



FINANCIAL SERVICES FEDERATION

## Media Statement

5 October 2026

# Labour's insurance proposal needs evidence and careful consideration

### Comment attributed to Lyn McMorran, Executive Director, Financial Services Federation

The Financial Services Federation (FSF) and its members welcome measures that strengthen consumer protection and deliver better, fairer outcomes for consumers. We support a constructive conversation about how to achieve this and ensure insurance continues to provide genuine value to customers.

The vast majority of providers, including our members, operate with integrity and focus on providing products that meet their customers' needs. Any proposed changes should build on good practice and address areas where consumers are not being well served.

The nature of insurance is unique in that, if you never have to use it, that is a good thing - but if you do, it can ease a huge amount of pressure at a difficult time.

Mechanical breakdown insurance is no different, it can provide consumers with valuable protection against unexpected and potentially significant vehicle repair costs. As with any financial product, it is important that it is sold responsibly, and that consumers are given clear information, to ensure they can make an informed choice.

Our members are committed to supporting their customers when things go wrong. Across 2025 and 2026, only 2.5% of mechanical breakdown insurance claims were declined, meaning thousands of New Zealanders were helped to manage unexpected repair costs and demonstrating the practical value of this protection.

Complaints are also low. FSF insurance members sold 94,538 policies in 2026 and received 219 complaints about the product sold. Of these, 13 were referred to an insurer's dispute resolution scheme, with the remainder resolved internally. Only two of the 13 referred complaints were upheld.

It is important to distinguish between issues raised requiring new regulation, and those already addressed under existing rules, for example:

**Total cost disclosure:** The Credit Contracts and Consumer Finance Act (CCCFA) already requires consumers to be given information about the total cost of a credit contract before entering into it.

**Secret commissions:** There are already legal provisions addressing secret commissions under the Secret Commissions Act.

**Cooling-off periods:** The FSF's Credit-Related Insurance Code requires members to provide consumers with at least 14 days to cancel relevant insurance without penalty.

Where poor practices occur, they should be addressed, and the FSF supports regulators taking action against businesses that fail to meet their obligations. This protects consumers and supports responsible providers who work hard to earn and maintain their customers' trust.

Our members are focussed on continuing to provide genuine value to their customers, ensuring they have appropriate protection when things go wrong.

**For more information or an interview request please [get in touch](#).**

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### **About the FSF ([Financial Services Federation](#))**

The (FSF) is the non-profit industry association for specialist financial services providers who are not registered banks. Its members collectively reach 2 million New Zealanders, and support both businesses and consumers across the country with competitive and innovative options from traditional finance providers

FSF's 99 members include finance, leasing and credit-related insurance providers, and include the likes of Turners, UDC, MTF, several credit unions and building societies, and the finance arms of global motor vehicle brands including Toyota, Nissan, Honda, BMW, and Mercedes-Benz (see the full member list [here](#)).

With 60 years of history, FSF has stringent membership criteria and enforces a Code of Conduct to maintain high standards in responsible non-bank lending. FSF members prioritise compliance, support consumer protection enforcement, and advocate for balanced regulations that ensure New Zealanders have access to responsibly-provided credit.

**For more information or an interview request please [get in touch](#).**