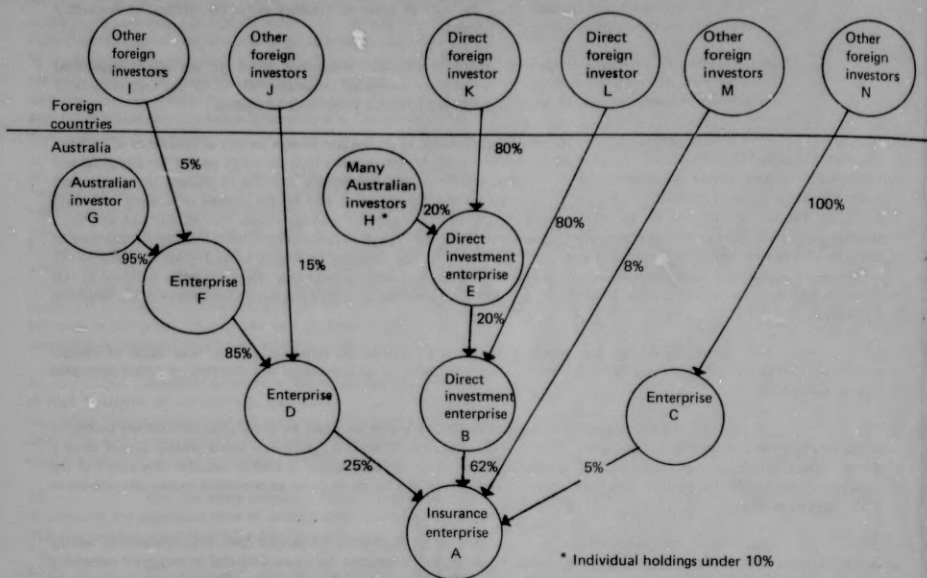


Diagram 1

25. In this example, 49.6% of the premiums, employment, etc. of the insurance enterprise A would have been apportioned to "direct foreign ownership" (62% ownership of A by B, multiplied by 80% ownership of B by the direct investor L, to give 49.6%), and 23.3% of the premiums, employment, etc. of the enterprise would have been apportioned to "other identified foreign ownership" (8% ownership of A by M; plus 62% ownership of A by B multiplied by the 20% ownership of B by E, further multiplied by the 80% ownership of E by K; plus 25% ownership of A by D multiplied by the 15% ownership of D by J; plus 25% ownership of A by D multiplied by the 85% ownership of D by F, further multiplied by the 5% ownership of F by I - to give  $8\% + 9.9\% + 3.8\% + 1.6\% = 23.3\%$ ). The remaining 27.1% of the premiums, employment, etc. of the enterprise would have been apportioned to "Australian ownership". It should be noted that the 62% ownership of A by B multiplied by the 20% ownership of B by direct investment enterprise E multiplied by the 80% ownership of E by direct investor K would not be included in "direct foreign ownership", as a link in the ownership chain from that direct investor is less than 10%. This ownership interest would have been classified as "other identified foreign ownership". Also, the 5% ownership of A by C multiplied by the 100% ownership of C by other foreign investors in N would not have been identified as foreign ownership and would have been classified as Australian ownership because, in this study, ownership links of less than 10% were traced only to immediate owners.

26. The foreign ownership figures are compiled on a gross basis. That is, shares held by Australian residents in enterprises incorporated in foreign countries that have an ownership interest in insurance enterprises in Australia have not been identified and deducted from the figures given in this bulletin for foreign ownership of life insurance business in Australia. While a precise figure for such ownership is not available, its exclusion would be unlikely to have a significant effect on the estimates of foreign ownership.

### Measurement of foreign control

27. Broadly, an enterprise is regarded as foreign controlled if there is evidence that foreigners are likely to be in a position, acting singly or as a coalition, to determine the *key policy decisions* of the enterprise. The evidence of such control that can be taken into consideration in a general statistical study is a substantial holding of voting rights or ordinary shares. The distribution of voting rights in a particular enterprise may differ from the distribution of ordinary shares because, for example, there may be sliding scales which operate to reduce the voting entitlement of larger shareholders. However, as complete data on the distribution of voting rights are not presently available, only the *ownership of ordinary shares* has been used in this study as the basis for defining foreign controlled enterprises.
28. There can be circumstances where an enterprise appears to be 'controlled' by a financial institution through conditions written into a loan contract. It can also be argued that governments can effectively control enterprises in Australia by means of various legislative constraints. In addition, the local management of some foreign owned enterprises may make major decisions (but usually this situation could be altered if the owners of the enterprise believed that the local management was acting contrary to the owners' interests).
29. However, in a general statistical study it is not possible to take account of all these and other possible influences because there is no way in which they can be systematically aggregated on a consistent basis nor, in some cases, quantified individually. Also, the situations arising under contractual agreements may be temporary and generally do not relate to all types of key policy decisions of the enterprises concerned.
30. In this study, an insurance enterprise was classified as 'foreign controlled' if it was a 'direct investment enterprise' (see paragraph 15 above) or was connected to a direct investment enterprise by one or more sequential ownership links of 25 per cent or more of ordinary shares (or an equivalent ownership interest) from the direct investment enterprise. However, if at any point in the ownership chain connecting the major direct foreign investor and the enterprise, an Australian controlled enterprise or resident individual owned a larger holding of ordinary shares than the major direct foreign investor, then the enterprise would have been classified as 'Australian controlled'. All other insurance enterprises were classified as 'Australian controlled'. The provision concerning the larger Australian controlled holding did not have to be applied in this study as there were no such cases.
31. An important implication of the rule adopted is that in any case where the holding (in the insurance enterprise) of the direct foreign investor and an Australian controlled enterprise or resident individual were *equal* at any one point in the ownership chain, the enterprise would have been classified as foreign controlled. In previous studies in this series, separate figures have been published, wherever possible, for enterprises in this borderline situation. In this study, however, there were no such cases.
32. As it is possible in certain circumstances to achieve effective control of an enterprise with a holding of less than 25 per cent of ordinary shares (the minimum qualification for classification in this study as foreign controlled), the category for Australian controlled insurance enterprises may include some which were subject to foreign control. Conversely, the objective statistical definition adopted in this study may have resulted in the classification as foreign controlled of individual enterprises for which a case can be made out on other grounds that they are effectively Australian controlled. It should be noted, however, that the qualifying level of 25 per cent adopted in this study is conservative by international standards as there is a strong tendency in statistical studies abroad for ownership levels considerably below 25 per cent to be regarded as appropriate for defining effective control.
33. In the tables which contain information on the extent of foreign control, data for each insurance enterprise were allocated *wholly* to the appropriate control category.

