

Submission on Options Paper: Conduct of Financial Institutions

To the Ministry of Business, Innovation and Employment

Accuro Health Insurance
June 2019

About Accuro

Accuro is established under the ownership and governance of its members to advance the interests of its members. When customers purchase an Accuro product they become members of Accuro. Thus, Accuro is owned and operated in New Zealand. Accuro offers health insurance products only, and trades competitively in both the individual and group health insurance markets via both direct and intermediated channels.

Accuro is therefore established and structured with the primary duty to deliver good outcomes for its customers. Its Board of Directors is elected by members to ensure this duty is fulfilled.

Accuro's mission, vision and goals are established as the basis on which the Board does this. At each level these focus attention on working on a partner relationship between Accuro and its customers. Management is responsible for delivering the products and services that build, maintain and continuously improve this partnership, and is accountable to the Board for doing so.

Accuro is a member of the Health Funds Association of New Zealand (HFANZ)

Submission

1. Accuro participated in the preparation of the submission made by the HFANZ and this may be taken as the substance of Accuro's submission.
2. Further to the HFANZ submission, in the response to:

Question 1

Accuro believes the overarching duties set out in the options paper are appropriate and helpful as the framework for establishing a conduct and culture compliance regime. Further, these overarching duties closely correspond with the duties Accuro members, through their Board, expect Accuro's business practise and performance to fulfil.

Question 4

While supporting HFANZ submission that, *option 1 appears to have the best balance between influencing product design while minimising compliance costs.*, Accuro has a general concern that about the efficacy of bans as a compliance instrument. While it may be true that option 3 could involve considerable compliance costs, for an insurer like Accuro, the practices required to achieve compliance are in any case the practices integral to our model of product design and manufacture and are essential to the achievement of our strategic purpose.

Question 7

Accuro operates the following schedule of commission payments to advisers

On Sale Plans

Individual: SmartCare, SmartCare+ and KidSmart	Up Front	Renewal
Base Plan	30%	15%
Specialist	30%	15%
Natural Health	15%	8%
GP	15%	8%
Dental and Optical	15%	10%
Individual:	Up Front	Renewal
SmartStay	0%	10%
Group:	Up Front	Renewal
StaffCare, StaffCare+ and StaffStay	25%	10%
Left Group Continuation	Up Front	Renewal
StaffCare, StaffCare+ and StaffStay	10%	10%

Closed or Legacy Plans

	Up Front	Renewal
Basic Plan	0%	10%
Advanced Plan	0%	10%
Value Plus Plan	0%	10%
Major Medical Plan	0%	10%
Real Value Plan	0%	10%

Accuro's staff remuneration policy does not provide for bonus payments but three sales staff do have a sales performance component in their remuneration package.

Key Contact

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Privacy of natural persons
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