



Fire and Emergency New Zealand (Levy) Amendment Act 2023

Public Act 2023 No 15
Date of assent 5 April 2023
Commencement see section 2

Contents

	Page
1 Title	1
2 Commencement	2
3 Principal Act	2
4 Section 2 amended (Commencement)	2
5 Section 6 amended (Interpretation)	2
6 Section 81 amended (Interpretation in this Part)	2
7 Section 82 repealed (Meaning of amount insured)	4
8 Section 83 repealed (Declared value)	4
9 Section 84 amended (Levy payable on motor vehicles)	4
10 Section 85 amended (Levy payable on other property)	4
11 Section 89 amended (Policyholder must pay amount of levy to insurer)	4
12 Section 102 amended (FENZ's power to determine liability for levy in case of levy avoidance arrangement)	4
13 Section 141 amended (Levy regulations)	4
14 Section 142 amended (Procedure for levy regulations)	5
15 Schedule 1 amended	5

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Fire and Emergency New Zealand (Levy) Amendment Act 2023.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent.

3 Principal Act

This Act amends the Fire and Emergency New Zealand Act 2017.

4 Section 2 amended (Commencement)

- (1) Replace section 2(5) with:
- (5) Sections 80 to 140 (which relate to levies) come into force on 1 July 2026 unless earlier brought into force on a date appointed by the Governor-General by Order in Council.
- (2) Repeal section 2(6).

5 Section 6 amended (Interpretation)

In section 6, replace the definition of **contract of fire insurance** with:

contract of fire insurance has the meaning given in section 81(1)

6 Section 81 amended (Interpretation in this Part)

- (1) In section 81(1), repeal the definitions of **amount insured** and **contract of marine insurance**.
- (2) In section 81(1), replace the definition of **contract of insurance** with:
contract of insurance means—
 - (a) a contract of fire insurance:
 - (b) a contract of motor vehicle insurance
- (3) In section 81(1), insert in their appropriate alphabetical order:

contract of fire insurance—

- (a) means a contract of insurance, within the meaning of section 7 of the Insurance (Prudential Supervision) Act 2010, relating to property under which the property is insured against loss or damage by fire (whether or not the property is insured against other risks under the contract); but
- (b) does not include a contract of reinsurance within the meaning of section 6(1) of that Act

contract of motor vehicle insurance—

- (a) means a contract of insurance, within the meaning of section 7 of the Insurance (Prudential Supervision) Act 2010, relating to a motor vehicle under which either or both of the following apply:
 - (i) the motor vehicle is insured against physical loss or damage:
 - (ii) any person is insured against third party liability in connection with the use of the vehicle; but

- (b) does not include a contract of reinsurance within the meaning of section 6(1) of that Act

sum insured means—

- (a) the insured value of the property as stated in the schedule of the contract of fire insurance, this being the amount that will be paid out in the event of a total loss before taking into account the following:
- (i) any amounts to be deducted before payment is made to the policyholder;
 - (ii) additional limits, sub-limits, clauses, or extensions to the contract of fire insurance that cannot be accurately identified as part of a total loss until the event has occurred; and
- (b) if no insured value is stated in the schedule of the contract of fire insurance, the insured value of the property as calculated by the insurer, this being the amount that will be paid out in the event of a total loss before taking into account the following:
- (i) any amounts to be deducted before payment is made to the policyholder;
 - (ii) additional limits, sub-limits, clauses, or extensions to the contract of fire insurance that cannot be accurately identified as part of a total loss until the event has occurred

Example 1

A single contract of fire insurance insures several different types of property, such as buildings, plant and contents, and stock. Each type of property has an individual insured value in the contract of fire insurance. There is no overall insured value specified under the contract of fire insurance. The individual insured values are—

- buildings: \$2,000,000
- plant and contents: \$500,000
- stock: \$800,000

The sum insured is the amount paid out in the event of a total loss (before considering deductions or additional limits in paragraph (a)(i) and (ii)). In this example, the insurer will pay up to each individual insured value for each property type for loss or damage from any 1 event.

