

New Zealand Conduct of Financial Institutions regime:

Summary of Fair Conduct Programmes

Lloyd's policies are sold to New Zealand consumers through approved Managing Agents (which are located in the United Kingdom) and their delegates (i.e. coverholders and service companies), which may be located in New Zealand or overseas. For further information, [please see here](#). Claims made in relation to these policies could be managed by coverholders or claims administrators located in New Zealand or overseas. They could also be managed by the Managing Agent in the United Kingdom.

All insurance policies sold by Lloyd's underwriters to New Zealand consumers are governed by the New Zealand Conduct of Financial Institutions regime ("CoFI"). The aim of CoFI is to ensure that financial institutions treat consumers fairly.

As part of CoFI, Lloyd's Managing Agents are required to establish, implement and maintain a Fair Conduct Programme ("FCP"), which sets out how managing agents are to abide by the Fair Conduct Principle. A summary of the key aspects of the managing agents' FCPs is set out below.

What is the Fair Conduct Principle?

CoFI requires financial institutions to comply with a Fair Conduct Principle to treat consumers fairly. This includes:

- Paying due regard to consumers' interests;
- Acting ethically, transparently, and in good faith;
- Assisting consumers to make informed decisions;
- Ensuring that the product and services that the financial institution provides are likely to meet the requirements and objectives of likely consumers (when viewed as a group);
- Not subjecting consumers to unfair pressure or tactics or undue influence.

The fair conduct principle applies throughout the whole product lifecycle. This includes when:

- Designing an insurance product; or
- Offering to provide an insurance product to a consumer; or
- Providing an insurance product to a consumer; or
- Dealing or interacting with a consumer in connection with an insurance product (for example, responding to a complaint or handling a claim under an insurance contract).

Lloyd's Managing Agents have developed FCPs to ensure effective compliance with the Fair Conduct Principle. FCPs are made up of various policies, processes, systems and controls which support the fair treatment of customers. These FCPs are overseen by relevant governing bodies within the Managing Agent, and reviewed regularly.

A summary of how Lloyd's managing agents will comply with the fair conduct principle is set out below.

Lloyd's Managing Agents are also subject to Lloyd's oversight framework, "[Principles for Doing Business at Lloyd's](#)", which sets out the fundamental responsibilities expected of all Managing Agents. These include the principle that Managing Agents should embed a culture and associated behaviours throughout their business to ensure that they focus consistently on good customer outcomes and that products provide fair value.

Lloyd's underwriters are also subject to the Insurance Council of New Zealand's Fair Insurance Code (FIC), a Code which [sets out the standard of service ICNZ members must provide to customers](#). Any insurance policies distributed by a Lloyd's coverholder that is resident in New Zealand to policyholders that are individuals or entities with 19 or fewer employees are governed by the ICNZ's [Fair Insurance Code](#). The Code does not apply to policies distributed by a Lloyd's coverholder that is located outside New Zealand or policies where no coverholder is involved.

How Lloyd's Managing Agents will comply with the Fair Conduct Principle

There are various means by which Lloyd's Managing Agents comply with the Fair Conduct Principle. These are often articulated across a number of policies, processes, systems and controls that relate to the following matters:

- Conduct risk & customer outcomes
- Product design and development
- Product distribution including considerations on
 - Target market
 - Sales targets and incentives
- Company codes of ethics and values statements
- Vulnerable customers
- Whistleblowing
- Complaints

Managing Agents' compliance with these policies, processes, systems and controls is monitored and measured in a number of ways. This includes:

- Regular reviews of policy and procedure documents
- Providing training to relevant staff
- Internal audits as well as audits of delegates (known as coverholders)
- Product governance, including reviews to consider whether products are fit for purpose, whether they provide fair value, whether there is clear communication with the customer, the distribution chains and the characteristics of the target markets.
 - Many managing agents also have Product Oversight Groups which oversee the products being written.
- Analysis of relevant internal information to identify and monitor conduct risks and assess the effectiveness of controls.

Complaints

Information about how to make a complaint will be contained in the policy information issued to a consumer. For further information, [please see here](#).