

## Financial Markets Conduct (Chubb Insurance Company of Australia Limited) Exemption Notice 2015

Pursuant to section 556 of the Financial Markets Conduct Act 2013, the Financial Markets Authority, being satisfied of the matters set out in section 557 of that Act, gives the following notice.

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### Notice

1. **Title**  
This notice is the Financial Markets Conduct (Chubb Insurance Company of Australia Limited) Exemption Notice 2015.
2. **Commencement**  
This notice comes into force on 29 April 2015.
3. **Revocation**  
This notice is revoked on the close of 30 April 2015.
4. **Application**  
An exemption granted by this notice applies to the accounting period of the exempt issuer that ends on 31 December 2014.
5. **Interpretation**
  - (1) In this notice, unless the context otherwise requires,—  
**Act** means the Financial Markets Conduct Act 2013  
  
**approved auditor**, in relation to the exempt issuer, means an accountant who is qualified under the law of Australia to give an opinion as to whether specified financial statements comply with Australian GAAP.

**Australian GAAP**, in relation to the exempt issuer, means generally accepted accounting practice required or permitted in Australia

**exempt issuer** means Chubb Insurance Company of Australia Limited

**Regulations** means the Financial Markets Conduct Regulations 2014

**specified financial statements**, in relation to the exempt issuer, means financial statements of the exempt issuer prepared in accordance with the laws of Australia

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

## **6. Exemptions**

The exempt issuer is exempted from sections 455(1)(c), 460, 461D and 461H of the Act.

## **7. Conditions**

The exemptions in clause 6 are subject to the conditions that—

- (a) the exempt issuer, in relation to its specified financial statements, must comply with the laws of Australia that relate to the preparation, content, audit, and public filing of those financial statements and, in particular, the exempt issuer must ensure that—
  - (i) the specified financial statements comply with Australian GAAP; and
  - (ii) the specified financial statements are audited by an approved auditor; and
  - (iii) an audit report is prepared by the approved auditor in respect of that audit; and
- (b) the exempt issuer must ensure that there are kept at all times accounting records that will enable the issuer to ensure that—
  - (i) the specified financial statements comply with paragraph (a)(i); and
  - (ii) the financial statements under paragraph (c) comply with generally accepted accounting practice; and
- (c) the specified financial statements of the exempt issuer must, when those statements are delivered under paragraph (e), be accompanied by financial statements for the exempt issuer's New Zealand business prepared in accordance with generally accepted accounting practice; and

- (d) the financial statements of the New Zealand business must be audited by a qualified auditor or an approved auditor; and
- (e) the following are delivered to the Registrar for lodgement annually, and not later than the date on which the financial statements of the exempt issuer would, but for the exemptions in clause 6, be required to be delivered for lodgement:
  - (i) the specified financial statements of the exempt issuer together with a copy of the auditor's report on those statements;
  - (ii) the financial statements under paragraph (c) together with a copy of the auditor's report on those statements; and
- (f) the financial statements that are delivered to the Registrar for lodgement under paragraph (e) are accompanied by written notification to the Registrar that the exempt issuer is relying on this notice in respect of the accounting period to which the specified financial statements relate; and
- (g) the exempt issuer continues to be registered with the Australian Securities and Investment Commission.

Dated at Wellington this 28<sup>th</sup> day of April 2015.



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Liam Mason  
General Counsel  
Financial Markets Authority

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### Statement of reasons

This notice comes into force on 29 April 2015 and is revoked on the close of 30 April 2015. This notice applies to Chubb Insurance Company of Australia Limited (**exempt issuer**), as an insurer that is licensed by the Reserve Bank of New Zealand (the **Reserve Bank**) and regulated by the financial reporting and audit laws of Australia.

The short timeframe that this notice is in effect reflects that the exemption is needed for only one accounting period. This notice applies to the period ended 31 December 2014 as the FMA is currently considering a class exemption to address future accounting periods.

This notice exempts the exempt issuer from the following provisions of the Financial Markets Conduct Act 2013 (the **Act**) to the extent that they

require financial statements prepared in accordance with generally accepted accounting practice in New Zealand (**NZ GAAP**):

- section 455(1)(c) (FMC reporting entity must keep accounting records that will enable it to ensure that financial statements comply with generally accepted accounting practice);
- section 460 (financial statements must be prepared);
- section 461D (financial statements must be audited);
- section 461H (lodgement of financial statements).

The exemptions are subject to conditions that require the exempt issuer to prepare financial statements in accordance with the financial reporting requirements of Australia. The main effects of the exemptions are as follows:

- the specified financial statements will comply with Australian generally accepted accounting practice (**Australian GAAP**) rather than NZ GAAP.
- the specified financial statements will be audited by an approved auditor who is qualified under the laws of Australia to give an opinion as to whether the specified financial statements comply with the relevant Australian GAAP:
- the specified financial statements will be accompanied by the exempt issuer's New Zealand business financial statements that comply with NZ GAAP and that are audited by an approved auditor in Australia or a qualified auditor in New Zealand.

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—

- the Reserve Bank assesses the financial reporting and audit requirements of the overseas jurisdiction of any overseas insurer seeking licensing in New Zealand. In this case, the overseas jurisdiction of the exempt issuer is Australia. The FMA is satisfied that the financial reporting and audit requirements of Australia will provide sufficient and appropriate information to the Reserve Bank for it to undertake its prudential regulation of the exempt issuer. In addition, the FMA is satisfied that, in the context of the product disclosure requirements for insurance as a whole, investors will be provided with sufficient and appropriate information for them to make investment and policy purchase decisions. As such, investors in the exempt issuer will have access to broadly similar, and equivalent, information to the information that they would otherwise receive:
- the Australian Securities and Investment Commission (ASIC) and the FMA have a history of co-operation in regulating Trans-Tasman financial markets. ASIC is also a signatory to the International Organization of Securities Commissions Multilateral



Memorandum of Understanding Concerning Consultation and Cooperation and the exchange of Information. This means that FMA will be able to obtain co-operation from ASIC if any compliance concerns arise in relation to the financial reporting requirements of the entity:

- the costs associated with the exempt issuer preparing and auditing financial statements in accordance with the financial reporting requirements of Australia in addition to preparing financial statements under New Zealand requirements would outweigh the benefits to policy holders in receiving NZ GAAP rather than Australian GAAP financial statements:
  - the granting of the exemptions is desirable in order to promote the purposes of the Act, specifically by avoiding unnecessary compliance costs and by promoting flexibility in financial markets:
  - given that financial statements are still required to be lodged in New Zealand, the exemptions are not broader than is reasonably necessary to address the matters to which they relate.
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