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Regulatory Round-up

2026 New Zealand Insurance Law Association Conference

22 October 2026

Tim Williams

Upcoming Law Reform changes

- **Contracts of Insurance Act (*CoIA*) - Commencing 15 November 2027**
- **Review of the Insurance (Prudential Supervision) Act (*IPSA*) – expected 2028**
- **Conduct of Financial Institutions (*CoFI*) regime and proposed changes for licensed financial institutions**
- **Prudential Levy Consultation**
- **Financial advice through AI LLMs**

Contracts of Insurance Act 2024 (*CoIA*)

Contracts of Insurance Act

Commences on **15 November 2027** with transition provisions.

Reforms are focused on **consumer protection**, and **clarity** and **transparency** for both insurers and policyholders.

Supporting regulations (including a standard form disclosure notice) are being developed.

Further consultation on proportionate settings to regulate the use of genetic test results in insurance is expected.

We may also see guidance issued to support CoIA implementation.

Key changes in CoIA

- New disclosure duties, and proportional responses
- New implied term in insurance contracts for payment of claims timeframe
- Powers to regulate use of genetic test results
- Direct right for third party claimants to recover from insurers
- Broker duties (largely carried over from Insurance Intermediaries Act 1994)
- Contracts of life insurance (modernised from the Life Insurance Act 1908)
- Amendments to the Fair Trading Act 1986 and the Financial Markets Conduct Act 2013

Review of the Insurance (Prudential Supervision) Act 2010 (*IPSA*)

Insurance (Prudential Supervision) Amendment Bill

Shifting the insurance sector to a more **risk-based**, **proactive** and **intensive prudential supervision** model.

- An exposure draft of the Bill was released in April 2026, and consultations closed in August 2026.
- The RBNZ is reviewing consultation feedback.

The Bill is expected to be **approved** by Cabinet in **2027**, for **commencement** in **2028**.

IPSA review commenced in 2016

Insurance (Prudential Supervision) Amendment Bill

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Key changes in the Bill are:

- adjusted regulatory scope
- proportionality principle
- graduated approach to solvency
- enhanced prudential standards
- broadened RBNZ supervisory and enforcement powers
- simplified regulatory approvals process for transactions
- enhanced distress management framework
- new director and relevant officer approvals
- new director liability regime

Financial Institutions (CoFI) regime and proposed changes for licensed financial institutions

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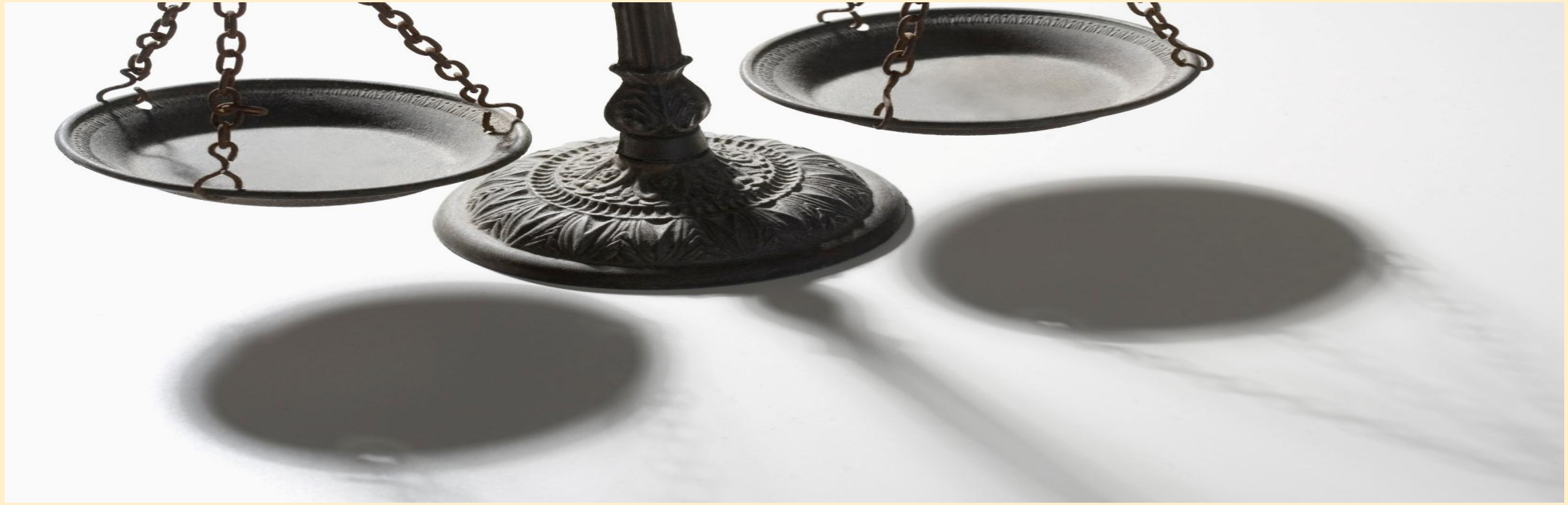


Reviews of products and services

The **FMA's thematic review** on financial institutions' **product and service reviews** identified several specific areas for further work for the insurance sector, including:

- continued reliance on legacy technology, systems, manual controls and processes
- inadequate internal training, and
- a need to develop a genuine consumer-outcomes lens, proactive governance, oversight and escalation.

