

Financial Markets Conduct (Conduct of Financial Institutions – First Insurance Limited) 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.

Contents

1	Title	1
2	Commencement	1
3	Revocation	1
4	Interpretation	1
5	Application	2
6	Exemptions	2
7	Conditions	2

Notice

1 Title

This notice is the Financial Markets Conduct (Conduct of Financial Institutions – First Insurance Limited) 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 June 2025.

4 Interpretation

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

Act means the Financial Markets Conduct Act 2013

commencement date means the date this notice commences

FCU means First Credit Union Incorporated, a credit union incorporated in New Zealand under the Friendly Societies and Credit Unions Act 1982

insured person means a person specified or referred to in a policy, whether by name or otherwise, as a person to whom the benefit of insurance cover provided by a policy extends and includes a person to whom an offer of insurance cover under a policy is made

Insurer means First Insurance Limited

policy means each of the—

- (a) group insurance policy – loan protection insurance that is a contract of insurance entered into by the Insurer, as insurer, with FCU in respect of certain members of FCU and that commenced on 1 June 2018; and
- (b) group insurance policy – funeral insurance that is a contract of insurance entered into by the Insurer, as insurer, with FCU in respect of certain members of FCU and that commenced on 3 August 2021

RBNZ means the Reserve Bank of New Zealand

relevant service has the same meaning as in s446F of the Act.

- (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

The exemptions in clause 6 apply to the Insurer in respect of a relevant service to the extent that it is provided in relation to a policy.

6 Exemptions

The Insurer is exempted from compliance with the following provisions of the Act—

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

7 Conditions

- (1) The exemptions in clause 6 are subject to the following conditions—

- (a) the Insurer has a contract in place with FCU that provides for FCU to distribute insurance cover under the policies and handle any dealings and interactions with an insured person (including responding to a complaint or handling a claim) in connection with the policies on behalf of the Insurer; and
- (b) the Insurer must, through its arrangements with FCU, ensure that—
 - (i) any offer of insurance cover and any dealing or interaction with an insured person in connection with a policy (including any claim made or complaint received from an insured person) is handled in a manner that treats that insured person fairly, and that it takes action when it has concerns regarding fairness; and
 - (ii) it is made aware of any claims or complaints that FCU receives from any insured person in connection with a policy as soon as reasonably practicable after they are received; and
- (c) claims, complaints and other insured person activity in connection with a policy is considered by a governance committee or board of FCU as a standing agenda item for assessment and reporting to the board of the Insurer on whether FCU's conduct relating to insured persons complies with the fair conduct principle and, if there is any failure to comply, the steps FCU intends to take to mitigate any actual or

- potential adverse effects of the failure on the insured person; and
 - (d) the Insurer must provide an insured person who is a member of FCU with the information that is set out in subclause (2) in writing—
 - (i) within 10 working days from the commencement date if the insured person has insurance cover under a policy on that date; or
 - (ii) before or within 10 working days of an insured person obtaining insurance cover under a policy after the commencement date; and
 - (e) the Insurer must ensure that the information that is set out in subclause (2) is published on an Internet site maintained by, or on behalf of, the Insurer; and
 - (f) the Insurer must provide the FMA with a written update every month on its progress towards ceasing to carry on an insurance business in New Zealand, with the first report to be one month after the commencement date.
- (2) For the purposes of subclause (1)(d) and (e), the information is—
- (a) a statement to the effect that the Insurer proposes to transfer its insurance business, subject to the receipt of RBNZ approval; and
 - (b) a statement to the effect that the Insurer is relying on the exemptions in the notice; and
 - (c) a brief summary of the effect of the notice including that the notice requires the Insurer to ensure that any offer of insurance cover under a policy to, or dealing or interaction with, an insured person in connection with a policy (including any claim or complaint) is managed in a manner that treats the insured person fairly; and
 - (d) a brief description of the complaints and claims processes put in place by the Insurer and how an insured person can make a complaint or a claim in connection with a policy; and
 - (e) the name, telephone number, Internet site address, and email address of the Insurer's dispute resolution scheme in New Zealand.

Dated at Auckland this 24 day of March 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 June 2025. It applies to First Insurance Limited (**FIL**), an insurer that is a financial institution.

FIL has issued two group policies to its sole shareholder, First Credit Union Incorporated (**FCU**), which provide funeral insurance and loan protection insurance to certain members of FCU (**policies**). FIL has decided to exit the insurance market and is in the final stages of completing transfers of those policies to other licensed insurers. FIL expects to be free of any liabilities under contracts of insurance, and to cease to be a financial institution, within the term of the notice.

This notice exempts FIL from the requirements under Part 6 of the Financial Markets Conduct Act 2013 (the **Act**) to—

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

The exemptions apply to relevant services in respect of the policies.

Conditions require FIL to ensure, through its contractual arrangements with FCU, that any offer of cover under a policy to any person or dealing or interaction with a person to whom the benefit of insurance cover provided by a policy extends is handled in a manner that treats that person (**insured person**) fairly. FIL must also ensure that insured persons who are members of FCU are informed about the proposed transfers and this exemption and given information on how to make a claim or complaint.

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 FIL is in the final stages of completing a transfer of its insurance business, the costs of becoming licensed and complying with fair conduct programme obligations under the Act are likely to outweigh the benefits for consumers; and
- FIL will be required to ensure that insured persons receive fair treatment in connection with the policies and that insured persons who are members of FCU are given information about the transfer of FIL's insurance business, the exemption and how to make a claim or complaint; and
- FIL will be required to have appropriate contractual arrangements in place with FCU to ensure the conditions under this notice are met.

As such, the FMA is satisfied that granting the exemptions is desirable in order to promote the purposes of the Act, specifically to avoid unnecessary compliance costs.

The FMA is further satisfied that the extent of the exemptions are not broader than reasonably necessary given that the exemptions will only apply for a very short period after which FIL will cease to carry on insurance business in New Zealand.