34. Diagrams illustrating some of the circumstances in which insurance enterprises are classified to particular control categories are given below :

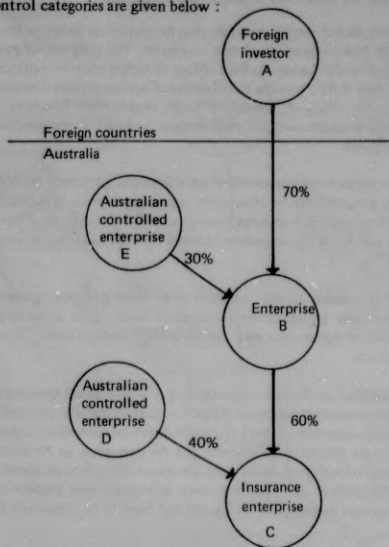


Diagram 2

Foreign control

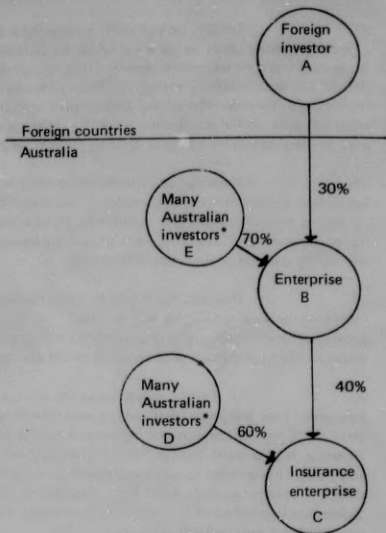
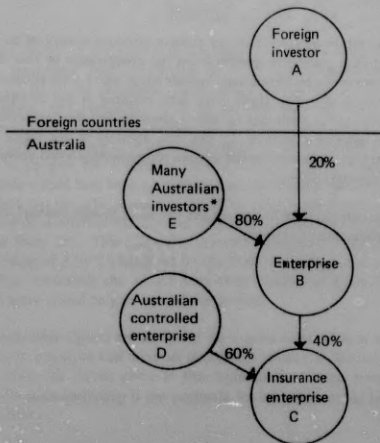


Diagram 3

\* Individual holdings under 10%

Foreign control



\* individual holdings under 10%

Diagram 4

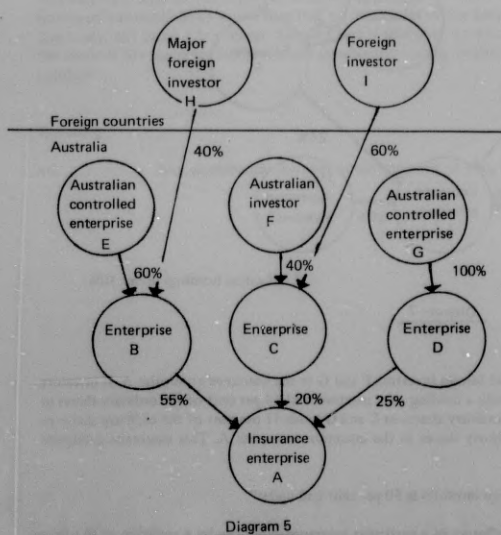
Australian Control

In Diagrams 2 and 3, the insurance enterprise C is classified as "foreign controlled" because in each case it is connected to a direct investment enterprise B by an ownership link of 25% or more of ordinary shares (60%, 40% and 40% respectively) and at no point in either ownership chain does an Australian controlled enterprise or resident individual own a larger holding of ordinary shares than the major direct foreign investor A. In Diagram 4, the insurance enterprise C is classified as Australian controlled because no single foreign investor holds 25% or more of the ordinary shares at any point in the ownership chain connecting it to the insurance enterprise.

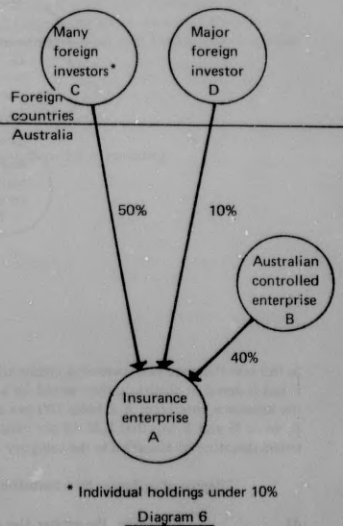
#### Measurement of foreign influence

35. Part III of this bulletin contains statistics on the potential *degree of influence* by foreigners in insurance enterprises, in terms of ownership links. These statistics have been provided because of the prevalence in insurance enterprises of significant amounts of foreign ownership below the 25% level used in the definition of foreign control. Also, they provide information on the extent to which foreign investors (including unrelated investors) acting in coalition may be potentially in a position to influence the key policy decisions of a particular insurance enterprise. This information is not intended as a substitute for the statistics on foreign control in Part II of this bulletin.

36. In Tables 10, 11 and 12, supplementary information is presented by classifying insurance enterprises according to the *degree of influence by the major foreign investor*. The major foreign investor in an insurance enterprise is the foreign investor who has a greater degree of influence in that enterprise than any other foreign investor, where the degree of influence is measured by the size of the minimum link in the ownership chain connecting the foreign investor to the enterprise. Examples of the measurement of the degree of influence by the major foreign investor are given in Diagrams 5 and 6 below. The major foreign investor is H because the ownership chain H-B-A has a minimum link, H-B, of 40 per cent, while the other foreign ownership chain, I-C-A, has a minimum link of only 20 per cent; the degree of influence by the major foreign investor H is 40 per cent. Similarly, in Diagram 6, the degree of influence by the major foreign investor D is 10 per cent.



Degree of influence by the major foreign investor is under 50%



\* Individual holdings under 10%

Degree of influence by the major foreign investor is under 50%

37. Generally, the greater the degree of influence by the major foreign investor in a particular insurance enterprise, the greater will be the likelihood of effective control by that foreign investor of the insurance enterprise.

38. Under the criteria for classification of control outlined in paragraph 30 above, it is possible that insurance enterprises classified as "Australian controlled" could be effectively controlled by foreign investors if they were to act in coalition. There may be cases where the degree of influence by the major foreign investor is less than the degree of influence by an Australian investor (and the insurance enterprise is therefore classified as "Australian controlled") but over 50 per cent of the ordinary shares in the insurance enterprise are owned by foreigners or foreign controlled enterprises. Also there may be cases where the degree of influence by the major foreign investor is under 25 per cent (therefore excluding the insurance enterprise from the foreign controlled category), but where a majority or even all the ordinary shares in the insurance enterprise are held by foreigners or foreign controlled enterprises.

39. In order to provide further supplementary information, in Table 12 insurance enterprises have been classified according to the degree of influence by a coalition of all foreign investors (i.e. a measure of the potential influence if all foreign investors acted in coalition), as well as the degree of influence by the major foreign investor.

40. An example of the degree of influence by a coalition of all foreign investors is given in Diagram 7 :

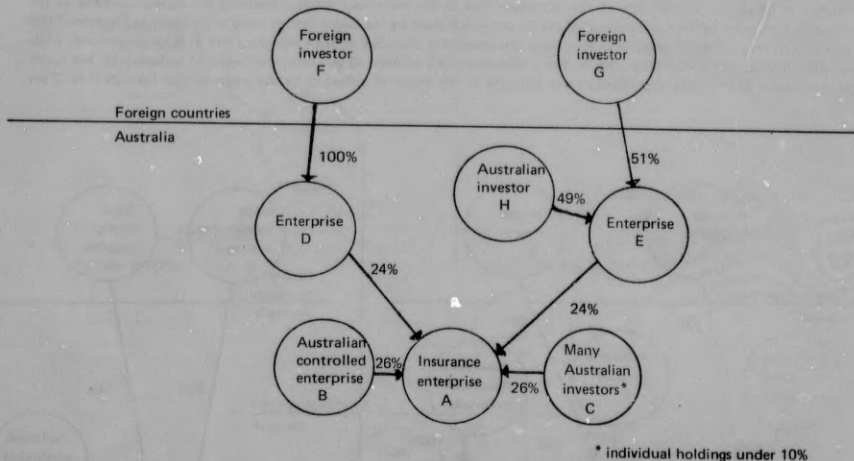


Diagram 7

In this case there are two ownership chains which connect foreign investors F and G to the insurance enterprise A. If investors F and G acted in coalition, they would be associated with a holding of a maximum of 48 per cent of the ordinary shares in the insurance enterprise A. F holds 100 per cent of the ordinary shares in D and G holds 51 per cent of the ordinary shares in E, while D and E together hold 48 per cent of the ordinary shares in the insurance enterprise A. This insurance enterprise would therefore be classified to the category :

"degree of influence by a coalition of all foreign investors is 50 per cent and under".

