

Financial Markets Conduct (Conduct of Financial Institutions – Resolution Life New Zealand Limited) Exemption Notice 2024

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 – Resolution Life New Zealand Limited) Exemption Notice 2024.

2 Commencement

This notice comes into force on 31 March 2025.

3 Revocation

This notice is revoked on 30 March 2030.

4 Interpretation

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

Act means the Financial Markets Conduct Act 2013

Employee means an employee of the policyholder

Group life policy means the group life insurance policy No. RL-00001 that is a contract of insurance entered into by RLNZL as insurer with its subsidiary RSL in respect of employees of RSL and that commenced on 1 July 2020

Policyholder means RSL

RLNZL or Insurer means Resolution Life New Zealand Limited, an insurer licensed by the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010

RSL means Resolution Life Services NZ Limited.

- (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 Exemptions

RLNZL is exempt from the following provisions of the Act

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

6 Application of exemptions

The exemptions in clause 5 apply to RLNZL in respect of a relevant service to the extent that it is provided in relation to the group life policy.

7 Conditions

- (1) The exemptions in clause 5 are subject to the conditions that
- (a) RLNZL must notify the FMA if any changes are made to the terms or eligibility requirements of the group life policy;
 - (b) RLNZL must give an employee the information in subclause (2) in writing:
 - (i) within 10 working days from the commencement of this notice, if the employee is an existing employee; or
 - (ii) before or within 10 working days of the employee being provided with insurance cover under the group life policy.
- (2) For the purposes of subclause (1)(b), the information is —
- (a) a statement to the effect that RLNZL 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;
 - (b) as a consequence the employee will not have the benefit of the usual fairness protections that would apply to insurance provided by a licensed financial institution that is required to comply with duties to ensure it treats consumers fairly, including when handling claims or responding to complaints; and
 - (c) a brief description of RLNZL's claims and complaints processes, including how to make a claim or a complaint in relation to the group life policy.

Dated at Auckland this 16th day of December 2024.



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.

This notice applies to Resolution Life New Zealand Limited (**RLNZL**), an insurer that is licensed by the Reserve Bank of New Zealand under the Insurance (Prudential Supervision) Act 2010 (**IPSA**).

To meet requirements of its IPSA licence RLNZL was required to issue one contract of insurance and so issued a group life insurance policy. The group life insurance policy is issued to its subsidiary, Resolution Life Services NZ Limited (**RSL**) for the benefit of employees of RSL (**group life policy**) and is essentially a 'free' employment benefit that provides life insurance cover. Under the group life policy no premiums are paid by employees (as premiums are paid by RSL), the benefit is a fixed modest amount of life cover, employees that meet eligibility requirements are automatically accepted without underwriting or other qualifying requirements and no continuation option is available.

This notice exempts RLNZL from 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 (**FCP**) and make information about its FCP publicly available.

The exemptions are subject to conditions that –

- (a) it only applies to a relevant service provided in relation to the group life policy;
- (b) RLNZL must notify the FMA if any changes are made to the terms or eligibility requirements of the group life policy; and
- (c) RLNZL gives the employees information about its reliance on the exemption and this means fewer consumer protections apply, and a brief description of its claims and complaints processes including how a claim or a complaint can be made.

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—

- in circumstances where an insurer is subject to subpart 6A of Part 6 of the Act only in respect of a single group life insurance policy for employees of a subsidiary, the costs of becoming licensed and complying with fair conduct programme obligations under that subpart are likely to outweigh the benefits for consumers (being the employees of RSL);
- the conditions require RLNZL to notify the FMA if any changes are made to the terms or eligibility conditions of the group life policy, enabling FMA to monitor that the nature of the policy remains unchanged;
- the conditions also require RLNZL to inform employees of RSL that it is relying on the exemption and that the usual fairness protections will not apply, and give them details of its claims and complaints processes, ensuring that employees are informed.

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

The FMA is further satisfied that the extent of the exemption is not broader than reasonably necessary to address the matters to which they relate in view of the limited nature of the exemptions that only apply in relation to a single group life policy entered into with a subsidiary for the benefit of employees of the subsidiary.