

Version
as at 1 July 2024



Earthquake Commission (Building Cover Cap and Premium) Amendment Regulations 2021

(LI 2021/295)

Earthquake Commission (Building Cover Cap and Premium) Amendment Regulations 2021: revoked, on 1 July 2024, pursuant to section 162(2) of the Natural Hazards Insurance Act 2023 (2023 No 1).

Patsy Reddy, Governor-General

Order in Council

At Wellington this 27th day of September 2021

Present:

Her Excellency the Governor-General in Council

These regulations are made under section 36 of the Earthquake Commission Act 1993 on the advice and with the consent of the Executive Council.

Contents

	Page
1 Title	2
2 Commencement	2
3 Principal regulations	2
4 New regulation 2B inserted (Residential building cover cap)	2
2B Residential building cover cap	2

Note

The Parliamentary Counsel Office has made editorial and format changes to this version using the powers under subpart 2 of Part 3 of the Legislation Act 2019.

Note 4 at the end of this version provides a list of the amendments included in it.

These regulations are administered by the Treasury.

5	Regulation 3 amended (Premiums)	2
6	Schedule 1 amended	2
	Schedule	3
	New Part 3 inserted into Schedule 1	

Regulations

1 Title

These regulations are the Earthquake Commission (Building Cover Cap and Premium) Amendment Regulations 2021.

2 Commencement

These regulations come into force on 1 October 2022.

3 Principal regulations

These regulations amend the Earthquake Commission Regulations 1993.

4 New regulation 2B inserted (Residential building cover cap)

After regulation 2A, insert:

2B Residential building cover cap

For the purposes of section 18(1)(c) of the Act, \$300,000 is fixed as the higher amount to apply under that paragraph (instead of the \$150,000 stated in that paragraph).

5 Regulation 3 amended (Premiums)

In regulation 3(1)(a), replace “20 cents” with “16 cents”.

6 Schedule 1 amended

In Schedule 1,—

- (a) insert the Part set out in the Schedule of these regulations as the last Part; and
- (b) make all necessary consequential amendments.

Schedule
New Part 3 inserted into Schedule 1

r 6

Part 3
**Provisions relating to Earthquake Commission (Building Cover Cap
and Premium) Amendment Regulations 2021**

3 Changes to cap and premiums phased in over 12 months

- (1) The new regime applies in relation to all contracts on and after 1 October 2022 unless subclause (2) provides otherwise.
- (2) If the period of cover under a contract (the **existing contract**) began before 1 October 2022,—
 - (a) the old regime continues to apply in relation to the existing contract; and
 - (b) if the existing contract is renewed 1 or more times after 1 October 2022, the old regime also applies in relation to each renewed contract.
- (3) However, subclause (2) ceases to have effect (and the old regime therefore ceases to apply) in relation to the existing contract and each renewed contract at the beginning of the first anniversary date of the existing contract after 1 October 2022.
- (4) In this clause,—

anniversary date, in relation to the existing contract, means the anniversary of the first day of the period of cover under,—

 - (a) if the existing contract was not a renewal of a previous contract, the existing contract; or
 - (b) if the existing contract was a renewal in a series of 1 or more previous contracts, the first contract in the series

contract means—

- (a) a contract of fire insurance of a kind referred to in section 18 of the Act; or
- (b) a contract entered into by the Commission under section 22 of the Act

new regime means the Act and these regulations as amended by the Earthquake Commission (Building Cover Cap and Premium) Amendment Regulations 2021

old regime means the Act and these regulations as in force immediately before 1 October 2022.

Michael Webster,
Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations are made under the Earthquake Commission Act 1993 (the **Act**) and amend the Earthquake Commission Regulations 1993.

The Act provides insurance against natural disaster damage to residential buildings that are covered by private insurance policies. The maximum amount payable under the Act in relation to a residential building is subject to a cap applying under section 18(1)(c) of the Act. Currently, the cap is \$150,000 for each dwelling in the building. However, the Act allows regulations to fix a higher amount. *New regulation 2B* will increase the cap to \$300,000 for each dwelling.

A premium is payable for the insurance provided by the Act. The amount of the premium is set out in regulations. Currently, it is 20 cents for each \$100 of the amount for which the building is insured. These regulations reduce the premium to 16 cents for each \$100.

As these changes affect the level of cover provided under the Act, they will have flow-on effects for private insurance policies, and for the reinsurance contracts of both the Earthquake Commission and private insurers. To give property owners, the Commission, and private insurers sufficient time to make the necessary contractual changes, these amendments will not come into force until 1 October 2022.

From that date, the new cap and premium rate will apply to all new insurance policies. For policies that are in force before 1 October 2022, the old cap and premium rate will continue to apply until the first annual renewal date for the policy after 1 October 2022, after which the new cap and premium rate will apply. This means that the new cap and premium rate will be fully phased in by 1 October 2023.

This arrangement for phasing in the changes mirrors the arrangement used when the cap was increased by the Earthquake Commission Amendment Act 2019.

Regulatory impact statement

The Treasury produced a regulatory impact statement in May 2021 to help inform the decisions taken by the Government relating to the contents of this instrument.

A copy of this regulatory impact statement can be found at—

- <https://treasury.govt.nz/publications/informationreleases/ris>

Version as at
1 July 2024

**Earthquake Commission (Building Cover Cap and
Premium) Amendment Regulations 2021**

Explanatory note

Issued under the authority of the Legislation Act 2019.
Date of notification in *Gazette*: 30 September 2021.

Notes

1 *General*

This is a consolidation of the Earthquake Commission (Building Cover Cap and Premium) Amendment Regulations 2021 that incorporates the amendments made to the legislation so that it shows the law as at its stated date.

2 *Legal status*

A consolidation is taken to correctly state, as at its stated date, the law enacted or made by the legislation consolidated and by the amendments. This presumption applies unless the contrary is shown.

Section 78 of the Legislation Act 2019 provides that this consolidation, published as an electronic version, is an official version. A printed version of legislation that is produced directly from this official electronic version is also an official version.

3 *Editorial and format changes*

The Parliamentary Counsel Office makes editorial and format changes to consolidations using the powers under subpart 2 of Part 3 of the Legislation Act 2019. See also PCO editorial conventions for consolidations.

4 *Amendments incorporated in this consolidation*

Natural Hazards Insurance Act 2023 (2023 No 1): section 162(2)