41. Generally, the greater the degree of influence in a particular insurance enterprise by a coalition of all foreign investors, the greater the likelihood of effective control of the enterprise.

### Country classification

42. The classifications by country shown in the ownership and control statistics may be subject to severe limitations because of the restricted nature of the data available and the consequential necessity to apply the simple rules outlined in the following paragraphs.

43. In the foreign *ownership* statistics shown in Table 1, the classification by country is based on the country of domicile of the *immediate foreign owner* of the ordinary shares of the insurance enterprise or an enterprise which is connected to the insurance enterprise. This may not necessarily correspond with the country of ultimate ownership as the immediate foreign owner may be an enterprise which is in turn owned by residents of a different country again.

44. The basis of classification used for the foreign *control* statistics shown in Tables 5 and 8 is the country of domicile of the direct foreign investor. This is subject to the limitation described above and to the fact that when an insurance enterprise in Australia has direct foreign investors in more than one country, for purposes of these statistics, that enterprise was classified on the basis of the country of domicile of those direct foreign investors which together accounted for the largest percentage of direct foreign ownership.

### Comparability with other studies of foreign ownership and control

45. The concepts of ownership and control and the methods and procedures adopted for this study are the same as those used in the study, *Foreign Ownership and Control of General Insurance Business, 1972-73* (Reference No. 5.52) and similar to those used in the study, *Foreign Ownership and Control of the Mining Industry, 1972-73* (Reference No. 10.42). However, in the mining study complex ownership chains were necessarily traced beyond the immediate owners of the operating enterprise only up to the point where ownership ceased to have any effect on the classification of control, whereas, in this study, ownership chains were traced consistently beyond the immediate owners up to the point where the ownership links were under 10 per cent. Consequently, while the basic control data used in this study is similar in scope to that used in the mining industry study, the coverage of foreign ownership may be more complete and it has been possible to provide supplementary data on the degree of influence by foreign investors. It is not known precisely what effect this more rigorous tracing of ownership links would have had on the results of the mining industry study if it had been practicable to do so in that study, but present knowledge indicates that it probably would not have had a significant effect. However, the effect on the study of life insurance business in not consistently tracing ownership links down to the 10 per cent level would have been significant.

### Rounding

46. Any discrepancies between totals and sums of components in tables are due to rounding.

PART I. FOREIGN OWNERSHIP

TABLE 1. - LIFE INSURANCE STATISTICS APPORTIONED TO FOREIGN OWNERSHIP,  
BY TYPE AND COUNTRY, AND AUSTRALIAN OWNERSHIP, 1973

	<i>Direct foreign ownership</i>			<i>Other identified foreign ownership</i>			<i>Total foreign ownership</i>			<i>Australian ownership</i>	<i>Total</i>
	<i>Extent of direct foreign ownership*</i>			<i>Extent of other identified foreign ownership</i>			<i>Extent of total foreign ownership</i>				
	<i>U.K.</i>	<i>Other</i>	<i>Total</i>	<i>U.K.</i>	<i>Other</i>	<i>Total</i>	<i>U.K.</i>	<i>Other</i>	<i>Total</i>		
	- \$ million -										
Premiums received during 1973	148.4	58.5	206.9	66.8	131.2	198.0	215.2	189.7	404.9	696.0	1,100.9
New sums insured during 1973 -											
Ordinary business	1,071.4	1,008.1	2,079.6	322.8	672.7	995.5	1,394.2	1,680.9	3,075.1	3,373.3	6,448.4
Industrial business	..	..	..	32.7	26.8	59.5	32.7	26.8	59.5	194.5	254.0
Superannuation business	450.6	155.3	605.9	230.5	532.2	762.7	681.2	687.5	1,368.7	2,438.7	3,807.4
<i>Total</i>	<i>1,522.1</i>	<i>1,163.4</i>	<i>2,685.5</i>	<i>586.0</i>	<i>1,231.7</i>	<i>1,817.8</i>	<i>2,108.1</i>	<i>2,395.1</i>	<i>4,503.2</i>	<i>6,006.5</i>	<i>10,509.7</i>
Claims, surrenders etc. paid during 1973	53.4	23.9	77.3	36.5	71.0	107.5	89.9	94.9	184.7	363.7	548.4
New loans paid over during 1973	30.8	12.7	43.5	15.1	32.5	47.7	46.0	45.2	91.2	170.3	261.5
Selected assets at end of December 1973 -											
Fixed assets	153.9	14.2	168.1	94.2	193.7	287.8	248.1	207.9	455.9	1,006.3	1,462.2
Loans	124.6	40.2	164.9	102.5	212.7	315.2	227.1	253.0	480.1	1,099.6	1,579.7
Investments -											
Government securities	263.7	83.0	346.7	171.0	296.6	467.6	434.7	379.6	814.3	1,665.1	2,479.4
Other	220.4	65.4	285.9	151.7	265.2	416.9	372.1	330.6	702.7	1,444.5	2,147.2
Cash	15.5	15.7	31.2	1.2	3.5	4.7	16.6	19.2	35.9	20.6	56.5
<i>Total</i>	<i>778.1</i>	<i>218.5</i>	<i>996.6</i>	<i>520.5</i>	<i>971.7</i>	<i>1,492.2</i>	<i>1,298.6</i>	<i>1,190.3</i>	<i>2,488.9</i>	<i>5,236.0</i>	<i>7,724.9</i>
	- number -										
Persons employed at end of December 1973	3,541	1,347	4,888	1,070	2,651	3,721	4,611	3,998	8,609	12,863	21,472
	- per cent -										
Premiums received during 1973	13.5	5.3	18.8	6.1	11.9	18.0	19.6	17.2	36.8	63.2	100.0
New sums insured during 1973 -											
Ordinary business	16.6	15.6	32.3	5.0	10.4	15.4	21.6	26.1	47.7	52.3	100.0
Industrial business	..	..	..	12.9	10.6	23.4	12.9	10.6	23.4	76.6	100.0
Superannuation business	11.8	4.1	15.9	6.1	14.0	20.0	17.9	18.1	35.9	64.1	100.0
<i>Total</i>	<i>14.5</i>	<i>11.1</i>	<i>25.6</i>	<i>5.6</i>	<i>11.7</i>	<i>17.3</i>	<i>20.1</i>	<i>22.8</i>	<i>42.8</i>	<i>57.2</i>	<i>100.0</i>
Claims, surrenders etc. paid during 1973	9.7	4.4	14.1	6.7	12.9	19.6	16.4	17.3	33.7	66.3	100.0
New loans paid over during 1973	11.8	4.9	16.6	5.8	12.4	18.2	17.6	17.3	34.9	65.1	100.0
Selected assets at end of December 1973 -											
Fixed assets	10.5	1.0	11.5	6.4	13.2	19.7	17.0	14.2	31.2	68.8	100.0
Loans	7.9	2.5	10.4	6.5	13.5	20.0	14.4	16.0	30.4	69.6	100.0
Investments -											
Government securities	10.6	3.3	14.0	6.9	12.0	18.9	17.5	15.3	32.8	67.2	100.0
Other	10.3	3.0	13.3	7.1	12.4	19.4	17.3	15.4	32.7	67.3	100.0
Cash	27.4	27.8	55.2	2.1	6.2	8.3	29.4	34.0	63.5	36.5	100.0
<i>Total</i>	<i>10.1</i>	<i>2.8</i>	<i>12.9</i>	<i>6.7</i>	<i>12.6</i>	<i>19.3</i>	<i>16.8</i>	<i>15.4</i>	<i>32.2</i>	<i>67.8</i>	<i>100.0</i>
Persons employed at end of December 1973	16.5	6.3	22.8	5.0	12.3	17.3	21.5	18.6	40.1	59.9	100.0

