

Financial Markets Conduct (Conduct of Financial Institutions — The New India Assurance Company Limited) Exemption Notice 2024

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 (Conduct of Financial Institutions — The New India Assurance Company Limited) Exemption Notice 2024.

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

Employee means an employee of NIA in New Zealand

NIA means The New India Assurance Company 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

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

(a) section 388(ca); and

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

6. Conditions

- (1) The exemptions in clause 5 are subject to the following conditions—
 - (a) NIA must not enter into a contract of insurance with a consumer who is not an employee; and
 - (b) NIA must not enter into a contract of insurance with an employee that is not a consumer insurance contact; and
 - (c) NIA must give an employee the information in subclause (2) in writing:
 - (i) not less than 10 working days before it enters into a consumer insurance contract with that employee (including a contract that has the effect of operating as a renewal of a consumer insurance contract); or
 - (ii) within 10 working days from the commencement of this notice, if the employee is a policyholder under a consumer insurance contract that is in force on the commencement of this notice; and
 - (d) NIA must give the FMA a written report every 12 months commencing on the first anniversary of the commencement of this notice containing the information in subclause (3) (to the extent it is applicable); and
 - (e) NIA must notify the FMA in writing within 10 working days of the date it first becomes aware of a material change or likely material change to the number of its employees.
- (2) For the purposes of subclause (1)(c), the information is —
 - (a) a statement to the effect that—
 - (i) NIA 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) 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
 - (iii) the employee should therefore consider carefully whether to proceed with taking out or continuing to hold insurance that is subject to fewer consumer protections; and
 - (b) the name and a copy of this notice or a link to an Internet site where the notice can be accessed; and
 - (c) a brief description of NIA'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 NIA's dispute resolution scheme in New Zealand.
- (3) For the purposes of subclause (1)(d) the information is —

- (i) total number of employees; and
- (ii) details of all consumer insurance contracts (including contracts that have the effect of operating as a renewal of a consumer insurance contract) that NIA has entered into with its employees (including total premium, number and type of policies, and number of insured employees); and
- (iii) details of all complaints from employees received by NIA or by a dispute resolution scheme of which NIA is a member in connection with a consumer insurance contract entered into by the employee with NIA (including the total number of complaints, a description of each complaint, and a description of the status of each complaint and whether it has been resolved); and
- (iv) confirmation that NIA has not entered into any contracts of insurance with a consumer who is not an employee.

Dated at Wellington this 1st day of November 2024.



Liam Mason
General Counsel
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 The New India Assurance Company Limited (**NIA**), an overseas insurer that is a registered in India and licensed as an insurer by the Reserve Bank of New Zealand. NIA has entered into a very small number of consumer insurance contracts with some of its few employees in New Zealand as an employee benefit.

This notice exempts NIA 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.

The exemptions are subject to a condition that prevents NIA entering into a contract of insurance with a consumer who is not an employee. Other conditions require NIA to:

- (a) give its employees information about the nature and effect of the notice and that this means fewer consumer protections apply to their insurance, as well as information about how to make complaints about their insurance; and
- (b) provide details of the consumer insurance contracts entered into with employees; and
- (c) notify the FMA if there is a material change to the number of its employees.

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 NIA has a very small number of consumer insurance contracts with some of its few employees in New Zealand and conditions prevent NIA from entering into contracts of insurance with other consumers, 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 employees:
- in addition, conditions will require NIA to report annually to the FMA on the details of the consumer insurance contracts it has with employees and notify the FMA of any material change to the number of its employees, enabling the FMA to monitor that the number of consumer insurance contracts remains low:
- conditions will require NIA to inform its employees about the nature and effect of the exemptions and warn them that the usual fairness protections provided by the Act will not apply. This, along with the information that is available to them through their position as employees of NIA will allow NIA's employees to make an informed decision about whether to have their general insurance with NIA or with a different licensed financial institution, noting that consumer insurance contracts are only entered into for one-year periods:
- 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 and to avoid unnecessary compliance costs:
- the exemptions are limited to the provision of relief where an insurer enters into a very small number of consumer insurance contracts with some of its few employees in New Zealand as an employment benefit. Given the limited application of the exemptions and conditions that restrict offers of insurance to consumers who are not employees, the exemptions are not broader than is reasonably necessary to address the matters to which they relate.