



**Feedback: Regulations to support the new regime for the conduct of financial institutions**

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<b>Company</b>	Health Service Welfare Society trading as Accuro Health Insurance
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## Executive Summary

Accuro Health Insurance welcomes the opportunity to provide feedback on the discussion document - Regulations to support the new regime for the conduct of financial institutions.

In summary:

- Accuro does not support the introduction of regulations to set further requirements for fair conduct programmes. The principles-based approach taken in the Bill is appropriate and clearly sets out the duties and minimum requirements for fair conduct programmes. Maintaining flexibility is important to ensure that financial institutions can design programmes that are the right fit and size for their model.
- We agree that volume or value targets should be prohibited by a principle-based approach for staff and intermediaries, individually and collectively.
- We support the proposal to declare contracts of insurance as financial products under Part 2, the inclusion makes sense for clarity.
- We agree and consider it appropriate to exclude people who are subject to professional regulation and provide services that are indirect from the definition of an intermediary.

## Feedback

Requirements for fair conduct programmes	
1	Do you have any comments on the status quo i.e. no further regulations to support the minimum requirements for fair conduct programmes in the Bill?
2	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(a)?
3	Do you have any comments on the proposals regarding distribution of relevant services and associated products? We are particularly interested in how these proposals may be implemented.
4	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(ac)?
5	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bb) to (bd)?
6	Do you have any comments on the proposal to specify further minimum requirements regarding remediation of issues? Are there any further specific remediation principles that should be specified in regulations?
7	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(be)?
8	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(bf)?
9	Do you have any comments on MBIE's position that no regulations are needed at this time to support section 446M(1)(d)?
10	Do you have any comments on the proposal to specify further minimum requirements regarding consumer complaints handling?

11 Do you have any comments on the proposals to specify further minimum requirements regarding claims handling and settlement?

12 Do you have any comments on the proposed definition of 'handling and settling a claim under an insurance contract' means? If so, why?

13 Do you have any comments on the discussion regarding customer vulnerability?

14 Do you have comments regarding the option of including vulnerable consumers in section 446M(1A)?

15 Do you think any further factors should be added by regulations to the list under section 446M(1A)?

16 Do you think any other regulations that could be made under new section 546(1)(oa) are necessary or desirable? Please provide reasons for your comments.

Section 446A-M in the Bill clearly sets out the duties and minimum requirements for fair conduct programmes. Introducing further prescription in the form of regulations will unnecessarily overlap with other legislative requirements and could create unnecessary compliance overhead for smaller players in the industry.

All participants are different shapes, sizes and have different risk profiles so maintaining flexibility is ideal to ensure each can determine a meaningful programme for their business based on the principles in the Bill.

Furthermore, being less prescriptive will also empower each participant to be creative with their value proposition to customers in this space, above meeting the minimum legislative requirements.

Formal guidance can always be issued at a later date if deemed necessary by the Regulator or requested by the Regulated.

## Sales incentives

17 Do you have any comments on the status quo (no regulations)?

18 Do you have any comments on the option to prohibit sales incentives based on volume or value targets?

19 What would the likely impacts be for financial institutions, intermediaries and/or consumers of prohibiting sales incentives based on volume or value based targets?

20 Do you have any feedback on a more principle-based approach to prohibiting some incentives?

21 How could a more principles-based approach to prohibiting some incentives be made workable?

22 If a more principles-based option was chosen, should there be some incentives specifically excluded?

23 Do you think there are any other viable options other than what has been put forward by this discussion document? Please explain in detail.

24 Are there sales incentives based on volume or value targets that should be excluded from the regulations (i.e. allowed to be offered/given)?

- 25 Do you think there are any other types of incentives that should be excluded from the regulations? Please provide reasons for your comments.
- 26 Do you think that the scope of who can be covered by the regulations poses a risk of unintentionally capturing other intermediaries that are paid incentives but should not be covered?
- 27 Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should apply to all staff? Why/why not?
- 28 Do you agree/disagree that within financial institutions and intermediaries sales incentives regulations should only apply to frontline staff and their managers? Why/why not?
- 29 Do you think that external incentives should apply to any incentive paid to an agent, contractor or intermediary? Why/why not?
- 30 Do you agree that both individual and collective incentives should be covered? Why/why not?
- 31 Do you have any other comments on the discussion related to incentives?

Accuro Health Insurance does not use volume or value targets for staff or intermediaries, and we agree that such targets that have the potential to create conflicts of interest should be prohibited by a principles-based approach.

Overlaps with other regulatory requirements needs to be considered to ensure cohesion, in this instance the disclosure of commission and incentives required by FSLAA.

Accuro is a small member benefits society and to ensure the best outcomes for customers, sustainability is key. Sustainability is reliant on many things, but business growth is one of them. It is therefore important to make sure that any further prescription doesn't preclude business level growth targets –so long as there are no incentives placed on any staff, intermediaries or groups of either for achievement of such targets which could lead to undesirable sales behaviors.

### Requirement to publish information about fair conduct programmes

- 32 Is more detail needed to outline what information should be published regarding financial institutions' fair conduct programmes to assist financial institutions to meet this requirement, or to assist consumers in their interactions with financial institutions?
- 33 Do you have any comments on the options outlined above? What do you think the costs and benefits would be to financial institutions and consumers of the two options?
- 34 This discussion document outlines two options regarding the requirement to publish information about the fair conduct programmes. Do you have any other viable options?

Accuro supports option 1 – prescribe no further detail.

There is already a great deal of information published to aid consumers decision. Onemore set of prescriptive requirements risks making the already vast amount of information disjointed, with additional compliance cost for no additional value to consumers.

The current drafting of section 446HA provides sufficient flexibility for financial

institutions to adopt the requirements to their own business structure, products and services but will still ensure that consumers have a comparable framework from which to compare one provider's fair conduct programme with another.

Furthermore, being less prescriptive will also empower each participant to be creative with their value proposition to customers in this space, above meeting the minimum legislative requirements.

### Calling in contracts of insurance as financial products under Part 2

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Do you have any comments on the proposal to declare contracts of insurance as financial products under Part 2?

Accuro supports this proposal, the inclusion makes sense for clarity.

### Exclusions of certain occupations or activities from the definition of "intermediary"

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Do you think it would be appropriate to exclude people who are subject to professional regulation from the definition of an intermediary (e.g. lawyers, accountants, engineers)?

37

Do you think that any other occupations or activities should be excluded from the new proposed definition of an "intermediary"? If so, why?

We agree and consider it appropriate to exclude people who are subject to professional regulation (and whose involvement in the provision of services is minor or indirect) from the definition of an intermediary (such as the examples given in this question).

### About Accuro Health Insurance

Accuro Health Insurance was set up in 1971 as the Hospital Services Welfare Society which was owned, operated and funded as an entity of the Hospital Boards Association but with its own board appointed by the Department of Health, the Hospital Boards Association and the Combined Hospital Unions. In 1991 the board established HSWS as an independent society under the ownership of its members. Today it operates as a private health insurer trading under the name Accuro Health Insurance. As a health insurer grounded in the public health sector Accuro is strongly committed to supporting the effectiveness of publicly funded health services and better health outcomes for all New Zealanders.

Our purpose is to help our Members get well and stay well. We are a member based, co-operative model whose history is rooted in a philosophy of care. Our North Star will always be our commitment to deliver great outcomes for our Members. That's why we're here.

Accuro is a member of the Financial Services Council (FSC), the industry body representing New Zealand's health insurance sector.