TABLE 2. - LIFE INSURANCE STATISTICS APPORTIONED TO FOREIGN OWNERSHIP,  
BY TYPE AND EXTENT, AND AUSTRALIAN OWNERSHIP, 1973

	Direct foreign ownership			Other identified foreign ownership			Total foreign ownership			Australian ownership	Total
	75% and under	Over 75%	Total	50% and under	Over 50%	Total	50% and under	Over 50%	Total		
	- \$ million -										
Premiums received during 1973	12.1	194.8	206.9	198.0	..	198.0	196.6	208.3	404.9	696.0	1,100.9
New sums insured during 1973 -											
Ordinary business	133.1	1,946.5	2,079.6	995.5	..	995.5	983.7	2,091.3	3,075.1	3,373.3	6,448.4
Industrial business	..	..	..	59.5	..	59.5	59.5	..	59.5	194.5	254.0
Superannuation business	31.6	574.4	605.9	762.7	..	762.7	760.2	608.4	1,368.7	2,438.7	3,807.4
Total	164.6	2,520.9	2,685.5	1,817.8	..	1,817.8	1,803.5	2,699.7	4,503.2	6,006.5	10,509.7
Claims, surrenders etc. paid during 1973	4.4	72.9	77.3	107.5	..	107.5	106.8	77.9	184.7	363.7	548.4
New loans paid over during 1973	4.5	39.0	43.5	47.7	..	47.7	47.1	44.1	91.2	170.3	261.5
Selected assets at end of December 1973 -											
Fixed assets	2.4	165.7	168.1	287.8	..	287.8	286.9	169.0	455.9	1,006.3	1,462.2
Loans	12.6	152.2	164.9	315.2	..	315.2	313.5	166.6	480.1	1,099.6	1,579.7
Investments -											
Government securities	22.6	324.0	346.7	467.6	..	467.6	464.5	349.7	814.3	1,665.1	2,479.4
Other	24.4	261.4	285.9	416.9	..	416.9	413.8	288.9	702.7	1,444.5	2,147.2
Cash	2.3	28.9	31.2	4.7	..	4.7	4.5	31.3	35.9	20.6	56.5
Total	64.4	932.2	996.6	1,492.2	..	1,492.2	1,483.3	1,005.6	2,488.9	5,236.0	7,724.9
	- number -										
Persons employed at end of December 1973	297	4,591	4,888	3,721	..	3,721	3,677	4,932	8,609	12,863	21,472
	- per cent -										
Premiums received during 1973	1.1	17.7	18.8	18.0	..	18.0	17.9	18.9	36.8	63.2	100.0
New sums insured during 1973 -											
Ordinary business	2.1	30.2	32.3	15.4	..	15.4	15.3	32.4	47.7	52.3	100.0
Industrial business	..	..	..	23.4	..	23.4	23.4	..	23.4	76.6	100.0
Superannuation business	0.8	15.1	15.9	20.0	..	20.0	20.0	16.0	35.9	64.1	100.0
Total	1.6	24.0	25.6	17.3	..	17.3	17.2	25.7	42.8	57.2	100.0
Claims, surrenders etc. paid during 1973	0.8	13.3	14.1	19.6	..	19.6	19.5	14.2	33.7	66.3	100.0
New loans paid over during 1973	1.7	14.9	16.6	18.2	..	18.2	18.0	16.9	34.9	65.1	100.0
Selected assets at end of December 1973 -											
Fixed assets	0.2	11.3	11.5	19.7	..	19.7	19.6	11.6	31.2	68.8	100.0
Loans	0.8	9.6	10.4	20.0	..	20.0	19.8	10.5	30.4	69.6	100.0
Investments -											
Government securities	0.9	13.1	14.0	18.9	..	18.9	18.7	14.1	32.8	67.2	100.0
Other	1.1	12.2	13.3	19.4	..	19.4	19.3	13.5	32.7	67.3	100.0
Cash	4.1	51.2	55.2	8.3	..	8.3	8.0	55.4	63.5	36.5	100.0
Total	0.8	12.1	12.9	19.3	..	19.3	19.2	13.0	32.2	67.8	100.0
Persons employed at end of December 1973	1.4	21.4	22.8	17.3	..	17.3	17.1	23.0	40.1	59.9	100.0

TABLE 3. - LIFE INSURANCE STATISTICS APPORTIONED TO FOREIGN AND AUSTRALIAN OWNERSHIP BY SIZE OF BUSINESS UNIT, 1973

	Foreign ownership			Australian ownership			Total		
	Size of business unit (premiums)			Size of business unit (premiums)			Size of business unit (premiums)		
	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total
	- \$ million -								
Premiums received during 1973	209.2	195.7	404.9	88.6	607.4	696.0	297.8	803.1	1,100.9
New sums insured during 1973 -									
Ordinary business	2,119.6	955.4	3,075.1	503.9	2,869.4	3,373.3	2,623.5	3,824.8	6,448.4
Industrial business		59.5	59.5		194.5	194.5		254.0	254.0
Superannuation business		1,368.7	1,368.7		2,438.7	2,438.7		3,807.4	3,807.4
Total	2,729.1	1,774.1	4,503.2	679.4	5,327.1	6,006.5	3,408.5	7,101.2	10,509.7
Claims, surrenders etc. paid during 1973	78.4	106.4	184.7	43.0	320.7	363.7	121.4	427.1	548.4
New loans paid over during 1973	44.3	46.9	91.2	30.2	140.0	170.3	74.6	186.9	261.5
Selected assets at end of December 1973 -									
Fixed assets	169.3	286.7	455.9	133.4	872.9	1,006.3	302.7	1,159.6	1,462.2
Loans	167.5	312.6	480.1	128.6	971.0	1,099.6	296.2	1,283.5	1,579.7
Investments -									
Government securities	352.2	462.0	814.3	244.5	1,420.6	1,665.1	596.8	1,882.6	2,479.4
Other		702.7	702.7		1,444.5	1,444.5		1,636.8	2,147.2
Cash		35.9	35.9		20.6	20.6		17.1	56.5
Total	1,011.6	1,477.3	2,488.9	733.8	4,502.2	5,236.0	1,745.4	5,979.5	7,724.9
	- number -								
Persons employed at end of December 1973	4,986	3,623	8,609	2,534	10,329	12,863	7,520	13,952	21,472
	- per cent -								
Premiums received during 1973	19.0	17.8	36.8	8.0	55.2	63.2	27.1	72.9	100.0
New sums insured during 1973 -									
Ordinary business	32.9	14.8	47.7	7.8	44.5	52.3	40.7	59.3	100.0
Industrial business		23.4	23.4		76.6	76.6		100.0	100.0
Superannuation business		35.9	35.9		64.1	64.1		100.0	100.0
Total	26.0	16.9	42.8	6.5	50.7	57.2	32.4	67.6	100.0
Claims, surrenders etc. paid during 1973	14.3	19.4	33.7	7.8	58.5	66.3	22.1	77.9	100.0
New loans paid over during 1973	16.9	17.9	34.9	11.5	53.5	65.1	28.5	71.5	100.0
Selected assets at end of December 1973 -									
Fixed assets	11.6	19.6	31.2	9.1	59.7	68.8	20.7	79.3	100.0
Loans	10.6	19.8	30.4	8.1	61.5	69.6	18.8	81.2	100.0
Investments -									
Government securities	14.2	18.6	32.8	9.9	57.3	67.2	24.1	75.9	100.0
Other		32.7	32.7		67.3	67.3		76.2	100.0
Cash		63.5	63.5		36.5	36.5		30.3	100.0
Total	13.1	19.1	32.2	9.5	58.3	67.8	22.6	77.4	100.0
Persons employed at end of December 1973	23.2	16.9	40.1	11.8	48.1	59.9	35.0	65.0	100.0

