Natural Catastrophes Insurance Cover
<u>Individual System Summary Updates</u>

As of January 2026

1	**The name of the Cover**	Natural Hazards Commission Toka Tū Ake (NHC)
2	**Cover Purchase / Distribution Channels**	Cover is for damage caused to insured residential homes by earthquake, volcanic activity, tsunami, landslide, hydrothermal activity (and fire caused by any of these hazards). Financial cover: • Up to NZ$300,000 plus GST (minus any excess) for actual losses. • Limited cover for damage to the land area immediately around the home and certain landscape features. Funding: • Every insured homeowner in New Zealand is automatically included in the scheme and pays the same levy, which is collected by their private insurer at the same time as their private insurance premiums. • NHC is responsible for managing the fund, including investments. • The scheme is backed by a Government guarantee if a disaster exceeds available funding. In addition to paying claims, the scheme plays an important role in building New Zaland’s resilience to natural hazard events. NHC invests in science, research and education and uses insights from that to inform decision makers at every level – Government policy, local government decisions (eg land-use planning), building design and regulations, professional codes and homeowner education.

<table>
<tr><td>3</td><td>Coverage
(incl. perils, sum insured & premium etc.)</td><td>Cover is for damage caused to insured residential homes by earthquake, volcanic activity, tsunami, landslide, hydrothermal activity (and fire caused by any of these hazards).

Building Cover:
The scheme covers the first layer of losses up to NZ$300,000 plus GST (15%).
Private insurers provide additional cover above this cap, up to the property’s full sum-insured value.
Land Cover:
The scheme provides an additional contribution towards repairing damage to land immediately surrounding the home. This is for the hazards outlined above and also for storms and floods (land damage only).
Private insurance policies do not cover land damage.
Key Features:
The scheme is universal and compulsory - every homeowner with a home insurance policy is automatically included.
The levy is community-rated, meaning everyone pays the same rate. This results in broad coverage (around 95% of all residential homes).
By taking on catastrophic risk, the scheme helps to keep private insurance available and accessible for other hazards.
Legislation and Cost:
The levy is set by the New Zealand Government.
As of January 2026, the cost is 16 cents per NZ$100 of insured property value per year, capped at NZ$480 plus GST (15%).
The levy is collected by private insurers when homeowners pay their private insurance premiums.</td></tr>
<tr><td>4</td><td>Claim Criteria / Loss Trigger</td><td>Claims occur when losses arise as a result of the natural hazard events covered by the scheme being earthquake, volcanic activity, tsunami, landslide, hydrothermal activity and fire following all of these hazards.</td></tr>
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5	**Current Risk Assuming and Transferring structure** (see following diagram)	NHC manages financial risk through a combination of levy income, building reserves, investment, reinsurance, and government backing. **Levy Income:** • NHC receives levy income from all insured residential properties nationwide. • The levy is collected by private insurers as part of homeowners' insurance premiums and remitted to NHC regularly. • For 2023/24, NHC received NZ$853 million in levy income. **Natural Hazard Fund:** • Accumulated reserves are held in a central fund, managed by NHC. • By 2010, the fund had grown to over NZ$6 billion, but was depleted by major earthquakes in 2010, 2011 and 2016. • The fund is being rebuilt through levies and investments and currently stands at around NZ$500 million. **Risk Transfer:** • NHC transfers a significant portion of its financial risk to global reinsurance markets. • For its 2025/26 reinsurance programme, NHC secured NZ$10.3 billion in reinsurance capacity. • In 2023, NHC issued its first catastrophe bond, raising NZ$225 million from the insurance-linked securities market. **Government Guarantee:** • The scheme is backed by a Government guarantee if a disaster exceeds available funding.

6	**Recent Loss events**	- August 2022: Nelson/Marlborough Storm NZ$94m (1,509 claims) - January/February 2023: North Island Weather Events Auckland Floods and Cyclone Gabrielle NZ$257m (11,394 claims, of which 8,798 were land damage claims)
7	**Latest take-up rate** (Penetration rate)	It is a compulsory nationwide scheme. NHC estimates that the penetration rate of the scheme is around 95 percent of residential homes in New Zealand.
8	**Current Accumulate reserves** (fund)	The balance of the Natural Hazard Fund as at November 2025 is approximately $500m.
9	**Website/ annual report Linkage**	https://www.naturalhazards.govt.nz/ **Annual Report** https://www.naturalhazards.govt.nz/our-publications/natural-hazards-commission-toka-tu-ake-annual-report-202425/
10	**Others**	Further information on NHCover can be found in the following publications https://www.naturalhazards.govt.nz/assets/Publications-Resources/Guide.to.natural.hazards.cover.pdf https://www.naturalhazards.govt.nz/assets/Publications-Resources/Insurance-related/NHCover-Insurers-Guide-July-2024-v2.pdf

Current Risk Assuming and Transferring structure (diagram)

Retentions and Coverage

The Act specifies maximum replacement value as follows and depicted in Figure 1. The *NHCover - An Insurer's Guide* in Appendix 1 provides further detail on NHC Toka Tū Ake cover.

Residential Building	The maximum amount of NHCover for a residential dwelling is NZD 300,000 (+GST)
Land around Building	Value of affected land within limits specified by the Act.

Subject to excesses of:

Residential Building	Flat rate of NZD 500 per dwelling (incl. GST)
Land	The number of dwellings in the residential building multiplied by NZD 500, capped at NZD 5,000 (incl. GST)

Figure 1: NHCover

Home

Land

Bridges, culverts and retaining walls