

Financial Markets Conduct (Conduct of Financial Institutions — Veterinary Professional Insurance Society Incorporated) Exemption Notice 2025

This exemption is granted by the Financial Markets Authority under section 556 of the Financial Markets Conduct Act 2013 after being satisfied of the matters set out in section 557 of that Act.

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Notice

1 Title

This notice is the Financial Markets Conduct (Conduct of Financial Institutions — Veterinary Professional Insurance Society Incorporated) Exemption Notice 2025.

2 Commencement

This notice comes into force on 31 March 2025.

3 Revocation

This notice is revoked on the close of 30 March 2030.

4 Interpretation

(1) In this notice, unless the context otherwise requires, —

Act means the Financial Markets Conduct Act 2013

Gallagher means Arthur J. Gallagher & Co (NZ) Limited

Regulations means the Financial Markets Conduct Regulations 2014

retail service has the same meaning as in section 446F(3) of the Act

VPIS means Veterinary Professional Insurance Society Incorporated

VPIS Policyholder means any current or prospective policyholder of insurance provided by VPIS.

- (2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

5 Application of exemptions

The exemptions in clause 6 apply to VPIS to the extent that it is providing a financial advice service that is a retail service.

6 Exemptions

VPIS is exempted from compliance with the following provisions of the Act:

- (a) section 388(ca):
- (b) section 446G(1) and (2):
- (c) section 446H:
- (d) section 446I.

7 Conditions

- (1) The exemptions in clause 6 are subject to the following conditions —
- (a) VPIS must not enter into a contract of insurance that is a consumer insurance contract or a contract that provides for life insurance or health insurance (or both); and
 - (b) VPIS must not provide regulated financial advice to VPIS Policyholders except through Gallagher as an interposed person; and
 - (c) in relation to VPIS Policyholders that are retail clients, VPIS must:
 - (i) take reasonable steps to ensure that VPIS Policyholders are given the information in subclause (2) in writing together with information that must be given when financial advice is given pursuant to regulation 229E of the Regulations; or
 - (ii) if the VPIS Policyholder is a policyholder under a contract of insurance that is in force on the commencement of this notice, VPIS must give the VPIS Policyholder the information in subclause (2) in writing within 10 working days from the commencement of this notice.
- (2) For the purposes of subclause (1)(c), the information is —
- (a) a statement to the effect that —
 - (i) VPIS has been granted an exemption from the requirement to be licensed as a financial institution and to establish, implement, maintain, and comply with an effective fair conduct programme under the Act that is designed to ensure it treats consumers fairly; and
 - (ii) VPIS's requirement to be licensed as a financial institution arises only as a result of providing a financial advice service that is a retail service; and
 - (iii) the exemption is granted on the basis that VPIS shall only provide regulated financial advice to VPIS Policyholders through Gallagher as an interposed person; and
 - (b) the name and a copy of this notice or a link to an internet site address where the notice can be accessed; and

- (c) a brief description of VPIS's internal complaints process, including how to make a complaint using that process; and
- (d) the name, telephone number, internet site address, and email address of VPIS's dispute resolution scheme.

Dated at Auckland this 28th day of February 2025.



Clare Bolingford
Executive Director - Regulatory Delivery
Financial Markets Authority

Statement of Reasons

This notice comes into force on 31 March 2025 and is revoked on the close of 30 March 2030. It applies to Veterinary Professional Insurance Society Incorporated (**VPIS**), which is licensed as an insurer by the Reserve Bank of New Zealand.

VPIS's sole product is professional indemnity and liability insurance, which it provides to persons in the business of providing veterinary services. VPIS is licensed to provide financial advice, which it provides in relation to its professional indemnity and liability insurance, through Arthur J. Gallagher & Co (NZ) Limited (**Gallagher**) as an interposed person, to its policyholders, some of whom are retail clients (for example, small veterinary businesses). Gallagher provides all financial advice to VPIS's clients and is itself licensed to provide financial advice. VPIS itself provides no financial advice directly. Gallagher charges VPIS an agreed annual fee for its services, and there is no incentive arrangement in place between VPIS and Gallagher. VPIS is not *'acting as an insurer'* for the purposes of subpart 6A of Part 6 (**Subpart 6A**) of the Financial Markets Conduct Act 2013 (the **Act**) because it does not provide consumer insurance, nor life or health insurance. VPIS is subject to Subpart 6A only because it is providing a *'financial advice service'* that is a *'retail service'*.

This notice exempts VPIS from the requirements under Part 6 of the Act to the extent that it is providing a financial advice service that is a retail service to:

- (a) be licensed as a financial institution; and
- (b) establish, implement, maintain, and comply with an effective fair conduct programme.

The exemptions are subject to conditions that:

- (a) prevent VPIS from entering into any consumer insurance contracts, or any contracts that provide for life or health insurance (or both);
- (b) prevent VPIS from providing regulated financial advice to any current or prospective policyholders of VPIS insurance (**VPIS Policyholders**) except through Gallagher as an interposed person;
- (c) require VPIS to ensure that VPIS Policyholders that are retail clients receive information about the nature of the exemptions, as well as information about VPIS's complaints process, including how to make a complaint.

The Financial Markets Authority (the **FMA**), after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemptions because —

- where VPIS is subject to Subpart 6A only because it is providing a financial advice service to retail clients (being small businesses), and only in respect of non-consumer insurance contracts with those businesses, the costs of being licensed and complying with the duties to establish, implement, maintain and comply with an effective fair conduct programme to meet the fair conduct principle under the Act are likely to outweigh the benefits for those retail clients;
- fair treatment and the interests of VPIS Policyholders are adequately addressed by the protections under the financial advice regime and the use of a licensed financial advice provider as an interposed person, and conditions require that this arrangement be maintained;
- the conditions also require VPIS to ensure VPIS Policyholders that are retail clients receive information about the nature of the exemptions, as well as information about VPIS's complaints process, including how to make a complaint, thus enabling them to make informed decisions;
- as such, the FMA is satisfied that the granting of the exemptions is desirable in order to promote the purposes of the Act, specifically to promote the confident and informed participation of businesses and consumers in the financial markets, to promote and facilitate the development

of fair, efficient and transparent financial markets and to avoid unnecessary compliance costs;
and

- the FMA is also satisfied that the extent of the exemptions is not broader than is reasonably necessary to address the matters that gave rise to the exemptions in view of the limited nature of the exemptions that only apply to the extent that VPIS is providing a financial advice service that is a retail service.