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## Fit & Proper Policy

### Background

The Insurance (Prudential Supervision) Act 2010 (IPSA) requires all licensed insurers to maintain a fit and proper policy in relation to determining the appropriateness of its Directors and Relevant Officers. Union Medical Benefits Society (UniMed) must also at all times continue to be satisfied that its Directors and Senior Managers are fit and proper persons as a requirement of its market services licensee obligations under the Financial Markets Conduct Act 2013.

### Purpose

The purpose of this Fit and Proper Policy is to outline how UniMed governs the qualifications, requirements and other criteria that a person must have or satisfy in order to be appointed and continue to hold a position of Director, Relevant Officer or Senior Manager.

### Scope

Directors, Relevant Officers and Senior Managers are defined by the relevant regulations as follows:

**Director;**

A person occupying the position of Director, by whatever name called.

**Relevant Officer;**

A person who occupies the position of Chief Executive Officer, Chief Financial Officer or Appointed Actuary.

**Senior Manager;**

A person who is not a Director but occupies a position that allows that person to exercise significant influence over the management and administration of UniMed (for example, the Chief Executive Officer or a Chief Financial Officer).

For UniMed these definitions have been interpreted to capture the following in scope persons for this policy:

**Director;**

Any member of the Board of Directors of UniMed who has been formally appointed or elected as per the Rules of the Society.

**Relevant Officer;**

The Chief Executive Officer  
The Chief Corporate Services Officer  
The Appointed Actuary

**Senior Manager;**

Chief Executive Officer  
Chief Corporate Services Officer  
Chief Risk Officer

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### Requirements

#### Fit & Proper assessment

All persons covered by this Policy must be subject to an assessment as to whether they hold appropriate skills and qualifications for the requirement of the role. The assessment must include matters relating to a person's character, competence and experience relative to the duties of the position.

This assessment must be carried out prior to the persons appointment in the role and on an ongoing basis (at least once in every 3 year period).

The assessment must include:

- Completion of appropriate credit and criminal checks.
- A signed attestation by the relevant person that they meet UniMed's fit and proper standard.

Any exceptions identified in the assessment need to be highlighted for the Board's attention, who will assess them on a case-by-case basis and decide an appropriate course of action. Exceptions may result in either:

- that person not being appointed to the role
- disqualification from the Board or termination of employment.

As per UniMed's rules, Director disqualification will need to be the opinion of at least two thirds of the other Directors.

#### Fit & Proper certification

The Board must confirm the appointment of a person in an in-scope role, once satisfied that the person is fit and proper to hold their position. A certification will be prepared which must:

- contain the full name, previous names (if any), date of birth and residential address of the appointed person;
- state that, in the opinion of all of the directors, after due inquiry, the person is considered to be fit and proper in accordance with UniMed's Fit & Proper policy to hold the position;
- specify the start date of the appointment;
- be signed on behalf of all the directors by at least 2 directors of the applicant (or, if the applicant has only 1 director, by that director).

The certificate must contain, or be accompanied by:

- a certificate from each director or relevant officer that is signed by the director or relevant officer and states that, in his or her opinion, he or she is, in accordance with the policy,

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a fit and proper person to hold the relevant position, and

- a summary of information that is relevant to the consideration of whether the person satisfies the licensed insurer's fit and proper policy;

For Directors and Relevant Officers this certificate will be shared with the RBNZ within 20 days of appointment.

UniMed must also as soon as practicable notify the FMA and RBNZ, using the prescribed form (if any) where any Director, Relevant Officer or Senior Manager resigns, is removed, or otherwise ceases to hold the office or position; or is appointed, employed or engaged and must also ensure UniMed's details are updated on the Financial Services Providers Register as appropriate.

