

Document Class: CONVEYANCE - OTHER
Document Name: For Consideration
Document Description: Assignment of Insurance Policy
Document Code: C

Introduction

This guide note explains how stamp duty is calculated on a conveyance of an insurance policy where there is a consideration passing between the parties.

A conveyance of an insurance policy by way of sale **includes** an assignment or transfer of an insurance policy by way of sale.

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

A conveyance of an insurance policy where there is **no consideration** passing between the parties - refer to the document heading:

- [Conveyance – Other – For No Consideration - Assignment of Insurance Policy](#) (VC).

If the policy is being conveyed to a mortgagee as security for a loan - refer to the document heading:

- [Conveyance – Other – For No Consideration – Assignment of Insurance Policy](#) (VC).

An assignment of an insurance policy 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 of the same trust. 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 effecting 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 a consideration passing between the parties.

The document can be stamped under this heading where 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* conveyance stamp duty. The stamp duty is charged on either the **consideration** or the **surrender value** of the interest being assigned, WHICHEVER IS THE GREATER.

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 2/3 interest in an insurance policy to Megan for a consideration of \$500.

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

The value of the interest assigned is 2/3 of \$1,200, ie \$800.

As the value of the interest being transferred is **greater** than the consideration paid, stamp duty is charged on the value of the interest being transferred using the *ad valorem* conveyance rates of stamp duty (ie \$8 stamp duty).

What section of the SD Act applies?

Section 60