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Financial Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
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2021 Review of the Financial Markets Authority Funding and Levy

We have welcomed the opportunity to engage on this consultation and to participate along with other insurers in the workshop with MBIE and the FMA on 27 October. IAG recognises the importance of regulators being appropriately funded to undertake their responsibilities. This is critical to effective implementation and oversight of regulatory regimes, as well as to enabling regulators to engage effectively with their regulated community and other entities on emerging issues, guidance, and regulatory integration.

By way of background IAG is New Zealand's leading general insurer. We insure more than 1.8 million New Zealanders and protect over \$650 billion of commercial and domestic assets across New Zealand. IAG receives more than 450,000 claims a year and paid \$1.576 billion in settling them in the last financial year. IAG is a member of the Insurance Council of New Zealand (ICNZ) and abides by ICNZ's Fair Insurance Code.

We contributed to ICNZ's submission on this consultation and supports its contents and recommendations. In particular we note the commentary on:

- recognising the level of levy increases over a short period, and that these are taking place in parallel with a number of other regulatory processes, all of which puts pressure on insurance affordability;
- the challenges associated with setting levy rates for outyears at this time and when the regulatory regimes are yet to be finalised, and for the FMA to recruit the level of personnel planned over the period envisaged;
- the appropriateness of at least maintaining the Crown's contribution to FMA funding (in proportional terms) to reflect the public benefit in the FMA's work and to moderate the cost impacts on the sector;
- the importance of the FMA being able to provide timely and quality guidance on relevant matters, for example the licencing process; and
- the ways in which funding reviews are undertaken could be adjusted in order to strengthen the options developed and to increase buy-in from those entities providing the funding via levies.

Yours sincerely

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