Proactive reviews of products and services are a continued area of interest for the FMA.

Reviews of products and services

There have been a number of recent FMCA fair dealing and CoFI conduct and culture cases resulting from self reporting:

- ANZ
- AIA
- Cigna
- Vero
- Kiwibank
- MAS
- AA
- Westpac
- IAG
- Tower
- FMG
- ASB

Proposed changes to fair conduct programme

Minimum requirements for fair conduct programmes simplified and clarified by the Financial Markets Conduct Amendment Bill 2025. The changes:

- allow for more flexibility, and
- reduce compliance costs.

Reserve Bank Prudential Levy Consultation

Consultation (closed 16 October) suggests: a **$70m levy** across banks, deposit takers and licensed insurers **commencing 2027/28**, with insurers bearing **39**%, based on a fixed amount and % of total assets.

Submissions raised:

- A partial-cost recovery levy is more justified
- The insurer proportion allocation appears high
- The net cost recovery calculation is more valid
- Progressing the levy regime is premature while the IPSA reforms are underway
- Levy's detrimental impact on the level of insurance should be considered

Proposed changes to standard licence conditions

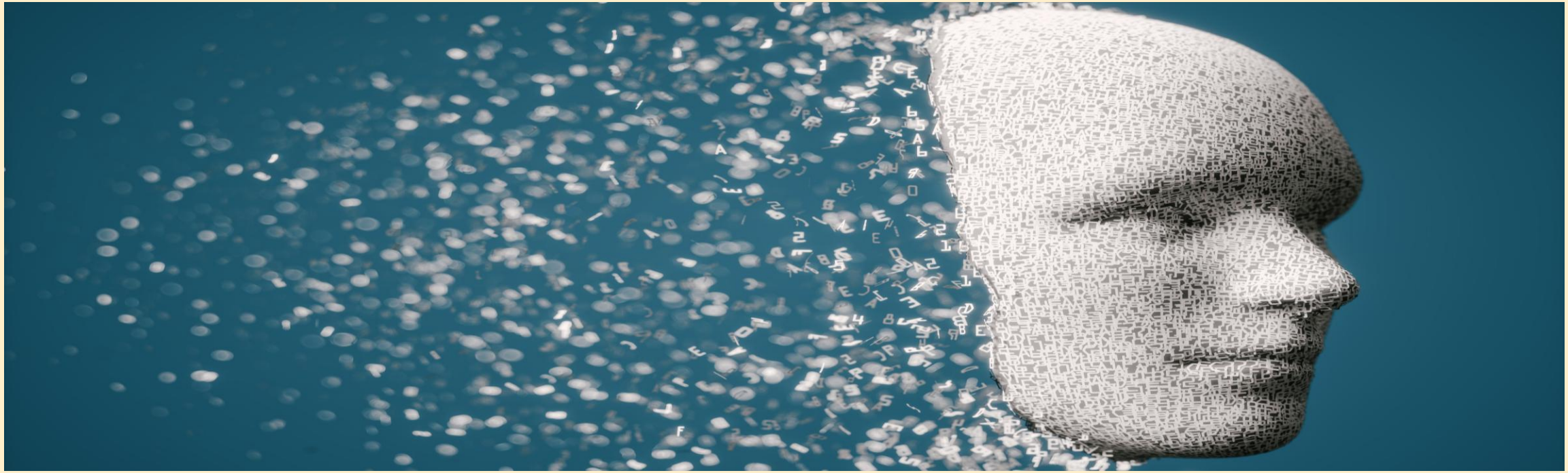
The FMA is consulting on its proposal to consolidate standard conditions across licensed market services.

Submissions close 5pm, Friday 11 December 2026.

No major changes proposed for insurers

Licensed financial advice providers should expect more significant impacts.

AI LLMs providing financial advice



Financial advice through AI LLMs

Increasingly widespread use of artificial intelligence is impacting all customer communications.

Regulated financial advice that is provided by generative AI direct to consumers **does not fit** within New Zealand's current regime.

The FMA is working with licensed financial advice providers and allowing Class 1 licences for AI use.

Further **industry engagement** and **regulatory change** should be expected.

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Questions?

Thank you for your time today

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