TABLE 4. - LIFE INSURANCE STATISTICS APPORTIONED TO FOREIGN AND AUSTRALIAN OWNERSHIP BY TYPE OF BUSINESS UNIT, 1973

	Foreign ownership			Australian ownership			Total		
	Type of business unit			Type of business unit			Type of business unit		
	Mutual insurance enterprises	Other insurance enterprises	Total	Mutual insurance enterprises	Other insurance enterprises	Total	Mutual insurance enterprises	Other insurance enterprises	Total
	- \$ million -								
Premiums received during 1973	180.5	224.4	404.9	538.2	157.8	696.0	718.7	382.2	1,100.9
New sums insured during 1973 -									
Ordinary business	1,062.9	2,012.1	3,075.1	2,591.9	781.4	3,373.3	3,654.9	2,793.5	6,448.4
Industrial business		59.5	59.5		194.5	194.5	138.2	115.8	254.0
Superannuation business	1,368.7		1,368.7	2,438.7		2,438.7	2,788.8	1,018.6	3,807.4
Total	1,799.5	2,703.7	4,503.2	4,782.3	1,224.2	6,006.5	6,581.9	3,927.9	10,509.7
Claims, surrenders etc. paid during 1973	93.2	91.5	184.7	288.7	75.0	363.7	381.9	166.6	548.4
New loans paid over during 1973	47.4	43.8	91.2	143.7	26.6	170.3	191.0	70.4	261.5
Selected assets at end of December 1973 -									
Fixed assets	256.1	199.8	455.9	784.3	222.0	1,006.3	1,040.4	421.8	1,462.2
Loans	275.1	205.0	480.1	917.5	182.1	1,099.6	1,192.6	387.1	1,579.7
Investments -									
Government securities	386.1	428.2	814.3	1,268.9	396.3	1,665.1	1,654.9	824.5	2,479.4
Other	343.0	359.7	702.7	1,095.3	349.1	1,444.5	1,438.4	708.8	2,147.2
Cash	5.6	30.2	35.9	12.7	7.9	20.6	18.3	38.2	56.5
Total	1,266.0	1,222.9	2,488.9	4,078.7	1,157.4	5,236.0	5,344.6	2,380.3	7,724.9
	- number -								
Persons employed at end of December 1973	3,783	4,826	8,609	9,933	2,930	12,863	13,716	7,756	21,472
	- per cent -								
Premiums received during 1973	16.4	20.4	36.8	48.9	14.3	63.2	65.3	34.7	100.0
New sums insured during 1973 -									
Ordinary business	16.5	31.2	47.7	40.2	12.1	52.3	56.7	43.3	100.0
Industrial business		23.4	23.4		76.6	76.6	54.4	45.6	100.0
Superannuation business		35.9	35.9		76.6	9.5	73.2	26.8	100.0
Total	17.1	25.7	42.8	45.5	11.6	57.2	62.6	37.4	100.0
Claims, surrenders etc. paid during 1973	17.0	16.7	33.7	52.6	13.7	66.3	69.6	30.4	100.0
New loans paid over during 1973	18.1	16.7	34.9	55.0	10.2	65.1	73.0	26.9	100.0
Selected assets at end of December 1973 -									
Fixed assets	17.5	13.7	31.2	53.6	15.2	68.8	71.2	28.8	100.0
Loans	17.4	13.0	30.4	58.1	11.5	69.6	75.5	24.5	100.0
Investments -									
Government securities	15.6	17.3	32.8	51.2	16.0	67.2	66.7	33.3	100.0
Other	16.0	16.8	32.7	51.0	16.3	67.3	67.0	33.0	100.0
Cash	9.9	53.5	63.5	22.5	14.0	36.5	32.4	67.6	100.0
Total	16.4	15.8	32.2	52.8	15.0	67.8	69.2	30.8	100.0
Persons employed at end of December 1973	17.6	22.5	40.1	46.3	13.6	59.9	63.9	36.1	100.0



TABLE 5. - STATISTICS OF INSURANCE ENTERPRISES BY CONTROL CATEGORY AND COUNTRY, 1973

	Foreign control					Austrian control	Total	
	U.K.	E.E.C. (a)	U.S.A.	Switzerland	Other			Total
	- \$ million -							
Premiums received during 1973	153.2	6.9	23.2	15.4	15.2	213.9	887.0	1,100.9
New sums insured during 1973 -								
Ordinary business	1,121.7	68.8	591.5	125.6	242.4	2,150.0	4,298.3	6,448.4
Industrial business	..	..	..	..	..	..	254.0	254.0
Superannuation business	461.2	19.2	22.2	38.3	82.2	623.3	3,184.0	3,807.4
Total	1,582.9	88.1	613.7	163.9	324.6	2,773.3	7,736.5	10,509.7
Claims, surrenders etc. paid during 1973	55.1	(b)	(b)	4.5	5.7	80.0	468.4	548.4
New loans paid over during 1973	31.8	0.9	(b)	(b)	6.9	45.7	215.8	261.5
Selected assets at end of December 1973 -								
Fixed assets	155.9	(b)	(b)	(b)	(b)	170.7	1,291.5	1,462.2
Loans	127.6	2.9	(b)	(b)	18.3	171.2	1,408.5	1,579.7
Investments -								
Government securities	270.7	8.3	25.2	31.6	23.4	359.2	2,120.2	2,479.4
Other	228.7	10.4	21.4	21.2	17.8	299.5	1,847.7	2,147.2
Cash	16.1	(b)	9.1	(b)	(b)	32.2	24.3	56.5
Total	799.0	25.0	69.7	70.6	68.7	1,032.8	6,692.1	7,724.9
	- number -							
Business units at end of December 1973	17	4	6	4	5	36	14	50
Persons employed at end of December 1973	3,634	308	403	292	425	5,062	16,410	21,472
	- per cent -							
Premiums received during 1973	13.9	0.6	2.1	1.4	1.4	19.4	80.6	100.0
New sums insured during 1973 -								
Ordinary business	17.4	1.1	9.2	1.9	3.8	33.3	66.7	100.0
Industrial business	..	..	..	..	..	..	100.0	100.0
Superannuation business	12.1	0.5	0.6	1.0	2.2	16.4	83.6	100.0
Total	15.1	0.8	5.8	1.6	3.1	26.4	73.6	100.0
Claims, surrenders etc. paid during 1973	10.0	(b)	(b)	0.8	1.0	14.6	85.4	100.0
New loans paid over during 1973	12.2	0.3	(b)	(b)	2.5	17.5	82.5	100.0
Selected assets at end of December 1973 -								
Fixed assets	10.7	(b)	(b)	(b)	(b)	11.7	88.3	100.0
Loans	8.1	0.2	(b)	(b)	1.2	10.8	89.2	100.0
Investments -								
Government securities	10.9	0.3	1.0	1.3	0.9	14.5	85.5	100.0
Other	10.7	0.5	1.0	1.0	0.8	13.9	86.1	100.0
Cash	28.5	(b)	16.1	(b)	(b)	57.0	43.0	100.0
Total	10.3	0.3	0.9	0.9	0.9	13.4	86.6	100.0
Business units at end of December 1973	34.0	8.0	12.0	8.0	10.0	72.0	28.0	100.0
Persons employed at end of December 1973	16.9	1.4	1.9	1.4	2.0	23.6	76.4	100.0

(a) Excludes U.K. Includes France, Federal Republic of Germany, Luxembourg, Belgium, Netherlands, Italy, Denmark and Eire. (b) Not available for publication.

