

Increase in levy rate from 1 July 2024 during transitional period

Introduction

Purpose This guide explains how Fire and Emergency New Zealand’s fire insurance levies will increase from 1 July 2024. These increases include [mid-term adjustments \(MTAs\)](#) to fire insurance contracts.

What this guide doesn’t do This guidance doesn’t:

- stop levy payers from having to pay levies
- change levy payers’ rights
- change Fire and Emergency’s duties, powers or functions concerning levy matters.

How fire insurance levies will change

From 1 July 2024, how much fire insurance levy you pay will depend on:

- whether your fire insurance contract started before, on or after 1 July 2024
- how long the contract is for
- whether it includes an [MTA](#) or another type of change for which the levy is payable
- whether it was extended after 1 July 2024.

The following sections explain how different rates of levy will change on or after 1 July 2024.

Contracts made on or after 1 July 2024

If your fire insurance contract was made on or after 1 July 2024, you’ll simply pay the new rate that applied from 1 July 2024. You need to start paying that new rate from the date your contract was made. You’ll also need to pay it on any mid-term adjustments or renewals or extensions of that contract. As levy payer, you are responsible for calculating how much you need to pay. See our [Guide for levy payers](#) for more information and help,

Contracts made before 1 July 2024

Contracts for 12 months or less

If your fire insurance contract...	then...
<ul style="list-style-type: none"> • is for 12 months or less • started before 1 July 2024 • continues to or after 1 July 2024 • after 1 July 2024, hasn’t changed, been extended or hasn’t had a mid-term adjustment 	<ul style="list-style-type: none"> • you must pay the same levy rate as you paid before 1 July 2024 until the earlier of the following: <ul style="list-style-type: none"> ○ you enter a new fire insurance contract, or ○ your fire insurance contract is renewed or extended • when you renew or extend a contract or enter a new contract, you must pay the new levy rate that applied to this contract from the date of the renewal, extension or new contract.

Contracts with MTAs or other changes

If your contract:

- was made before 1 July 2024
- has an [MTA](#) or another type of change on or after 1 July 2024

you will need to properly decide whether this change resulted in a new contract. This will affect how much levy you'll need to pay.

If the change to your contract resulted in a new contract, you'll need to pay the levy rate that applied from 1 July 2024 for that insurance contract from the date it was made.

If the change didn't result in a new contract but the changes are assessable for levy payments, the levy rate will change from the date of the MTA (or other change). The new rate based on the rate that applied from 1 July 2024 applies, but only for those changes.

If the changes aren't a new contract or don't attract additional levy payments:

- the levy stays at that rate payable before 1 July 2024, but only until the **earlier** of the following:
 - you enter into a new fire insurance contract, or
 - your fire insurance contract is renewed or ended or has an MTA .

The levy payer is expected and required to calculate this payment properly. We may undertake checks to see that this has occurred.

Contracts with extensions

If the change to your contract is to extend your insurance period, you'll need to pay the new rate starting from the day the extension period starts.

Changes that result in a new contract

If your contract for fire insurance is made before 1 July 2024, and...	then...
<ul style="list-style-type: none"> • the policy isn't a composite policy (a policy covering more than one person or organisation) • the change after 1 July 2024 is to add other insured parties and • the scope (size, area, buildings or structures) of the property insured or the sum insured have changed or • the essence of the changes mean that the contract is really a new fire insurance contract. 	<p>this is a new contract for fire insurance.</p> <p>From the date the new contract starts, you (and everyone else insured) will need to pay the new rate from the date that the new fire insurance was made</p>

Mid-term adjustments, contract-made dates and contract changes

Definition

New rate

The levy rate payable for contracts of fire insurance made on or after 1 July 2024. This rate is set out in the [Fire and Emergency New Zealand \(Levy Rates and Information Requirements in Transitional Period \) Amendment Regulations 2023](#).

Mid-term adjustment (MTA)

A mid-term adjustment is a change to an insurance contract that:

- starts before 1 July 2024
- is endorsed (entered into) between 1 July 2024 and 30 June 2025 (inclusive)
- increases the amount insured or increases the scope of the property insured.

How an MTA will affect your levy

You'll still need to do a levy return and pay the levy in the usual way for MTAs. If the MTA results in you having to pay a new rate, you'll start paying this new rate from the date the MTA applies.

If your fire insurance contract is a new contract, you have to pay the levy at the new rate from the date the new contract for entire new contract.

What is not an MTA

These changes to a fire insurance contract are not MTAs:

- Extending your fire insurance contract
- Adding other parties (people or organisations) to your fire insurance contract (where the contract is a composite insurance policy) but not increasing the scope of the property covered in the insurance contract or the sum insured.

When the new rates apply to your contract

Legislation doesn't apply retrospectively – a law doesn't apply to a situation that happened before the law started (see [section 12](#) of the Legislation Act 2019). This means you only have to pay the new levy rate from 1 July 2024. We won't backdate the new rate to before 1 July 2024.

Legislation also applies to circumstances as they arise (see [section 11](#) of the Legislation Act 2019). This means the new levy rates payable on or after 1 July 2024 apply:

- to new fire insurance contracts made on or after 1 July 2024
- to changes to existing contracts (renewals, extensions and MTAs) from the date of the renewal, extension or MTA.

Examples

- On 8 October 2024, ABC Limited increased the amount covered in their contract works policy to keep up with inflation. The new fire insurance levy rate they will have to pay is based on the new rate we introduced on 1 July 2024. However, they only have to pay that rate on the increase in the contract works sum insured.
- On 20 October 2024, John transferred a one half share in a building he owned to Brenda. Brenda was added as an insured owner but nothing else was changed. This means that this isn't an MTA or a change that attracts levy payments.

Legislation

We must comply with legislation, including the following:

- [Fire and Emergency New Zealand Act 2017](#)
- [Fire and Emergency New Zealand \(Levy Rates and Information Requirements in Transitional Period\) Regulations 2017](#)
- [Fire and Emergency New Zealand \(Levy Rates and Information Requirements in Transitional Period\) Amendment Regulations 2023](#)
- [Crown Entities Act 2004](#)

Related information

[Public consultation on the Fire and Emergency levy for 2026-2029](#)

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