

# **ENFORCEABLE UNDERTAKINGS TO THE FINANCIAL MARKETS AUTHORITY**

**Pursuant to s 46 of the Financial Markets Authority Act 2011**

**Cigna Life Insurance New Zealand Limited**

**Onepath Life (NZ) Limited**

## 1 Parties

- 1.1 These undertakings are given to the Financial Markets Authority (**FMA**) – Te Mana Tātai Hokohoko, an independent Crown entity established under s 6 of the Financial Markets Authority Act 2011 (**FMAA**) by:
- (a) Cigna Life Insurance New Zealand Limited (**Cigna**), a company incorporated in New Zealand which has its registered address at Level 24, Majestic Centre, 100 Willis Street, Wellington; and
  - (b) Onepath Life (NZ) Limited (**Onepath**), a company incorporated in New Zealand which has its registered address at Level 24, Majestic Centre, 100 Willis Street, Wellington.
- 1.2 Cigna and Onepath are both wholly owned by Cigna New Zealand Holdings Limited (**Cigna Holdings**).

### *Cigna and Onepath's business*

- 1.3 Cigna is a licensed insurer under the Insurance (Prudential Supervision) Act 2010. Onepath was a licensed insurer until 31 January 2020, when it voluntarily exited the market.

## 2 Background and admissions

- 2.1 The FMA has regulatory oversight in relation to the Financial Markets Conduct Act 2013 (**FMCA**).
- 2.2 These undertakings are given by Cigna and Onepath in relation to certain credit card repayment insurance (**CCRI**) policies which were provided to customers of ANZ Bank New Zealand Limited (**ANZ**) in the circumstances set out in paragraphs 2.3 to 2.11 below.

### **CCRI policies**

- 2.3 From at least 1 April 2014, ANZ distributed CCRI policies to its customers, including CCRI policies offered by Cigna and Onepath. When ANZ did so:
- (a) each such policy was a contract of insurance between Cigna or Onepath (as applicable), and that customer; and
  - (b) ANZ was authorised to charge premiums to those customers on the insurer's behalf.

### **Admissions**

#### *Duplicate policies*

- 2.4 ANZ arranged for a number of its customers who held CCRI policies to be provided with one or more additional CCRI policies (each a **Duplicate Policy**). Between:
- (a) 1 April 2014 and 30 April 2018, the insurer for 152 of those policies was Onepath; and

- (b) 1 May 2018 and 23 August 2019, the insurer for 80 of those policies was Cigna.
- 2.5 ANZ prepared account statements for the customers who had been provided with Duplicate Policies.
- 2.6 The account statements for the Duplicate Policies contained representations that:
- (a) the Duplicate Policies were capable of conferring benefits additional to those conferred by the customer's original policy, when they did not (in breach of s 22(d) of the FMCA); and
- (b) ANZ was entitled to charge the premiums that appeared in those statements in respect of the Duplicate Policies, when it was not (in breach of s 22(h) of the FMCA).
- 2.7 By virtue of paragraphs 2.3-2.6 above and s 536(1) of the FMCA:
- (a) Cigna admits that it breached ss 22(d) and (h) of the FMCA; and
- (b) Onepath admits that it breached ss 22(d) and (h) of the FMCA.
- Ineligible policies*
- 2.8 Between April 2014 and 1 May 2018, ANZ arranged for:
- (a) 11 of its customers to be provided with Cigna CCRI policies which those customers were not eligible to hold on account of their age;
- (b) 110 of its customers to be provided with Onepath CCRI policies which those customers were not eligible to hold on account of their age;
- (the Ineligible Policies).**
- 2.9 ANZ prepared account statements for customers who had been provided with Ineligible Policies.
- 2.10 The account statements referred to above contained representations that:
- (a) each Ineligible Policy charged for was a valid CCRI policy in effect for that customer, when that was not the case (in breach of s 22(a) of the FMCA); and
- (b) ANZ was entitled to charge the premiums that appeared in those statements in respect of the Ineligible Policies, when it was not (in breach of s 22(h) of the FMCA).
- 2.11 By virtue of paragraphs 2.3 and 2.8-2.10 above and s 536(1) of the FMCA:
- (a) Cigna admits that it breached ss 22(a) and (h) of the FMCA; and
- (b) Onepath admits that it breached ss 22(a) and (h) of the FMCA.

### **3 Purpose and Effect of the Undertakings**

3.1 Having admitted the breaches of the FMCA set out in paragraphs 2.7 and 2.11 above, Cigna and Onepath have offered the undertaking set out in paragraph 4.1 below to the FMA (**Undertakings**).

3.2 The Undertakings:

- (a) are accepted by the FMA as court enforceable undertakings in terms of sections 46, 46A and 47 of the FMAA; and
- (b) come into effect when executed by Cigna and Onepath, and signed as accepted by the FMA.

### **4 Undertakings**

4.1 Cigna and Onepath jointly undertake to pay the FMA a total of \$180,000 in lieu of a pecuniary penalty, and to do so within 10 working days of the Undertakings coming into effect.

### **5 Record of commitment**

5.1 In addition to providing the Undertaking at paragraph 4.1 above, Cigna also records its commitment to developing and maintaining effective policies, systems, and processes to support good customer outcomes and to prevent issues of the kind referred to in these Undertakings from occurring in the future.

### **6 Miscellaneous**

6.1 No amendment to the Undertakings will be effective unless in writing, executed by Cigna and/or Onepath (as applicable), and signed as accepted by the FMA.

6.2 These Undertakings are properly executed if Cigna, Onepath and the FMA sign the same copy, or separate identical copies of the execution page. Where separate copies are signed by Cigna, Onepath and/or the FMA, the signed copy can be the original document or an emailed copy.

6.3 In providing these Undertakings, Cigna and Onepath each:

- (a) acknowledge that the FMA:
  - (i) will make these Undertakings publicly available by publishing them on the FMA's website, including by giving the notice required by s 46A(3) of the FMAA;
  - (ii) will also publish on its website a brief description of the circumstances and nature of the alleged contravention to which the Undertakings relate; and
  - (iii) may make public reference to the Undertakings including in media statements or other publications;

- (b) will ensure that any public statements made by them (or their related parties) relating to these Undertakings are consistent with Parts 2-5 above; and
- (c) acknowledge that, in accepting the Undertakings, the FMA is not prevented from exercising its rights and powers under the relevant legislation to any contravention of the Undertakings or in relation to any other matter not the subject of these Undertakings.

**Execution**

Signed by and on behalf of  
Cigna Life Insurance New Zealand Limited

Gail Costa CEO

  
Signature

In the presence of:



Witness name Jeremy Valentine

Witness address Wellington

Witness occupation General Counsel + Chief Risk Officer

Date 31 May 2022

Signed by and on behalf of  
Onepath Life (NZ) Limited

Gail Costa Director

  
Signature

In the presence of:



Witness name Jeremy Valentine

Witness address Wellington

Witness occupation General Counsel + Chief Risk Officer

Date 31 May 2022

**Acceptance**

Accepted by  
the Financial Markets Authority  
by:



\_\_\_\_\_  
Authorised signatory

Margot Gatland, Acting  
Name  
Head of Enforcement, FMA.

In the presence of:



\_\_\_\_\_  
Signature

Witness name

ALEXANDER CORMACK

Witness address

~~2004~~ AUCKLAND

Witness occupation

SOLICITOR

Date

08 JUNE 2022