TABLE 6. — STATISTICS OF FOREIGN CONTROLLED INSURANCE ENTERPRISES, BY EXTENT OF DIRECT FOREIGN OWNERSHIP,  
AND AUSTRALIAN CONTROLLED INSURANCE ENTERPRISES, BY EXTENT OF TOTAL FOREIGN OWNERSHIP, 1973

	Foreign control			Australian control			Total
	Extent of direct foreign ownership			Extent of total foreign ownership			
	Under 75%	75% and over	Total	Under 25%	25% and over (a)	Total	
	— \$ million —						
Premiums received during 1973	19.1	194.8	213.9	538.2	348.8	887.0	1,100.9
New sums insured during 1973 —							
Ordinary business	203.5	1,946.5	2,150.0	2,454.5	1,843.8	4,298.3	6,448.4
Industrial business	..	..	..	254.0	..	254.0	254.0
Superannuation business	48.9	574.4	623.3	3,184.0	..	3,184.0	3,807.4
Total	252.4	2,520.9	2,773.3	7,736.5	..	7,736.5	10,509.7
Claims, surrenders etc. paid during 1973	7.2	72.9	80.0	278.3	190.1	468.4	548.4
New loans paid over during 1973	6.7	39.0	45.7	133.2	82.6	215.8	261.5
Selected assets at end of December 1973 —							
Fixed assets	5.0	165.7	170.7	788.3	503.2	1,291.5	1,462.2
Loans	19.0	152.2	171.2	..	1,408.5	1,408.5	1,579.7
Investments —							
Government securities	35.2	324.0	359.2	1,295.7	824.5	2,120.2	2,479.4
Other	38.0	261.4	299.5	1,079.6	768.1	1,847.7	2,147.2
Cash	3.3	28.8	32.2	..	24.3	24.3	56.5
Total	100.6	932.2	1,032.8	4,081.0	2,611.1	6,692.1	7,724.9
	— number —						
Business units at end of December 1973	4	32	36	10	4	14	50
Persons employed at end of December 1973	471	4,591	5,062	9,637	6,773	16,410	21,472
	— per cent —						
Premiums received during 1973	1.7	17.7	19.4	48.9	31.7	80.6	100.0
New sums insured during 1973 —							
Ordinary business	3.2	30.2	33.3	38.1	28.6	66.7	100.0
Industrial business	..	..	..	..	100.0	100.0	100.0
Superannuation business	1.3	15.1	16.4	83.6	..	83.6	100.0
Total	2.4	24.0	26.4	73.6	..	73.6	100.0
Claims, surrenders etc. paid during 1973	1.3	13.3	14.6	50.7	34.7	85.4	100.0
New loans paid over during 1973	2.6	14.9	17.5	50.9	31.6	82.5	100.0
Selected assets at end of December 1973 —							
Fixed assets	0.3	11.3	11.7	53.9	34.4	88.3	100.0
Loans	1.2	9.6	10.8	..	89.2	82.2	100.0
Investments —							
Government securities	1.4	13.1	14.5	52.3	33.3	85.5	100.0
Other	1.8	12.2	13.9	50.3	35.8	86.1	100.0
Cash	5.8	51.0	57.0	..	43.0	43.0	100.0
Total	1.3	12.1	13.4	52.8	33.8	86.6	100.0
Business units at end of December 1973	8.0	64.0	72.0	20.0	8.0	28.0	100.0
Persons employed at end of December 1973	2.2	21.4	23.6	44.9	31.5	76.4	100.0

(a) There were no Australian controlled insurance enterprises where the extent of total foreign ownership was over 50%.

TABLE 7. - STATISTICS OF INSURANCE ENTERPRISES BY CONTROL CATEGORY AND SIZE OF BUSINESS UNIT, 1973

	Foreign control			Austrian control			Total		
	Size of business unit (premiums)			Size of business unit (premiums)			Size of business unit (premiums)		
	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total	Under \$50m	\$50m and over	Total
	- \$ million -								
Premiums received during 1973	213.9	..	213.9	83.9	803.1	887.0	297.8	803.1	1,100.9
New sums insured during 1973 -									
Ordinary business	2,150.0	..	2,150.0	473.5	3,824.8	4,298.3	2,623.5	3,824.8	6,448.4
Industrial business	..	..	..	0.8	253.3	254.0	0.8	253.3	254.0
Superannuation business	623.3	..	623.3	161.0	3,023.0	3,184.0	784.3	3,023.0	3,807.4
Total	2,773.3	..	2,773.3	635.3	7,101.2	7,736.5	3,408.5	7,101.2	10,509.7
Claims, surrenders etc. paid during 1973	80.0	..	80.0	41.3	427.1	468.4	121.4	427.1	548.4
New loans paid over during 1973	45.7	..	45.7	28.9	186.9	215.8	74.6	186.9	261.5
Selected assets at end of December 1973 -									
Fixed assets	170.7	..	170.7	131.9	1,159.6	1,291.5	302.7	1,159.6	1,462.2
Loans	171.2	..	171.2	125.0	1,283.5	1,408.5	296.2	1,283.5	1,579.7
Investments -									
Government securities	359.2	..	359.2	237.6	1,882.7	2,120.2	596.8	1,882.7	2,479.4
Other	299.5	..	299.5	210.9	1,636.8	1,847.7	510.4	1,636.8	2,147.2
Cash	32.2	..	32.2	1.3	17.0	24.3	39.4	17.0	56.5
Total	1,032.8	..	1,032.8	712.6	5,979.5	6,692.1	1,745.4	5,979.5	7,724.9
	- number -								
Business units at end of December 1973	36	..	36	9	5	14	45	5	50
Persons employed at end of December 1973	5,062	..	5,062	2,457	13,953	16,410	7,519	13,953	21,472
	- per cent -								
Premiums received during 1973	19.4	..	19.4	7.6	72.9	80.6	27.1	72.9	100.0
New sums insured during 1973 -									
Ordinary business	33.3	..	33.3	7.3	59.3	66.7	40.7	59.3	100.0
Industrial business	..	..	..	0.3	99.7	100.0	0.3	99.7	100.0
Superannuation business	16.4	..	16.4	4.2	79.4	83.6	20.6	79.4	100.0
Total	26.4	..	26.4	6.0	67.6	73.6	32.4	67.6	100.0
Claims, surrenders etc. paid during 1973	14.6	..	14.6	7.5	77.9	85.4	22.1	77.9	100.0
New loans paid over during 1973	17.5	..	17.5	11.1	71.5	82.5	28.5	71.5	100.0
Selected assets at end of December 1973 -									
Fixed assets	11.7	..	11.7	9.0	79.3	88.3	20.7	79.3	100.0
Loans	10.8	..	10.8	7.9	81.2	89.2	18.8	81.2	100.0
Investments -									
Government securities	14.5	..	14.5	9.6	75.9	85.5	24.1	75.9	100.0
Other	13.9	..	13.9	9.8	76.2	86.1	23.8	76.2	100.0
Cash	57.0	..	57.0	12.9	30.1	43.0	69.7	30.1	100.0
Total	13.4	..	13.4	9.2	77.4	86.6	22.6	77.4	100.0
Business units at end of December 1973	72.0	..	72.0	18.0	10.0	28.0	90.0	10.0	100.0
Persons employed at end of December 1973	23.6	..	23.6	11.4	65.0	76.4	35.0	65.0	100.0

TABLE 8. - STATISTICS OF INSURANCE ENTERPRISES BY CONTROL CATEGORY,  
COUNTRY AND SIZE OF BUSINESS UNIT, 1973

Size of business unit (premiums)	Foreign control					Australian control	Total
	U.K.	E.E.C. (a)	U.S.A.	Other	Total		
Premiums (per cent of industry total)							
Under \$50m	13.9	0.6	2.1	2.8	19.4	7.6	27.1
\$50m and over	..	..	..	..	..	72.9	72.9
<i>Total</i>	<i>13.9</i>	<i>0.6</i>	<i>2.1</i>	<i>2.8</i>	<i>19.4</i>	<i>80.6</i>	<i>100.0</i>
Total new sums insured (per cent of industry total)							
Under \$50m	15.1	0.8	5.8	4.6	26.4	6.0	32.4
\$50m and over	..	..	..	..	..	67.6	67.6
<i>Total</i>	<i>15.1</i>	<i>0.8</i>	<i>5.8</i>	<i>4.6</i>	<i>26.4</i>	<i>73.6</i>	<i>100.0</i>
Number of business units							
Under \$50m	17	4	6	9	36	9	45
\$50m and over	..	..	..	..	..	5	5
<i>Total</i>	<i>17</i>	<i>4</i>	<i>6</i>	<i>9</i>	<i>36</i>	<i>14</i>	<i>50</i>

(a) Excludes U.K. Includes France, Federal Republic of Germany, Luxembourg, Belgium, Netherlands, Italy, Denmark and Eire.

