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Privacy of natural
persons

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Consultation on Exposure Draft of Insurance Contracts Bill

Kia ora

Aon New Zealand (Aon) is a member of the Insurance Brokers Association of New Zealand Inc (IBANZ) and has contributed to and endorses the submission made by IBANZ which provides a more detailed response to the consultation. I do not propose to repeat those submissions here, but I do wish to share some of my observations on the proposals.

Aon supports the introduction of an Insurance Contracts Act to amalgamate the various acts relating to insurance and address issues, such as non-disclosure, which have been identified as needing revision for well over twenty years. There has been significant publicity and engagement on these issues.

However, the exposure draft of the Insurance Contract Bill (the Bill) goes well beyond the issues recognised as requiring reform. It introduces several concepts that could ultimately be harmful to the broking industry and that will negatively impact the average New Zealander. Some changes are likely to lead to higher premiums, they will make it harder to access broking services, and they create potential conflicts of interest between brokers and their clients.

The changes also, inexplicably, seek to place additional risk on brokers to the benefit of a few insurance companies, and they seek to regulate and control the commercial business relationships between brokers and insurers.

As these changes have not received much focus, we have concerns that they are not widely understood by the industry nor consumer protection organisations who should be given the opportunity to fully understand the consequences of such change.

Brokers are people that help everyday New Zealanders navigate the complex world of insurance. They have a fiduciary duty and must look after the best interests of clients. They ensure that clients get insurance that meets their needs, and they have a big role to play when people need to make a claim. There is no doubt that those that have a broker end up with better insurance outcomes than those that don't.

Aon has 70 offices throughout Aotearoa, employing 950 staff who offer local insurance advice to ordinary New Zealanders at a time when the largest insurer has closed offices and now does not allow their customers to have a human interaction with them, all communication is electronic and through voicemail.

We see our role as offering an alternative option and advocacy to those clients that still desire a human and local service.

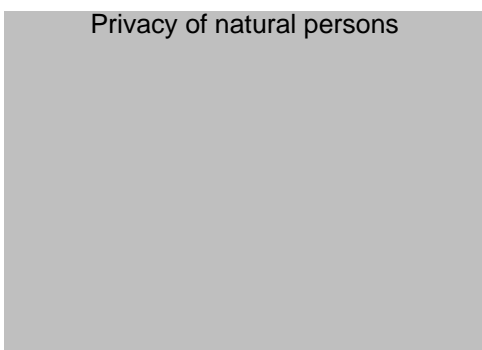
Law changes as currently drafted in Conduct of Financial Institutions Bill (COFI) and this Insurance Contracts Bill will give a few very large insurance companies greater influence and power over brokers and ultimately their customers. This will make the role of the broker more

difficult as when servicing clients brokers will now need to also take into account regulatory obligations owed to insurers. This is a curious direction for legislation to take and needs to be very carefully calibrated to avoid poor insurance outcomes for New Zealanders.

Finally, I wish to make the point that this Bill is being introduced during a time of significant regulatory change in Aotearoa (the recent changes in financial advice, and COFI to name two such changes). All this change is happening at pace, and there has been little time for one set of regulatory changes to settle before the next lot of change is upon us. I do fear the unintended consequences of all this change on our industry but, more particularly, to ordinary New Zealanders who currently enjoy receiving professional advice and service in a competitive insurance environment that is not broken. Consolidation by participants in all aspects of the insurance industry is a real risk.

We are happy to explain further any of the concerns we have in respect of the Bill.

Ngā mihi



Geoff Blampied
CEO & Executive Chairman
Aon New Zealand Region

PS – Below is a link to our company's ad offering Proudly Local Proudly Human service to New Zealanders.

[Aon. Proudly local. Proudly human. - YouTube](#)