IBANZ

June 2026

Advocacy Briefing Paper

Empowering New Zealand towards a resilient financial future through high quality insurance advice.



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A message from our Chief Executive



Insurance Brokers Association of New Zealand (IBANZ) is the membership organisation representing New Zealand insurance brokers. Our members provide high-quality fire and general insurance advice that empowers New Zealanders towards a resilient financial future.

Insurance in New Zealand accounts for approximately three per cent of Gross Domestic Product.[1] IBANZ members place approximately $6.38 billion in Gross Written Premiums, accounting for 60% of New Zealand's general insurance market.[2] Our Corporate Members employ approximately 4,000 New Zealanders of which almost three quarters are financial advisers. Insurance plays a vital role in protecting New Zealand consumers, businesses and communities. As an industry, we're dedicated to safeguarding New Zealand's financial future.

The IBANZ Code of Conduct requires members to have high standards of service and professional practice. Our members participate in Continuing Professional Development (CPD) each year to build on their own knowledge and expertise. One CPD point equates to one hour of learning. In the 2026 Financial Year, our members collectively reported over 37,000 hours of CPD, of which 40% were IBANZ run, showing a strong commitment to industry professionalism and continued learning.

The IBANZ Briefing Paper has been developed with input from our members. The briefing outlines key challenges facing insurance brokers and practical regulatory and policy solutions to support the industry and protect New Zealanders, their businesses, and communities so they can continue to prosper. Initiatives include improving preparedness for natural hazard events, accessibility and affordability of insurance, and maintaining high-quality insurance advice for Kiwis.

We look forward to working with central and local government, decision makers, and regulators to empower New Zealanders towards a resilient financial future.



Katherine Wilson
Chief Executive Officer
Insurance Brokers Association of New Zealand (IBANZ)

[1] Reserve Bank IPSA Review, Appendix 2: Background of New Zealand's insurance market, 2024

[2] IBANZ, Strategic Risk Advice: The Value of New Zealand's Broking Profession, October 2026

About IBANZ

A not-for-profit organisation, IBANZ represents almost 100 corporate company members who employ approximately 5,000 insurance brokers across New Zealand. IBANZ members empower New Zealand towards a resilient financial future through high-quality risk management advice, insurance placement and claims advocacy.

IBANZ is the leading advocate for New Zealand's fire and general insurance brokers covering commercial, personal lines and specialty insurance. IBANZ members help identify risks, manage exposures, and provide risk transfer solutions. IBANZ members deep knowledge of their communities and available insurance cover, enables them to deliver protection for people and businesses to operate, grow and plan for the future.

Commercial Insurance

Backing Kiwi Businesses to keep operations running smoothly.

Examples:

- Business Insurance: for all businesses including commercial, rural and professionals.
- Insurance for assets and liabilities for businesses.
- Insurance for marine risks both cargo and vessels.
- Insurance to protect the loss of profit.
- Specialist insurance cover such as cyber, personal accident, business travel, construction, financial risks (etc).

Personal Lines

Safeguarding your most valuable assets.

Examples:

- Travel Insurance: covering adventures wherever you roam.
- Residential home and contents insurance: protecting your assets.
- Rental properties: protecting your personal investments.
- Private motor insurance: keeping kiwis on the road so they can get to work, school, and everywhere inbetween.

Specialty

Protecting what standard policies don't cover or establishing alternative risk transfer programmes.

Examples:

- Non-traditional risk financial methods such as captives and parametric solutions.
- Captive insurance solutions: giving businesses greater control over how they manage fund risk.
- Parametric solutions: predefined payouts when specific cover exists.

IBANZ members come together at approximately 70 webinars annually, which offer Continuing Professional Development (CPD). Our members abide by the IBANZ Code of Conduct which mirrors the FMCA Code of Professional Conduct for Financial Advice Services focusing on ethical behaviour, client care, competence, knowledge and skill.

IBANZ Purpose

Empowering puts the focus on the people our members are helping. It's active and purposeful.

New Zealand as a collective with a greater good approach centering on individuals and businesses.

Empowering New Zealand towards a resilient financial future through high quality insurance advice.

Broadens the idea of **resilience** beyond natural hazards, disaster or risk. It captures long term financial security.

Reflects our continuing professional development, professional body status and trust that members pride themselves on.

Summary of IBANZ three advocacy priorities

1. Improve readiness for natural hazards



New Zealand faces diverse natural hazards, making fire and general insurance essential for protecting people, businesses, and communities. Strong collaboration is needed to improve hazard data and manage risks while avoiding information overload that could impede decision-making.