TABLE 9. — STATISTICS OF INSURANCE ENTERPRISES BY CONTROL CATEGORY AND TYPE OF BUSINESS UNIT, 1973

	Foreign control			Austrian control			Total		
	Type of business unit			Type of business unit			Type of business unit		
	Mutual insurance enterprises	Other insurance enterprises	Total	Mutual insurance enterprises	Other insurance enterprises	Total	Mutual insurance enterprises	Other insurance enterprises	Total
	— \$ million —								
Premiums received during 1973	22.2	191.7	213.9	696.4	190.5	887.0	718.7	382.2	1,100.9
New sums insured during 1973 —									
Ordinary business		2,150.0	2,150.0	4,298.3	254.0	4,298.3	6,448.4		6,448.4
Industrial business	..	..	..	..	..	254.0	254.0	254.0	254.0
Superannuation business	..	623.3	623.3	3,184.0	..	3,184.0	2,788.8	1,018.5	3,807.4
Total	317.8	2,455.5	2,773.3	6,264.1	1,472.4	7,736.5	6,581.9	3,927.9	10,509.7
Claims, surrenders etc. paid during 1973	6.2	73.8	80.0	375.7	92.7	468.4	381.9	166.6	548.4
New loans paid over during 1973	..	45.7	45.7	183.7	32.0	215.8	..	261.5	261.5
Selected assets at end of December 1973 —									
Fixed assets	17.6	153.2	170.7	1,022.8	268.7	1,291.5	1,040.4	421.8	1,462.2
Loans	14.6	156.7	171.2	1,178.0	230.5	1,408.5	1,192.6	387.1	1,579.7
Investments —									
Government securities	30.9	328.3	359.2	1,624.0	496.2	2,120.2	1,654.9	824.5	2,479.4
Other	19.1	280.4	299.5	1,419.3	428.4	1,847.7	1,438.4	708.8	2,147.2
Cash	1.3	30.9	32.2	17.0	7.3	24.3	18.3	38.2	56.5
Total	83.5	949.3	1,032.8	5,261.1	1,431.0	6,692.1	5,344.6	2,380.3	7,724.9
	— number —								
Business units at end of December 1973	4	32	36	5	..	14	9	41	50
Persons employed at end of December 1973	670	4,392	5,062	13,046	3,364	16,410	13,716	7,756	21,472
	— per cent —								
Premiums received during 1973	2.0	17.4	19.4	63.3	17.3	80.6	65.3	34.7	100.0
New sums insured during 1973 —									
Ordinary business	..	33.3	33.3	66.7	..	66.7	100.0	..	100.0
Industrial business	..	..	..	100.0	..	100.0	100.0	..	100.0
Superannuation business	16.4	..	16.4	83.6	..	83.6	73.2	26.8	100.0
Total	3.0	23.4	26.4	59.6	14.0	73.6	62.6	37.4	100.0
Claims, surrenders etc. paid during 1973	1.1	13.5	14.6	68.5	16.9	85.4	69.6	30.4	100.0
New loans paid over during 1973	..	17.5	17.5	70.2	12.2	82.5	100.0	..	100.0
Selected assets at end of December 1973 —									
Fixed assets	1.2	10.5	11.7	69.9	18.4	88.3	71.2	28.8	100.0
Loans	0.9	9.9	10.8	74.6	14.6	89.2	75.5	24.5	100.0
Investments —									
Government securities	1.2	13.2	14.5	65.5	20.0	85.5	66.7	33.3	100.0
Other	0.9	13.1	13.9	66.1	20.0	86.1	67.0	33.0	100.0
Cash	2.3	54.7	57.0	30.1	12.9	43.0	32.4	67.6	100.0
Total	1.1	12.3	13.4	68.1	18.5	86.6	69.2	30.8	100.0
Business units at end of December 1973	8.0	64.0	72.0	10.0	18.0	28.0	18.0	82.0	100.0
Persons employed at end of December 1973	3.1	20.5	23.6	60.8	15.7	76.4	63.9	36.1	100.0

Category	Value	Percentage	Change
U.S. GOVERNMENT SECURITIES	1,000,000	100.0	0
U.S. TREASURY BILLS	500,000	50.0	0
U.S. GOVERNMENT BONDS	500,000	50.0	0
U.S. SAVINGS BONDS	0	0.0	0
U.S. NATIONAL DEBT	1,000,000	100.0	0
U.S. NATIONAL DEBT - SHORT TERM	500,000	50.0	0
U.S. NATIONAL DEBT - LONG TERM	500,000	50.0	0
U.S. NATIONAL DEBT - TOTAL	1,000,000	100.0	0
U.S. NATIONAL DEBT - PERCENT OF GNP	100.0	100.0	0
U.S. NATIONAL DEBT - PERCENT OF GNP - SHORT TERM	50.0	50.0	0
U.S. NATIONAL DEBT - PERCENT OF GNP - LONG TERM	50.0	50.0	0
U.S. NATIONAL DEBT - PERCENT OF GNP - TOTAL	100.0	100.0	0

**PART III. FOREIGN INFLUENCE**

Category	Value	Percentage	Change
U.S. NATIONAL DEBT - FOREIGN INFLUENCE	0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - SHORT TERM	0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - LONG TERM	0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - TOTAL	0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - PERCENT OF GNP	0.0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - PERCENT OF GNP - SHORT TERM	0.0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - PERCENT OF GNP - LONG TERM	0.0	0.0	0
U.S. NATIONAL DEBT - FOREIGN INFLUENCE - PERCENT OF GNP - TOTAL	0.0	0.0	0

TABLE 10. — LIFE INSURANCE STATISTICS BY DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

	<i>Degree of influence by the major foreign investor</i>		<i>Total</i>
	<i>50% and under</i>	<i>Over 50%</i>	
		— \$ million —	
Premiums received during 1973	890.2	210.7	1,100.9
New sums insured during 1973 —			
Ordinary business	4,319.0	2,129.4	6,448.4
Industrial business	254.0	..	254.0
Superannuation business	3,189.2	618.1	3,807.4
<i>Total</i>	7,762.2	2,747.5	10,509.7
Claims, surrenders etc. paid during 1973	470.0	78.4	548.4
New loans paid over during 1973	216.4	45.1	261.5
Selected assets at end of December 1973 —			
Fixed assets	1,294.6	167.6	1,462.2
Loans	1,410.8	168.9	1,579.7
Investments —			
Government securities	2,125.9	353.5	2,479.4
Other	1,853.6	293.6	2,147.2
Cash	24.3	32.2	56.5
<i>Total</i>	6,709.1	1,015.8	7,724.9
		— number —	
Business units at end of December 1973	15	35	50
Persons employed at end of December 1973	16,501	4,971	21,472
		— per cent —	
Premiums received during 1973	80.9	19.1	100.0
New sums insured during 1973 —			
Ordinary business	67.0	33.0	100.0
Industrial business	100.0	..	100.0
Superannuation business	83.8	16.2	100.0
<i>Total</i>	73.9	26.1	100.0
Claims, surrenders etc. paid during 1973	85.7	14.3	100.0
New loans paid over during 1973	82.8	17.2	100.0
Selected assets at end of December 1973 —			
Fixed assets	88.5	11.5	100.0
Loans	89.3	10.7	100.0
Investments —			
Government securities	85.7	14.3	100.0
Other	86.3	13.7	100.0
Cash	43.0	57.0	100.0
<i>Total</i>	86.9	13.1	100.0
Business units at end of December 1973	30.0	70.0	100.0
Persons employed at end of December 1973	76.8	23.2	100.0