### Standard

All assessments must give consideration to the following criteria:

- (a) Any criminal or civil wrongdoing of the person, especially where this involves fraudulent activity.
- (b) A person's qualifications, experience and career.
- (c) The composition and diversity of the Board and / or other Relevant Officers must be taken into account when making the appointment. Directors are required to have a broad set of skills but these can be dependent on other members of the Board.
- (d) Any involvement in a company that has had financial or managerial trouble. The role played by the person must be considered.
- (e) Any professional or occupational discipline which the person may have been subject to will also be of relevance. Consideration must be given to the conduct that occurred and the penalty imposed.
- (f) Whether the person has at any time been adjudged bankrupt or otherwise entered into a procedure provided for under Part 5 of the Insolvency Act 2006.
- (g) Whether the person has been prohibited from being a director, promoter or taking part in the management of an entity.
- (h) Whether the person has at any time failed to comply with a direction given by the Reserve Bank or an overseas supervisor.
- (i) Whether the person has any conflicts of interest, including whether the person has the available capacity to properly undertake their duties.
- (j) In the case of the appointed actuary:
  - The person must be a Fellow of the New Zealand Society of Actuaries Incorporated (or the holder of an equivalent qualification approved by the Reserve Bank by notice to UniMed)
  - UniMed should consider whether there is a risk that the person's independent professional judgement may be unduly influenced, and
  - The appointed actuary must also have sufficient skills and background in order to ensure they are appropriate for the position.

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The assessment must also include whether an in-scope person has ever:

1. Been convicted of a criminal offence relating to dishonesty, fraud, or misleading or deceptive conduct.
2. Been the subject of a civil or criminal proceeding, or any action or decision taken or made by the FMA, Commerce Commission, Registrar of Companies, Registrar of Financial Service Providers, Reserve Bank of New Zealand, Takeovers Panel, Serious Fraud Office, Department of Internal Affairs, NZX Limited, or any of their predecessors, successors or overseas equivalents which resulted in their:
  - being found guilty or liable, or having a penalty or order imposed against them.
  - having a licence or authorisation declined, suspended or cancelled (in any profession, role or industry), or
  - being banned from participating in, or refused entry to any profession, role or industry.
3. Been a director or senior manager for an entity at a time the entity was the subject of a civil or criminal proceeding, action or decision taken or made by the FMA, Commerce Commission, Registrar of Companies, Registrar of Financial Service Providers, Reserve Bank of New Zealand, Takeovers Panel, Serious Fraud Office, Department of Internal Affairs, NZX Limited, or any of their predecessors, successors or overseas equivalents which resulted in the entity:
  - being found guilty or liable, or having a penalty or order imposed against it
  - having a licence or authorisation declined, suspended or cancelled (in any profession, role or industry), or
  - being banned from participating in, or refused entry to any profession, role or industry
4. Had any of the FMA, Commerce Commission, Registrar of Companies, Registrar of Financial Service Providers, Reserve Bank of New Zealand, Takeovers Panel, Serious Fraud Office, Department of Internal Affairs, NZX Limited, or any of their predecessors, successors or overseas equivalents ever issue a warning about or to them: or an entity where they were employed as a director or senior manager at the time the warning was issued or when any event relating to the issue or warning occurred.
5. Been the subject of any investigation (or charges) for criminal offending relating to dishonesty fraud, or misleading or deceptive conduct.
6. Been dismissed, asked to resign, or been subject to disciplinary proceedings resulting from, or in respect of, a position of trust, fiduciary appointment, or similar (in New Zealand or overseas)
7. Been the subject of any investigation or proceedings (or decided) by the FMA, Commerce Commission, Registrar of Companies, Registrar of Financial Service Providers, Reserve Bank of New Zealand, Takeovers Panel, Serious Fraud Office, Department of Internal Affairs, NZX Limited, or any of their predecessors, successors or overseas equivalents.

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## Whistleblowing

UniMed maintains a Protected Disclosures policy and encourages any person to disclose information that may be relevant to a fit and proper assessment via the appropriate channels outlined in that policy or with the Reserve Bank directly.

## Consent

Consent from the individual being assessed must be sought by UniMed for collection of and use of any information associated with the Fit & Proper assessment.

## Policy maintenance

UniMed must obtain RBNZ approval before its fit and proper policy is amended in a material way. Changes that can reasonably be considered to strengthen the fit and proper policy will not usually be considered a material change; materiality should be considered in the context of the effect of individual and cumulative amendments.

## Associated Documents

Other documents relevant to this policy are listed below:

NZ Legislation	Insurance (Prudential Supervision) Act 2010 Financial Markets Conduct Act 2013 Financial Markets Conduct Regulations 2014
UniMed Documents	UniMed Rules Protected Disclosures Policy

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