

Document Class: CONVEYANCE - OTHER
Document Name: For No Consideration
Document Description: Assignment of Insurance Policy
Document Code: VC

Introduction

This guide note explains how stamp duty is calculated on a conveyance of an insurance policy for no consideration.

A “conveyance” of an insurance policy includes an assignment or transfer of an insurance policy for no consideration.

Pursuant to section 71(1) of the SD Act, the market value of the interest being conveyed must be declared in the document.

The following similar transactions cannot be stamped under this document heading:

A conveyance of an insurance policy where there is a **consideration** passing between the parties - refer to the document heading:

- [Conveyance – Other – For Consideration - Assignment of Insurance Policy \(C\)](#).

If the policy is being conveyed to a mortgagee as security for a loan the document must be stamped under this document heading. Stamp duty is payable on the surrender value of the policy. When the policy is re-conveyed to the owner, the duty paid on the initial conveyance will, upon application to the Commissioner, be refunded pursuant to section 60C of the SD Act.

An assignment of an insurance policy for **no** consideration may be exempt from *ad valorem* conveyance stamp duty if the assignment is subject to one of the provisions of section 71(5) of the SD Act, for example, a conveyance from a retiring trustee and/or to a new trustee. These transactions are detailed under the relevant document headings in this guide you will need to refer to the appropriate document heading for more details.

What *documents* can I stamp under this document heading?

The document can be in the form of:

- any document evidencing the conveyance of an interest in an insurance policy.

What types of *transactions* can I stamp under this document heading?

A conveyance of an insurance policy is deemed **suitable** for self-stamping under this document heading where:

- there is **no** consideration passing between the parties.

The document can be stamped under this heading regardless of whether the:

- parties are related or unrelated; and/or
- conveyance is for a full interest or a fractional interest.

What stamp duty is payable on this document?

The document is chargeable with *ad valorem* voluntary conveyance stamp duty. The stamp duty is calculated on the **surrender value** of the interest being assigned.

If the policy has a “Nil” surrender value, then stamp duty will be charged on a nominal value of \$1. Accordingly, the stamp duty charged will be \$1.

What evidence do I need to retain for audit purposes?

For audit purposes, you will need to retain the following documentation:

- a copy of the stamped document; and
- a statement from the insurance company advising the surrender value of the policy as at the date of conveyance.

Example 1 – Conveyance of a fractional interest in an Insurance Policy

Dave and Lisa assign their $\frac{2}{3}$ interest in an insurance policy to Megan for **no** consideration.

The insurance company has advised the surrender value of the policy is \$1,200 as at the date of conveyance.

Pursuant to section 71(3)(b) of the SD Act, the document is chargeable with *ad valorem* voluntary conveyance stamp duty.

The value of the interest assigned is $\frac{2}{3}$ of \$1,200, ie \$800. Stamp duty is charged on this value (ie \$8 stamp duty applies).

Example 2 – Assignment of an insurance policy as security for a loan.

Hugh has assigned his insurance policy to the bank as security for a loan. His insurance company has advised that the surrender value of the policy is \$10,495.

The document is charged with *ad valorem* voluntary conveyance stamp duty on the surrender value (ie. \$105 stamp duty).

The stamp duty of \$105 will be refunded to Hugh (upon application to the Commissioner), pursuant to section 60C of the SD Act **after** the policy is re-conveyed to Hugh.

What section of the SD Act applies?

Section 71(3)(b)
Schedule 2, Voluntary disposition *inter vivos*.