IBANZ advocates for better data access and collaboration with government to empower brokers in delivering optimal client outcomes.

Recommendations:

- Government to establish a centralised data platform that consolidates natural hazard information such as flooding, seismic risks, and coastal erosion.
- Insurers to offer incentives for properties that actively mitigate against natural disasters.
- Government to collaborate with IBANZ to keep brokers updated on data changes.
- Government and industry to educate property owners on the implications of Section 72 property notices.
- Government to create a centralised register of properties that have a Section 72 notice to increase awareness and access to information.
- Central Government to introduce a Natural Hazards Mitigation Fund for property owners.

2. Accessibility and affordablility of insurance

All New Zealanders should be able to access affordable general insurance products. Underpinning accessibility and affordability are regulatory or legislative settings that can have flow-on impacts of placing insurance out of reach for our most vulnerable communities.

Regulatory changes are driving up compliance costs for brokers and insurers, and those costs ultimately fall on consumers. IBANZ recommends regulation and tax settings that support competitive, well-functioning insurance markets.

Recommendations:

- The FENZ Levy is removed from the insurance sector and instead collected by either central or local government through taxation or rates to create a consistent, equitable, and long-term solution.
- Central Government investigate an alternative funding and financing model for the NHI Levy.
- Central Government to introduce a phased increase to Natural Hazard Levy over time to support wider insurance cover and reduce long-term fiscal risk for central government.
- Government to introduce an information campaign on the Natural Hazards Portal Claims Map and the Natural Hazard Levy.
- The Government to engage with IBANZ during the development phase of proportionate liability, to ensure that the new regime is fit-for-purpose.



3. Quality of Insurance Advice



Every Kiwi should be able to access quality insurance advice from professional risk advisers. In New Zealand, insurance advice is backed by a strong regulatory framework and supported by IBANZ, the membership body which promotes ongoing learning and high professional standards.

Insurance brokers are trusted financial advisers. They work for their clients to identify risks, compare products, arrange the right cover, and help settle insurance claims. High levels of professionalism and quality of insurance advice is critical for the industry and their clients.

Recommendations:

- The FMA to educate consumers of the risks of unregulated (i.e. AI) insurance and financial advice.
- Government to enable stable regulatory framework so brokers can deliver top-quality insurance advice.
- Under the Contracts of Insurance Act, insurers have a standardised approach to disclosure forms (and other relevant forms) to reduce complexity and streamline responses.
- Consistent insurer interpretation during the Contracts of Insurance Act transition period to reduce complexities and streamline advice.
- Amend the Contracts of Insurance Act to allow for brokers to have seven business days (instead of seven days) to pass payments onto policyholders.
- Government amend section 69(1)(b) of the Contracts of Insurance Act to remove the 90-day notification limit.
- FMA to provide clear guidance and practical resources to help brokers comply with Contract of Financial Institutions (CoFI) while minimising administrative burden.

Improve readiness for natural hazards

1.

New Zealand faces diverse natural hazards, making fire and general insurance essential for protecting people, businesses, and communities. Strong collaboration is needed to improve hazard data and manage risks while avoiding information overload that could impede decision-making.

IBANZ advocates for better data access and collaboration with government to empower brokers in delivering optimal client outcomes.



1.1 Natural hazards and mapping

Challenge

Insurance brokers may advise a client using multiple hazard data sources: EQC's Natural Hazards Portal, NSHM for earthquakes, LINZ coastal maps, NIWA flood maps, and local council hazard maps. Each source uses different formats and risk metrics, creating conflicts, inconsistencies, and overlaps. As a result, external datasets increase advice and complaint risks for brokers.

In addition to these tools, insurers have their own data and mapping systems that are not publicly available.

Solution

IBANZ wishes to see hazard data that is consistent and user-friendly. This would involve central government working together to create a centralised data platform that consolidates natural hazard information such as flooding, seismic risks, and coastal erosion. We note the Government are currently doing this for flooding with the creation of the National Flood Map.

IBANZ wishes to see hazard data that is consistent and user-friendly. This would involve central government working together to create a centralised data platform that consolidates natural hazard information such as flooding, seismic risks, and coastal erosion. We note the Government are currently doing this for flooding with the creation of the National Flood Map.

With the National Flood Map being launched shortly, property owners may find their property or parts of their property at risk of flooding. Risk mitigation is critical to the future of New Zealand's resilience. We recommend the Government introduce a Natural Hazards Mitigation Fund for property owners. Property owners could obtain low-interest loans, secured against their property which are paid off in 10 years' time.