TABLE 11. — LIFE INSURANCE STATISTICS BY SIZE OF BUSINESS UNIT  
AND DEGREE OF INFLUENCE BY THE MAJOR FOREIGN INVESTOR, 1973

Degree of influence by the major foreign investor	Size of business unit (premiums)		Total
	Under \$50m	\$50m and over	
Premiums (per cent)			
50% and under	7.9	72.9	80.9
Over 50%	19.1	..	19.1
<b>Total</b>	<b>27.1</b>	<b>72.9</b>	<b>100.0</b>
Total new sums insured (per cent)			
50% and under	6.3	67.6	73.9
Over 50%	26.1	..	26.1
<b>Total</b>	<b>32.4</b>	<b>67.6</b>	<b>100.0</b>
Number of business units			
50% and under	10	5	15
Over 50%	35	..	35
<b>Total</b>	<b>45</b>	<b>5</b>	<b>50</b>

TABLE 12. — LIFE INSURANCE STATISTICS BY DEGREE OF INFLUENCE BY A  
COALITION OF ALL FOREIGN INVESTORS AND CONTROL CATEGORY, 1973

	Degree of influence by a coalition of all foreign investors			Total
	Under 25%	25% to 50% inclusive	Over 50%	
Premiums (per cent)				
Foreign control	..	..	19.4	19.4
Australian control	48.9	31.7	..	80.6
<b>Total</b>	<b>48.9</b>	<b>31.7</b>	<b>19.4</b>	<b>100.0</b>
Total new sums insured (per cent)				
Foreign control	..	..	26.4	26.4
Australian control	41.2	32.4	..	73.6
<b>Total</b>	<b>41.2</b>	<b>32.4</b>	<b>26.4</b>	<b>100.0</b>
Number of business units				
Foreign control	..	..	36	36
Australian control	10	4	..	14
<b>Total</b>	<b>10</b>	<b>4</b>	<b>36</b>	<b>50</b>

## GLOSSARY OF TERMS

**Australian controlled insurance enterprise.** An insurance enterprise not identified as foreign controlled.

**Australian ownership.** Ownership not identified as foreign ownership.

**Branch.** Office in Australia of an enterprise incorporated in a foreign country.

**Business unit.** A group of insurance enterprises which are related in terms of Section 6 of the uniform companies legislation, a group of insurance branches and/or subsidiaries of a common foreign resident company, or any other individual insurance enterprise which is not related in either of these ways to another insurance enterprise.

**Cash.** Comprises cash on deposit with banks and other institutions, and cash on hand.

**Claims, surrenders etc. paid.** The amount paid during the period by life insurance offices (i) for claims made under the terms of policies, (ii) upon voluntary termination of policies, (iii) for annuities, and (iv) for bonuses paid in cash.

**Degree of influence by the major foreign investor.** Size of the minimum link in the ownership chain connecting the major foreign investor to an insurance enterprise.

**Degree of influence by a coalition of all foreign investors.** The extent to which all foreign investors, taken together, potentially have a combined interest in an enterprise (in terms of ownership links), which could influence the key policy decisions of that enterprise. See paragraphs 39 and 40.

**Direct foreign investors.** Foreigners whose investment in an enterprise establishes that enterprise as a direct investment enterprise.

**Direct foreign ownership.** The ownership of direct foreign investors in insurance enterprises which are either direct investment enterprises or are connected to direct investment enterprises by sequential ownership links of 25 per cent or more of ordinary shares (or equivalent interest) from the direct investment enterprises.

**Direct investment enterprises.**

- (a) enterprises incorporated in Australia in which :
  - (i) 25 per cent or more of the ordinary shares are held by an individual, an enterprise or a group of related enterprises, in the one foreign country, or if this does not apply,
  - (ii) 50 per cent or more of the ordinary shares are held by individual shareholders resident in the one foreign country;
- (b) branches of enterprises incorporated in foreign countries; and
- (c) wholly or partly owned subsidiaries (as defined in the companies legislation) of enterprises included in (a) and (b) above.

**Fixed assets.** Comprises freehold and leasehold property, office furniture, fittings, equipment and motor vehicles.

**Foreign.** Other than Australian. Papua New Guinea, and External Territories of Australia are regarded as foreign.

**Foreign controlled insurance enterprise.** An insurance enterprise which is a direct investment enterprise or is connected to a direct investment enterprise by sequential ownership links of 25 per cent or more of ordinary shares (or equivalent interest) from the direct investment enterprise unless at any point in the ownership chain connecting the major direct foreign investor and the insurance enterprise, an Australian controlled enterprise or resident individual owned a larger holding of ordinary shares than the major direct foreign investor.

**Foreign ownership.** The sum of direct foreign ownership and other identified foreign ownership.

**Foreigner.** A person domiciled in a foreign country, or a company incorporated in a foreign country.

*Government securities.* Comprises Australian government, State, local and semi-government securities, as well as foreign government securities.

*Industrial business.* Business relating to policies in respect of which premiums are payable at intervals of less than 2 months and are usually collected by agents (collectors).

*Loans.* Relates to monies owing to life insurance offices (excluding advances of premiums) as a result of loans made on the security of real estate, or on policies, and loans made to subsidiaries, to building and housing societies and others.

*Major foreign investor.* The foreign investor whose minimum link in the ownership chain connecting it to the insurance enterprise is larger than the minimum links in the ownership chains connecting other foreign investors to the insurance enterprise (see paragraph 36).

*Mutual life insurance companies.* Life insurance companies formed on a mutual or co-operative basis (see paragraph 20).

*New loans paid over.* Relates to loans issued during the period by life insurance offices (excludes advances of premiums).

*Nominee.* An enterprise or individual whose name or address is used in the registration of shares, and which acts as an agent in respect of those shares on behalf of the beneficial owners.

*Ordinary business.* Business not regarded as either superannuation or industrial business.

*Other identified foreign ownership.* Foreign ownership, other than direct foreign ownership, that is identified mainly in carrying out the Survey of Overseas Investment. See paragraphs 16 and 17 of the Explanatory Notes for a detailed description of the types of foreign ownership that have been identified. This concept is broadly similar to that of portfolio investment used in Overseas Investment statistics.

*Persons employed.* Employees of insurance enterprises on the payroll of the last pay period in December 1973.

*Portfolio investment.* See 'Other identified foreign ownership'.

*Premiums received.* The amount received during the period by life insurance offices as payment for life insurance policies (includes premiums paid in advance).

*Subsidiary.* A company which is deemed to be a subsidiary of another company under the companies legislation in Australia.

*Superannuation business.* Business relating to policies providing benefits for employees or self-employed persons on retirement or in the event of injury, and in case of death, benefits for their dependents, beneficiaries, etc.

*Voting stock.* Shares in an incorporated enterprise which carry a general voting entitlement, for example, ordinary shares. Preference shares which do not carry a general voting entitlement are excluded.