

Regulatory Radar

July 2024



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AND ABOVE

CoFI legislation

The new Financial Markets (Conduct of Institutions) Amendment Act 2022 (CoFI) is designed to protect consumers and requires registered banks, licenced insurers and licenced non-bank deposit takers (financial institutions) to:

- be licensed by Financial Markets Authority (FMA) in respect of conduct towards consumers;
- comply with a “fair conduct principle” to treat consumers fairly, establish, maintain, implement and comply with their “fair conduct programme (FCP)”;
- comply with regulations that will ban target-based sales incentives e.g., an employee of a general insurer is offered a \$1,000 bonus for selling at least 100 travel policies in a 3-month period. The bonus is a prohibited incentive because the employee’s entitlement to the bonus is determined by way of a direct reference to a sales target. The regulations relating to incentives will also apply to our brokers and intermediaries.
- be licensed by 31 March 2025, when the regime commences and financial institution licences come into effect.

Find out more about CoFI here: [Conduct of Financial Institutions \(CoFI\) legislation | Financial Markets Authority \(fma.govt.nz\)](#)

Insurance & Financial Services Ombudsman Scheme (IFSO) changes

From 18 July 2024, IFSO can consider complaints up to \$500,000 (up from the current \$350,000). It is proposed that IFSO and Financial Services Complaints Limited (another dispute resolution regime) merge from 1 July 2025. There are other changes to the IFSO Terms of Reference. Find out more at [IFSO.nz](#)

Please note that complaints must first go through Vero’s complaint process.

If you or your customer have had a poor experience with Vero, let us know what’s gone wrong. We value your feedback and we will work to improve your experience. You can tell us about your complaint by phone, or you can email complaints@vero.co.nz

Natural Hazards Insurance (NHI) Act

The Natural Hazards Insurance Act 2023 (NHI Act) came into effect on 1 July 2024, replacing the Earthquake Commission Act 1993 (EQC Act). The Earthquake Commission (EQC) has been renamed to Natural Hazards Commission Toka Tū Ake (NHC).

The NHI Act includes:

- Changes to terminology - “volcanic eruption” is now “volcanic activity”, “natural landslip” is now “natural landslide” and the “natural disaster” is now “natural hazard”
- Caps for damage to retaining walls (\$50k plus gst per dwelling) and culverts & bridges (\$30k plus gst per dwelling)
- Standardised excesses – land and dwelling claims each have a \$500 excess per dwelling
- A new Code of Insured Persons’ Rights and a new independent dispute resolution scheme.

The NHI Act will apply to all claims with a loss date on or after 1 July 2024. Claims with a loss date before 1 July 2024 will continue to be managed under the EQC Act.

FENZ levy reforms

The FENZ levy increased by 12.8% as of 1 July 2024. This is separate to the levy changes that are expected to come into effect on 1 July 2026. More information about these can be found here <https://www.dia.govt.nz/firelevy>

Contracts of Insurance Bill

The Contracts of Insurance Bill has been introduced to Parliament to modernise insurance contracts law and addresses a number of areas including disclosure, unfair contract terms and several technical issues. The Bill is expected to be passed by the end of 2024 and there may be up to three years before it comes into effect.