A market driven flow-on effect of mitigation may involve insurers offering incentives such as premium discounts for properties that comply with mitigation and adaptation standards. Incentives for mitigation encourages risk reduction and may help lower insurance costs over time.

IBANZ has a leadership role too. Closer cooperation with central government is required to ensure that our members are kept informed with future mapping and data changes.

1.2 Building Act: Section 72 notices on LIM reports

Challenge

A Section 72 notice is issued when building consent is granted for properties affected by natural hazards, under the Building Act 2004. In practice, councils can place a Section 72 notice on a property title if the council considers that the property is on land at risk from natural hazards such as; flooding, erosion, landslips, or coastal inundation. A Section 72 notice warns future buyers, lenders, and insurers that the property carries hazard-related risk.

If a property that has a Section 72 notice on the LIM report, the Natural Hazards Commission may limit or decline claims for damage caused by that hazard. Given that private insurers usually top up above the NHC cap, if the NHC declines the claim the private insurer may follow suit leaving a homeowner uninsured for that specific risk.

As natural hazards are becoming increasingly identified in Council Plan Changes, property owners or future developers will face an increased risk of a Section 72 being placed on the property when building consent is required. Consequently, a Section 72 notice that is placed on a property is only publicly discoverable when the owner seeks to sell or make an insurance claim. This lack of publicly available information could lead to an inflated property value or underinsurance at claim time. Brokers will need to check policies carefully as exclusions linked to these notices are becoming more common.

IBANZ supports insurance brokers through educational webinars on the implications of Section 72 notices. However, wider public education is required.

Solution

Collaboration is required between central government, local government, iwi and the private sector to educate property owners on the implications of Section 72 notices. In addition, the Government could create a centralised register of properties that have a Section 72 notice to increase awareness, transparency, and improve access to information.

Recommendations:

- Government to establish a centralised data platform that consolidates natural hazard information such as flooding, seismic risks, and coastal erosion.
- Insurers to offer incentives for properties that actively mitigate against natural disasters.
- Government to collaborate with IBANZ to keep brokers updated on data changes.
- Government and industry to educate property owners on the implications of Section 72 property notices.
- Government to create a centralised register of properties that have a Section 72 notice to increase awareness and access to information.
- Central Government to introduce a Natural Hazards Mitigation Fund for property owners.

Accessibility and affordability of insurance

2.

All New Zealanders should be able to access affordable general insurance products. Underpinning accessibility and affordability are regulatory or legislative settings that can have flow-on impacts of placing insurance out of reach for our most vulnerable communities.

Regulatory changes are driving up compliance costs for brokers and insurers, and those costs ultimately fall on consumers. IBANZ recommends regulation and tax settings that support competitive, well-functioning insurance markets.

2.1 Fire and Emergency New Zealand Levy



Challenge

Fire and Emergency New Zealand (FENZ) covers a broad range of emergency services from property and bush fires through to vehicle breakdowns and search and rescue. FENZ is funded through a levy system collected through insurance premiums.

There have been significant changes in the Fire and Emergency Act which impacts the way the levy is collected over the last few years. This has placed a huge amount of administrative burden on the insurance sector.

The Government relies on insurance brokers to communicate and accurately collect the FENZ Levy from their clients. The operational load and inconsistency around FENZ calculations continue to create friction for both brokers and clients.

Levy contributors raise concerns around fairness and equity, as access to FENZ is available to all New Zealanders regardless of whether they have insurance. A more recent challenge is the increasing number of people who either cannot obtain insurance or choose not to. As a result, fewer contributors are paying the levy, and those who do face higher costs. There is growing concern that the FENZ Levy collection method is unsustainable in the long-term.

Solution

IBANZ recommends the FENZ Levy is removed from the insurance sector and instead collected by either central government taxation or by council rates. Streamlining how FENZ Levies are captured and moving towards a more standardised and regionalised collection approach would reduce errors and improve transparency at renewal. A national or regional collection would also be more equitable and consistent for FENZ as taxation or council rates would see all New Zealanders contribute towards Fire and Emergency New Zealand.

2.2 Natural Hazard Levy

Challenge

In November 2025, the Government postponed a decision on whether to raise the Natural Hazards Insurance Levy, citing insurance affordability as a major concern for households. The Minister of Finance, Hon Nicola Willis, has asked the Council of Financial Regulators to review residential insurance affordability by examining pricing, competition, and factors driving rising premiums.

Treasury has recommended that the levy rate be increased from 16 cents to 24 cents per $100 of NHI cover. This would increase the maximum annual levy paid per dwelling from $554 to $828 (GST inclusive)[2]. IBANZ is concerned that if the Natural Hazard Levy is set too high, it could be a barrier to insurance affordability and reduce coverage.