The sum insured is \$3,300,000 (\$2,000,000 + \$500,000 + \$800,000).

Note: If the contract of fire insurance specifies a total amount to be paid out in the event of a total loss, refer to example 2.

Example 2

A contract of fire insurance contains multiple properties. Adding the maximum insured values of each individual property comes to \$2,000,000. However, the schedule of the contract of fire insurance specifies that the insurer will pay for loss or damage for any 1 event up to an amount of \$700,000.

The sum insured is \$700,000.

Example 3

The schedule of a contract of fire insurance does not specify the insured value of the property under the contract. Under paragraph (b), the insurer calculates they would pay up to \$800,000 in the event of a total loss of the property. However, the final amount that will be paid is dependent on several additional limits in the contract of fire insurance that cannot be accurately identified until the event causing the total loss has occurred, and a deductible amount.

Calculations for the deductible and additional limits are not required under paragraph (b)(i) and (ii) respectively.

The sum insured is \$800,000.

- (4) In section 81(1), repeal the definition of **declared value**.
- (5) In section 81(1), definition of **levy position**, paragraph (c), replace “amount insured or declared value” with “sum insured”.
- (6) In section 81(1), repeal the definition of **qualified person**.

7 Section 82 repealed (Meaning of amount insured)

Repeal section 82.

8 Section 83 repealed (Declared value)

Repeal section 83.

9 Section 84 amended (Levy payable on motor vehicles)

In section 84(1), replace “contract of insurance” with “contract of motor vehicle insurance”.

10 Section 85 amended (Levy payable on other property)

- (1) In section 85(1), replace “contract of insurance” with “contract of fire insurance”.
- (2) In section 85(2), replace “amount insured” with “sum insured”.

11 Section 89 amended (Policyholder must pay amount of levy to insurer)

In section 89(1), delete “under which property is insured against physical loss or damage”.

12 Section 102 amended (FENZ’s power to determine liability for levy in case of levy avoidance arrangement)

In section 102(3), replace “amount insured” with “sum insured”.

13 Section 141 amended (Levy regulations)

- (1) In section 141(1), replace “against physical loss or damage” with “under a contract of insurance”.
- (2) Replace section 141(2) with:

- (2) The regulations must,—
- (a) in respect of every motor vehicle that is insured under a contract of motor vehicle insurance, prescribe an annual levy amount per vehicle:
 - (b) in respect of all other property that is insured under a contract of fire insurance, prescribe an annual rate of levy as a proportion of the sum insured.

14 Section 142 amended (Procedure for levy regulations)

Replace section 142(4)(b) with:

- (b) an estimate of the total sum insured for property insured under contracts of fire insurance and the likelihood of any change in that amount:

15 Schedule 1 amended

- (1) In Schedule 1, heading above clause 41, replace “30 June 2025” with “30 June 2030”.
- (2) In Schedule 1, heading to clause 42, replace “30 June 2025” with “30 June 2030”.
- (3) In Schedule 1, clause 42(1), replace “30 June 2025” with “30 June 2030”.
- (4) In Schedule 1, clause 42(2)(c), replace “amount insured” with “sum insured”.
- (5) In Schedule 1, clause 42(4)(b), replace “30 June 2025” with “30 June 2030”.
- (6) In Schedule 1, clause 43(1), replace “amount insured or the declared value of the property” with “sum insured”.

Legislative history

20 September 2022	Introduction (Bill 167–1)
27 September 2022	First reading and referral to Governance and Administration Committee
12 December 2022	Reported from Governance and Administration Committee (Bill 167–2)
8 March 2023	Second reading
28 March 2023	Committee of the whole House, third reading
5 April 2023	Royal assent

This Act is administered by the Department of Internal Affairs.