

Increase in levy rate from 1 July 2024 during transitional period

Introduction

This Guide explains the treatment for Fire and Emergency New Zealand's fire insurance levies relating to the increase levy rates that apply from 1 July 2024.

It includes an explanation of how the increase in levy rates affects insurance contracts that commenced before 1 July 2024 where a change is made to the contract after 1 July 2024 but before the end of the original contract period.

This Guide (dated 11 October 2024) replaces the Guide previously issued in May 2024.

How fire insurance levies will change

From 1 July 2024, the fire and emergency levy rate changes and therefore how much fire insurance levy you pay will depend on:

- whether your fire insurance contract started before, on or after 1 July 2024
- whether a mid-term adjustment ([MTA](#)) is endorsed after 1 July 2024 to a contract that commenced prior to 1 July 2024
- whether a contract of fire insurance that commenced prior to 1 July 2024 is extended 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. As a 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

If your fire insurance contract was made prior to 1 July 2024 and no changes are made to the contract, you will pay the levy using the levy rate that was applicable at the time of the contract start date.

Mid-term adjustments in the transitional period

What is a mid-term adjustment (MTA)?

For the purposes of this guidance for the transitional period, a mid-term adjustment is an adjustment to a contract of insurance that:

- starts before 1 July 2024
- is endorsed (entered into) after 1 July 2024
- increases the amount insured or increases the scope of the property insured, resulting in an increase to the amount insured.

How an MTA will affect your levy

In Fire and Emergency's view, the correct legal position is that MTAs are assessable at the rate that applies at the time of their making.

However, we recognise that this change to levy rates has occurred during the transitional levy period and that, as a result, insurance companies may not have been in a position to update their systems to enable them to recover any increase to levy payments from insured parties.

Under section 48(10) of the Fire Service Act 1975, Fire and Emergency may from time to time, and subject to such conditions as it thinks fit, release any insurance company wholly or partly from its liability in respect of the levy or part of the levy under section 48 which, in Fire and Emergency’s opinion, is irrecoverable by the insurance company from the insured person.

On that basis, Fire and Emergency has agreed that, temporarily, and in recognition of the practical difficulties insurance companies may face in calculating and recovering increased levies from their customers resulting from MTAs during this transitional period, MTAs will be assessable during the transitional period at the rate that applied at the contract start day.

You will still need to do a levy return and pay the levy in the usual way.

Extensions and renewals

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.

Similarly, if you renew your contract, you’ll need to pay the new rate starting from the date of the renewal.

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](#)

Document information

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Steward	Manager Levy
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Record of amendments

Date	Brief description of amendment
May 2024	Initial version
October 2024	Revision made to define mid-term adjustments (MTAs) and the applicable levy rate on this