Furthermore, the Natural Hazard Levy is not widely known or understood in New Zealand. It is brokers' responsibility to explain the Natural Hazard Levy within insurance premiums to educate their clients. The most common misconception brokers encounter is that the Natural Hazard Levy is negotiable or includes broker commissions, when in fact it is mandated by central government.

Solution

IBANZ recommends the Government investigate an alternative funding and financing model for the NHI Levy.

In the short-term, IBANZ recommends the Government undertake a phased approach to levy increases over time, rather than abrupt and sudden increases. Maintaining affordable levies supports wider coverage, which ultimately reduces long-term fiscal risk for the Government.

IBANZ also supports a public information campaign explaining the Natural Hazard Levy and Natural Hazards Portal Claims Map.

[2] https://www.treasury.govt.nz/sites/default/files/2026-02/cabinet-paper-eco-26-sub-0003.pdf



2.3 Building Act: Proportionate Liability

Challenge

In 2025, the Government announced its intention to replace the joint and several liability regime with a proportionate liability model for building defects. As part of this reform package, mandatory home warranty insurance is proposed for new residential buildings of three storeys and under, and for residential renovations valued at $100,000 and above.

While IBANZ supports the policy objective, significant uncertainty remains as to how the proposed regime will operate in practice. In particular, the structure, scope and technical requirements of the mandatory warranty framework have not yet been defined. Without clarity on matters such as coverage triggers, exclusions, liability apportionment, duration, and interaction with professional indemnity and other insurance, it is not possible to determine whether suitable insurance products will be available to meet the legislative requirements.

Building warranty products do exist in the international insurance market; however, it cannot be assumed that these products will align with the proposed New Zealand framework once finalised. Coverage appropriateness, terms and conditions, pricing, and claims handling arrangements will depend materially on the design of the legislation and supporting regulations.

Given the scale of change, a clear and workable transition period will also be required following enactment, to allow insurers, brokers, building professionals, and consumers to understand and implement the new regime in a sustainable way.

Solution

IBANZ supports the move to proportionate liability in principle, as it better aligns liability with responsibility and promotes fairness across parties involved in building and construction.

To ensure the success of the reforms, IBANZ considers it essential that the insurance implications are addressed as part of the policy and legislative design process, rather than after implementation. Early engagement with the insurance industry will help ensure that any mandatory warranty requirements are realistic, insurable, and capable of being supported by the market.

IBANZ therefore seeks the opportunity to work collaboratively with the Government, alongside industry bodies representing architects, engineers and other building professionals, to inform the development of the framework. This engagement will assist in reducing the risk of unintended consequences, support the availability of appropriate insurance solutions, and help deliver a regime that achieves its consumer protection objectives without undermining market stability or increasing costs unnecessarily.

Recommendations:

- The FENZ Levy is removed from the insurance sector and instead collected by either central or local government through taxation or rates to create a consistent, equitable, and long-term solution.
- Central Government investigate an alternative funding and finance model for the NHI Levy.
- Central Government to introduce a phased increase to Natural Hazard Levy over time to support wider insurance cover and reduce long-term fiscal risk for Central Government.
- Government to introduce an information campaign on the Natural Hazards Portal Claims Map and the Natural Hazard Levy.
- Government to engage with IBANZ during the development phase of proportionate liability, to ensure that the new regime is fit-for-purpose.

Quality of Insurance Advice

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3.1 Artificial Intelligence (AI) providing unregulated insurance advice

Challenge

Artificial intelligence (AI) is providing financial recommendations to everyday New Zealanders. However, some AI chatbots are giving advice without being licensed or accountable under New Zealand law. This makes it difficult to track or regulate their outputs, and many users may not realise that what they are receiving is not formal financial advice. The rapid pace of AI development increases the risk of unregulated advice influencing client decisions.

Solution

At IBANZ, we're committed to high quality fire and general insurance advice from qualified, professional brokers. We are calling on the FMA to undertake an education campaign to inform New Zealanders of the risks of unregulated insurance and financial advice.

Additionally, we want to see the Government create a stable, predictable regulatory environment so brokers can concentrate on delivering top-quality advice. This includes reducing red tape that adds cost without improving outcomes for consumers.



3.2 Contracts of Insurance Act

Challenge

The Contracts of Insurance Act establishes the rights and obligations of insurers, brokers and policyholders. Its main aim is to protect both parties by establishing what must be disclosed and how contracts operate. The Contracts of Insurance Act will commence on 15 November 2027.

