

Assessment of levy refunds

Note: The Fire and Emergency New Zealand Act 2017 ('Act') provides for levy to be paid to Fire and Emergency New Zealand ('Fire and Emergency') on contracts of insurance where property is insured against the risk of fire. The Act provides that certain provisions of the Fire Service Act 1975 and Fire Service Regulations 2003 continue to apply from 1 July 2017 until Part 3 (sections 80 to 140) of the Act comes into force.

Scope of policy

This policy describes the considerations for assessing requests for levy refunds.

Note: Insurers or brokers can process an amendment to a current year policy, where the outcome is a refund to the insurer or broker that is less than \$10,000 without needing to make a formal request. These are usually processed via the normal monthly payment process.

Legislation

The levy payer is responsible for calculating and paying the correct levy to Fire and Emergency. Schedule 1 of the Act preserves certain levy provisions in the Fire Service Act 1975 (Fire Service Act) and the Fire Service Regulations 2003 (the Regulations) that apply to the transitional levy. Accordingly, provisions relating to the transitional levy are contained in:

- The Fire and Emergency Act 2017 (in particular see clauses 25 and 26 of Schedule 1)
- The Fire Service Act 1975 (in particular see sections 47B; 48(6) to (13) [but not section 48(6)(a) and (b)]; sections 49 to 51A; section 51C; section 53; section 53A; and Schedule 3).
- The Fire Service Regulations 2003
- The Fire and Emergency New Zealand (Levy Rates and Information Requirements in Transitional Period) Regulations 2017.

Assessment

Fire and Emergency will assess a request for a refund of a levy payment once the levy payer has provided:

- a written request for a refund from the relevant levy payer or the insured (or the duly authorised representative), including:
 - reasons for the overpayment
 - the amount of levy overpaid
 - details of the insurance period(s)
- a copy of the insurance policy or policies
- a property schedule showing the indemnity value and replacement value of the insured property.
- any other information requested by Fire and Emergency.

Fire and Emergency will:

- assess a request against the criteria in [Schedule 1](#)
- not pay interest on any overpaid portion of the levy
- only refund the amount to the party (i.e. insurer, broker or company) that made the original payment of levy to Fire and Emergency and on any conditions Fire and Emergency thinks fit.

Levy refunds are not usually granted in a number of situations, including (but not limited to) when:

- under contract works insurance because construction is delayed; or
- the same property is insured by more than one contract of fire insurance at the same time; or
- valuations are issued, or declarations are made after the levy payer filed a return and the contract of fire insurance is not altered during its term; or
- a different valuer attributes a different value to the property subject to the fire insurance contract and that insurance contract is not altered during its term; or
- further information is requested by Fire and Emergency to support the reasons given for a refund and that information is not supplied.

Key personnel

Fire and Emergency's Deputy Chief Executive (DCE) - Finance and Business Operations is responsible for maintaining and updating this policy.

Fire and Emergency's Manager Levy is responsible for the assessment of refund requests.

Schedule 1 – Assessment criteria

1. Fire and Emergency may refund a levy overpayment if the request for the refund is generally made within six years of the due date for the payment of the levy, and any of the following apply:
 - a. Fire and Emergency assesses that the levy has been paid on exempt items under Schedule 3 of the Fire Service Act 1975.
 - b. Subject to [paragraph 2](#) below, or under the Act, the indemnity value under the contract of fire insurance was amended (any refund will be a pro-rata portion of the levy paid), provided that both:
 - i. the indemnity value was amended during the period of the contract of fire insurance; and
 - ii. Fire and Emergency accepts that amended indemnity value declaration or does hold an acceptable valuation certificate for the property for the relevant period.
 - c. Subject to [paragraph 2](#) below, the basis of insurance under the contract of fire insurance was changed from sum insured to indemnity value. Any refund will be a pro-rata portion of the levy paid for the period of the policy at indemnity value, provided that the basis of insurance was changed during the period of the contract of fire insurance.
 - d. The levy payer has in error incorrectly classified the property and then calculated the levy at the incorrect rate (e.g. levy on a motor vehicle has been calculated at the 'other property' rate not the flat rate for a motor vehicle).
 - e. At the DCE Finance and Business Operation's discretion (e.g. a calculation error or error in recording information).
2. Where a refund claim arises due to a change in the structure of a contract of fire insurance before its expiration, a refund may be paid at the DCE Finance and Business Operation's discretion.