

Module	NEW ZEALAND GENERAL INSURANCE
Jurisdictions	NEW ZEALAND
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Module Scope

Does the organisation maintain systems, policies and processes to ensure ongoing compliance with RBNZ licensing requirements of a general insurance business?

Does the organisation ensure appropriate incorporation and ownership structures are in place, including an independent board, fit and proper directors, and compliance with the FSC Code of Conduct?

Does the organisation maintain solvency margins in accordance with the applicable solvency standard?

Does the organisation maintain an effective risk management program relating to; insurance, credit, liquidity, market, and operational risks?

Does the organisation comply with NZ privacy laws in relation to the proper use, storage, and disclosure of personal and health information?

Does the organisation meet the requirements for FMA licensing under the Conduct of Financial Institutions legislation? Including maintaining a Fair Conduct Programme?

Does the organisation satisfy the requirements to record and disclose information relating to climate reporting?

Does the organisation require an FMA Financial Advice Provider licence?

Module Application

The *NEW ZEALAND GENERAL INSURANCE* module informs any entity planning to operate a general insurance business in New Zealand of their legal obligations and the procedures and processes they should have in place to ensure compliance.

The *NEW ZEALAND GENERAL INSURANCE* module covers all legislated obligations of general insurance providers in New Zealand from obtaining a licence and operating the business through to dealing with complaints and potential penalties for breaches. The module provides the practical assistance and guidance to ensure that these obligations are complied

with and how to establish and maintain best practice processes. The module also covers possible exemptions to the obligations, if applicable, and how they may apply to the insurance provider.

The 19 specific topic areas comprehensively covered by the module are:

1. Obtaining a license to operate as a general insurance business

- Application to the Reserve Bank of New Zealand (RBNZ)
- Exemptions for overseas insurers

2. Maintaining a license to operate as a general insurance business

- Establish and maintain systems, policies and processes to ensure ongoing compliance

3. Meeting ownership and governance requirements

- Ensuring appropriate incorporation and ownership structures are in place
- Ensuring appropriate composition and independence of the board
- Ensuring directors and/or officers fulfil fit and proper requirements
- Establishing relevant board committees
- Compliance with the FSC Code of Conduct

4. Maintaining solvency margins and standards

- The licence may be subject to conditions requiring the licensed insurer to maintain a solvency margin in accordance with an applicable solvency standard.

5. A risk management program

- Establish and maintain a compliant risk management program for the effective identification and management of various risks, including:
 - i. insurance risk
 - ii. credit risk
 - iii. liquidity risk
 - iv. market risk
 - v. operational risk
- Report, review and document the risk management program

6. Auditors and actuary requirements

- Keep proper accounting records, prepare financial statements, have those financial statements audited, and lodge those financial statements with the Registrar of the Companies Office; and
- Financial statements must be reviewed by an appointed actuary

7. Transfer and amalgamation of general insurance business

- A transfer or amalgamation of all or part of an insurance business, including a business conducted or owned by overseas insurers, must follow the appropriate process including obtaining prior, written, approval of the RBNZ.

8. Levy collection

- The insurer must ensure that it collects the right amount of premium payable and send the appropriate information to the Earthquake Commission.

9. Reporting, record keeping and financial statements

- The insurer or reporting entity must ensure that it is able to keep proper accounting records to assist the preparation of compliant financial statements or group financial statements.

10. Consumer protection in relation to the provision of general insurance

- › Complying with disclosure requirement of the insurer's current financial strength rating to the policyholder
- › Avoiding discrimination
- › Disclosing key features of the policy
- › The appropriate management of claims and complaints
- › Justification for relying on data, advice or opinion to provide insurance on different terms and conditions for each sex, persons with disability or for persons of different ages
- › Staff to receive training on how data, advice or opinion should be used and relied on
- › Review policies and procedures
- › Prepare a product disclosure statement (PDS) and lodge the PDS with the Registrar

11. Insurance and tax

- › The consequences and penalties for non-compliance with insurance and tax requirements.

12. Dispute resolution

- › Requirement to be registered on the Financial Services Providers Register as maintained by the Companies Office.
- › Requirement to belong to an approved external dispute resolution scheme.

13. Investigations and enforcement

- › General directors' duties, investigation procedures and any enforcement obligations imposed by the RBNZ and Financial Markets Authority New Zealand (FMA) must be followed.

14. Distress management

- › Requirement for an insurer in financial distress to comply with any recovery plans and direction by the RBNZ; and
- › Requirement to comply with voluntary administration, liquidation or statutory management if required.

15. The registration requirements of financial service providers

- › Ensure that all registration requirements are met throughout the operation of the business.

16. Privacy

- › Ensure clear policies and procedures for handling personal and health information in compliance with New Zealand's privacy laws
- › Appropriately use and disclose information
- › Implement an organisational privacy program to protect privacy rights

17. Provision of Regulated Financial Advice (for General Insurers offering a Financial Advice Service)

- › Obtaining a Financial Advice Provider license from the Financial Markets Authority
- › Disclosure requirements
- › Ethical Standards

18. Conduct of Financial Institutions

- › Fair conduct programmes
- › Obtaining a Financial Institution license from the Financial Markets Authority
- › Statutory reporting
- › Authorised bodies and intermediaries

19. Climate-reporting entities

- › Climate reporting disclosure requirements
- › Climate reporting records

In covering these topics, the module provides an overview of legislation which significantly contributes to the obligations that general insurers need to comply with, including:

- › Aotearoa New Zealand Climate Standards
- › Code of Professional Conduct for Financial Advice Services
- › Companies Act 1993 (NZ)
- › Fair Insurance Code 2020 (NZ)
- › Financial Markets (Conduct of Institutions) Amendment Act 2022 (NZ)
- › Financial Markets Authority (Levies) Regulations 2012 (NZ)
- › Financial Markets Authority Act 2011 (NZ)
- › Financial Markets Conduct (Conduct of Institutions) Amendment Regulations 2023 (NZ)
- › Financial Markets Conduct Act 2013 (NZ)
- › Financial Markets Conduct Regulations 2014 (NZ)
- › Financial Reporting Act 2013 (NZ)
- › Financial Service Providers (Registration and Dispute Resolution) Act 2008 (NZ)
- › Fit and Proper Standard (NZ)
- › FSC Code of Conduct 2019 (NZ)
- › Insurance (Prudential Supervision) Act 2010 (NZ)
- › Insurance (Prudential Supervision) Regulations 2010 (NZ)
- › Interim Solvency Standard 2023 (NZ)
- › Privacy Act 2020 (NZ)
- › Solvency Standard for Non-life Insurance Business 2014 (NZ)

The *NEW ZEALAND GENERAL INSURANCE* module covers the obligations of general insurance providers operating in New Zealand. It does not cover obligations that are specific to specialised areas of insurance for example life insurance.

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