Disclosures

The key challenge for brokers is to update their contracts with insurers to align with the incoming legislation. Insurers will have a number of different forms (i.e. disclosure forms) which if are inconsistent between insurers can create complexity and added time for brokers. There is also an additional risk of inconsistent insurer interpretation during the transition period, which could increase operational complexity and advice risk for brokers.

Process of payments within 7 days

The CoIA requires brokers to pass payments to policyholders within seven days (for consumer contracts, or as reasonably practical for non-consumer contracts) of the broker receiving the money. The seven-day obligation proves challenging during holiday periods such as Christmas and Easter.

90-day limit of claims-made policies

Section 69 of the Contract of Insurance Act introduces a significant change to claims-made policies by imposing a strict 90-day limit after policy expiry for notifying claims or circumstances. This cuts across long-established market practice and creates unintended gaps in cover for insureds.

Under section 69, a claims-made policy will only respond if the claim (or a circumstance that may give rise to a claim) is notified during the policy period or within 90 days after it ends. In practice, many potential claims cannot reasonably be identified, confirmed, or accepted within that short timeframe.

For example:

Professional advice risk:
A lawyer or accountant becomes aware of a potential error, but it is unclear whether it will ever result in a loss or a claim. The insurer declines to accept this as a "notifiable circumstance" because it is speculative. If the issue later develops into a claim after the policy has renewed, it will fall outside cover altogether.

Directors and Officers exposure:
A company director becomes aware of a matter that could potentially be an issue in the future, but at the time does not appreciate that it needs to be notified under the policy. There is no claim, no allegation, and no immediate trigger to prompt notification. If regulatory action or proceedings are commenced years later (after the policy has expired and the 90-day period has passed) the director may find they have no insurance cover, despite having maintained continuous D&O insurance. Noting that company directors also include volunteer roles on non-for-profit boards, incorporated societies, clubs, board of trustees, and body corporate boards.

Change of insurer risk (gap in cover):
An insured attempts to notify a concern under their existing policy before expiry, but the insurer does not accept it as a valid circumstance. When the insured moves to a new insurer, the issue is now considered a "known circumstance" and excluded. The result is that no policy responds, leaving the insured unintentionally uninsured.

Solution

IBANZ supports a standardised approach to disclosure forms (and other relevant forms) to help reduce complexity and streamline responses. Consistent insurer interpretation during the transition period would reduce complexities and streamline broker advice.

Amend the CoIA to allow for brokers to pass payments to policy holders to specify 'seven business days' instead of 'seven days.' This amendment would maintain the intent of the legislation while reducing undue pressure during holiday periods, such as Christmas and Easter.

IBANZ recommends that section 69(1)(b) be amended to remove the legislated 90-day notification limit and allow claims-made policies to continue to operate under established market practice. In its current form, the legislation creates a risk that insurers may choose to reduce or withdraw continuity cover (relying on the statutory framework to protect their position), increasing the likelihood of uninsured gaps for insureds.

At a minimum, the notification period should be extended to at least 12 months and ideally aligned with the six-year limitation period, to avoid unintended gaps in insurance cover for New Zealand businesses and professionals.



3.3 Conduct of Financial Insitutions (CoFI) Regime



Challenge

IBANZ supports CoFI and the need to embed fair treatment, consumer protection and increase trust in financial services.

CoFI compliance and supervision is ongoing with the Financial Market Authority. This has seen a shift over the past few years from implementation towards regulation. Regulation and oversight can create challenges, particularly for small-to-medium businesses as more time spent on regulation means less time spent with clients.

Solution

The Financial Markets Authority has established monitoring and thematic reviews of how institutions meet CoFI fair conduct obligations. IBANZ supports transparency and urges the FMA to provide clear guidance and practical resources to help brokers comply efficiently while minimising administrative burden.

Recommendations:

- The FMA to educate consumers of the risks of unregulated (i.e. AI) insurance and financial advice.
- Government to enable a stable regulatory framework so brokers can focus on delivering top-quality insurance advice.
- Under the CoIA, insurers have a standardised approach to disclosure forms (and other relevant forms) to reduce complexity and streamline responses.
- Consistent insurer interpretation during the CoIA transition period would reduce complexities and streamline broker advice.
- Amend the Contracts of Insurance Act to allow for brokers to have seven business days (instead of seven days) to pass payments onto policyholders.
- Government amend section 69(1)(b) of the Contracts of Insurance Act to remove the legislated 90-day notification limit.
- FMA to provide clear guidance and practical resources to help brokers comply with Contracts of Financial Institions while minimising administrative burden.

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