Insurer that has not yet commenced business

Guidelines
Licensed insurers

Insurance Policy
Prudential Supervision Department

February 2011

Ref #4305360
Purpose of this guideline

1 This document sets out the Reserve Bank of New Zealand’s guidelines in relation to conditions placed upon a licensed insurer that has not yet commenced business.

2 The Insurance (Prudential Supervision) Act 2010 allows the Reserve Bank to impose two types of conditions on an insurer that, at the time of making a licence application, has not yet commenced business.

3 The purpose of this guideline is to clarify how the conditions will apply.

4 This guideline relates solely to the requirements under the Act, and does not cover requirements of other legislation that may also be of relevance to licensed insurers.

5 Nothing in this guide overrides the provisions of the Act.

Licensing for new insurers

6 Persons who want to commence carrying on insurance business in New Zealand after 7 September 2010 must obtain a full licence before commencing business. These persons will need to provide the Reserve Bank with information to satisfy all licensing requirements as described in section 19.

7 For further information refer to our guideline on Application for a licence.

Licensing conditions for insurers that have not yet commenced business

8 Section 21(2)(e) of the Act provides for the Reserve Bank to impose two types of condition on a person that, at the time of making a licence application, has not yet commenced business. One or both of these conditions may be applied to specify:

(a) the time period within which a person must commence carrying on insurance business in New Zealand; and

(b) an amount of insurance business in New Zealand that an insurer must have within a specified period.

9 These conditions will be used to enforce the requirement that entitlement to a licence is based on:

(a) a definite and time-bound intention to carry on insurance business in New Zealand; and

(b) a genuine business plan to gain business.

10 A person that is unsure of the timeframe in which they will commence business or who is applying for a licence for other reasons, such as name protection, will not be granted a licence. Similarly, a person who, for whatever reason, intends to gain a licence but does not intend to carry on insurance business in New Zealand will not be granted a licence.

Contact

11 A person that wants to apply for a licence but who is not yet carrying on insurance business in New Zealand is encouraged to contact the Reserve Bank to discuss their plans. The contact is:

(a) Contact us on Reserve Bank’s website; and

(b) Phone enquiries to: +64 4 471 3591.

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