

# Submission

## Regulations to support the new regime for the conduct of financial institutions

### Your name and organisation

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## Requirements for fair conduct programmes

1 Do you have any comments on the status quo i.e. no further regulations to support the minimum requirements for fair conduct programmes in the Bill?

Nil

2 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(a)?

Nil

3 Do you have any comments on the proposals regarding distribution of relevant services and associated products? We are particularly interested in how these proposals may be implemented.

Nil

4 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(ac)?

Nil

5 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bb) to (bd)?

Nil

6 Do you have any comments on the proposal to specify further minimum requirements regarding remediation of issues? Are there any further specific remediation principles that should be specified in regulations?

Nil

7 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(be)?

Nil

8 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bf)?

Nil

9 Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(d)?

Nil

	Do you have any comments on the proposal to specify further minimum requirements regarding consumer complaints handling?
10	We support the proposal to specify further minimum requirements for consumer complaints handling. Complaints are a key indicator of an organisation's culture and conduct. Collecting and analysing data about complaint themes enables insurers to continuously improve their products and services.
	Do you have any comments on the proposals to specify further minimum requirements regarding claims handling and settlement?
11	We support the proposals to specify further minimum requirements regarding claims handling and settlement. A consistent industry standard would be beneficial for the insurance industry and customers.
	Do you have any comments on the proposed definition of 'handling and settling a claim under an insurance contract' means? If so, why?
12	Nil
	Do you have any comments on the discussion regarding customer vulnerability?
13	We agree that the regulations do not need to include specific reference to customer vulnerability. The Financial Markets Authority's guidance may be a better avenue as it can be more easily updated to reflect best practice in this area.
	Do you have comments regarding the option of including vulnerable consumers in section 446M(1A)?
14	On balance, we think current wording of section 446M(1A)(d): ".. the types of customers it deals with" is sufficient.
	Do you think any further factors should be added by regulations to the list under section 446M(1A)?
15	Nil
	Do you think any other regulations that could be made under new section 546(1)(oa) are necessary or desirable? Please provide reasons for your comments.
16	Nil
<b>Sales incentives</b>	
	Do you have any comments on the status quo (no regulations)?
17	Nil

18	Do you have any comments on the option to prohibit sales incentives based on volume or value targets?
	Nil
19	What would the likely impacts be for financial institutions, intermediaries and/or consumers of prohibiting sales incentives based on volume or value based targets?
	Nil
20	Do you have any feedback on a more principle-based approach to prohibiting some incentives?
	Nil
21	How could a more principles-based approach to prohibiting some incentives be made workable?
	Nil
22	If a more principles-based option was chosen, should there be some incentives specifically excluded?
	Nil
23	Do you think there are any other viable options other than what has been put forward by this discussion document? Please explain in detail.
	Nil
24	Are there sales incentives based on volume or value targets that should be excluded from the regulations (i.e. allowed to be offered/given)?
	Nil
25	Do you think there are any other types of incentives that should be excluded from the regulations? Please provide reasons for your comments.
	Nil
26	Do you think that the scope of who can be covered by the regulations poses a risk of unintentionally capturing other intermediaries that are paid incentives but should not be covered?
	Nil

27	Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should apply to all staff? Why/why not?
	Nil
28	Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should only apply to frontline staff and their managers? Why/why not?
	Nil
29	Do you think that external incentives should apply to any incentive paid to an agent, contractor or intermediary? Why/why not?
	Nil
30	Do you agree that both individual and collective incentives should be covered? Why/why not?
	Nil
31	Do you have any other comments on the discussion related to incentives?
	Nil

#### Requirement to publish information about fair conduct programmes

32	Is more detail needed to outline what information should be published regarding financial institutions' fair conduct programmes to assist financial institutions to meet this requirement, or to assist consumers in their interactions with financial institutions?
	EQC does not have visibility over the consistency of the fair conduct performance of financial institutions. If industry practice is variable, regulations could be a good way to lift practice to an accepted/able, common standard. Otherwise, if the industry is already operating effectively, the Financial Markets Authority's guidance may be sufficient and further regulation not required.
33	Do you have any comments on the options outlined above? What do you think the costs and benefits would be to financial institutions and consumers of the two options?
	Nil
34	This discussion document outlines two options regarding the requirement to publish information about the fair conduct programmes. Do you have any other viable options?
	Nil

#### Calling in contracts of insurance as financial products under Part 2

35

Do you have any comments on the proposal to declare contracts of insurance as financial products under Part 2?

Nil

#### Exclusions of certain occupations or activities from the definition of intermediary

36

Do you think it would be appropriate to exclude people who are subject to professional regulation from the definition of an intermediary (e.g. lawyers, accountants, engineers)?

Nil

37

Do you think that any other occupations or activities should be excluded from the new proposed definition of an “intermediary”? If so, why?

Nil

#### Other comments

##### Application of the Financial Markets Conduct Act 2013 to EQC and its agents

Paragraph 96 of MBIE’s discussion document states: *We also note that from Q2 2021, there is a new process for handling Earthquake Commission (EQC) claims under which private insurers will manage the total claim, including the EQC portion up to the statutory capped level of damage, and then any claim under their private insurance to cover additional losses up to the sum insured. This makes it especially important that private insurers are handling and settling claims in a way that meets consumers’ reasonable expectations.*

Our understanding is that the Financial Markets Conduct Act 2013 does not apply to EQC as EQC is a statutory, not contractual, insurer. If our understanding is correct, the Financial Markets Conduct Act 2013, and the proposed amendments, do/will not apply to private insurers when they are acting as EQC’s agents. Paragraph 96 of the discussion document could be interpreted as conveying that the Act and proposed amendments would apply when insurers are managing the EQC portion up to the capped level of damage. MBIE clarification of whether paragraph 96 was meant to give this impression and/or advice on the applicability of the Act to EQC and its agents would be of interest to EQC.

Note that our contract with insurers, the Natural Disaster Response Agreement, sets out and governs the performance expectations on private insurers when they are acting as EQC’s agent.

Although, based on our understanding, EQC is not covered by the Act, we will adopt the standards set by the reforms as the expected standard for both ourselves and our agents.