



HOUSE OF REPRESENTATIVES

Supplementary Order Paper

Tuesday, 8 December 1998

ACCIDENT INSURANCE BILL

Proposed Amendments

Hon. DEREK QUIGLEY, in Committee, to move the following amendments:

New clause 166A: To insert, after clause 166, the following clause:

166A. Exception to New Zealand registered company requirement—(1) The Registrar must also register as an insurer a person that does not comply with **section 166 (1) (a)** if the requirements of this section are met.

(2) For this section to apply, the prudential supervisor appointed in respect of the person must certify to the Registrar that the prudential supervisor is satisfied that—

- (a) The costs to the person of meeting the requirement in **section 166 (1) (a)** are significantly greater than the benefits of meeting that requirement, the benefits being, in particular, avoiding the complexities of cross-border insolvency issues and the likely call on the Insolvent Insurer's Fund, which may arise if the entity were not bound solely by New Zealand law; and
 - (b) Despite the person not being a company incorporated and registered in New Zealand, the prudential supervisor will nevertheless be equally able to carry out the duties imposed on it under **section 174**; and
 - (c) It has put in place appropriate mechanisms and powers under the trust deed to ensure that it can equally meet its primary responsibilities under **section 201A** should the person be declared to be an insolvent insurer under **section 201**.
- (3) The benefits referred to in **subsection (2)** are—
- (a) Having an insurer with New Zealand domicile so that the directors' duties and liabilities of the Companies Act 1993 apply;
 - (b) Avoiding the complexity of cross-border insolvency caused by an entity not being solely bound by New Zealand law;

(c) Having uniform requirements applying to all insurers, including in relation to neutral tax treatment.

Clause 263: To omit clause 263 (3) (d), and substitute the following paragraph:

“(d) Appropriations by Parliament to the Residual Claims Account.”

Clause 264 to 266: To omit these clauses.

Clause 321: To add to clause 321 the following subclause:

“(3) The funder must also take all practicable steps to ensure that every service agreement contains terms and conditions that require hospital and health services to, as far as practicable, maintain systems that provide reliable data upon which to base the prescribed amounts payable under **section 320 (1)** so that the extent to which each insurer actually uses hospital and health services for treatment which it is liable to provide is as far as possible reflected in each prescribed amount.”

Schedule 6: To add, prior to the item relating to the Corporations (Investigation and Management) Act 1989 (page 405), the following item:

Enactment	Amendment
1986, No. 124—State-Owned Enterprises Act 1986	By inserting, after section 10A, the following section: “10B. Prohibition on accident insurance business— No Order in Council under section 10A may add to the First or Second Schedules of this Act the name of a company or body corporate, or the name of a company to be formed, that is registered, or to be registered, as an insurer under the Accident Insurance Act 1998.”