

# Fire and Emergency Levy Guide

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## Foreword

Fire and Emergency New Zealand has made this guide to aid insurers, insurance intermediaries (including brokers), levy payers and policyholders to calculate their levy liability from 1 July 2026. This guide replaces all circulars and guideline documents that Fire and Emergency issued prior to the implementation of [Part 3](#) of the Fire and Emergency New Zealand Act 2017.

Levies are self-assessed. Under the Fire and Emergency New Zealand Act 2017, it is the liable levy payer's responsibility to calculate and pay the correct levy.

We intend for this document to be a guide providing general information only. It is not intended to bind Fire and Emergency to follow any particular approach or course of action. While all care has been taken in its preparation, it is not intended to be a comprehensive guide to every situation that can arise under the relevant legislation. Levy payers are encouraged to take legal advice.

If you are unsure how to approach a specific situation or need further information, please contact the Levy Team at [FEL@fireandemergency.nz](mailto:FEL@fireandemergency.nz) or phone +64 4 806 4123.

It is important that as the levy payer you are using the current version of the guide. It is your responsibility to ensure you are using the current version, which is available on our website: [The Fire and Emergency Levy](#).

The rules governing the Fire and Emergency Levy are set out in the Fire and Emergency New Zealand Act 2017 and the Fire and Emergency New Zealand (Levy) Regulations 2024.

## Levy principles

### Purpose of Part 3 of the Act

The Fire and Emergency New Zealand Act 2017 provides for a levy that is:<sup>1</sup>

- a stable source of funding to support Fire and Emergency in the performance of functions and duties and exercise of powers under the Act
- universal, so that Fire and Emergency's costs are generally shared among all who benefit from the potential to use Fire and Emergency's services
- equitable, so that policyholders should generally pay a levy at a level commensurate with their use of, or benefit from the potential to use, Fire and Emergency's services and with the risks associated with the activities that policyholders carry out (but without strict apportionment according to use, benefit or risk having to be observed)
- predictable, so that policyholders and levy payers are able to predict the amounts that they will need to pay and Fire and Emergency is able to predict how much levy income it will receive
- flexible, so that the levy can adapt to –
  - changes in the use, benefit or risk associated with those who benefit from the potential to use Fire and Emergency's services; and
  - variations in Fire and Emergency's costs; and
  - changes to the expectations of the Crown and the strategic needs of Fire and Emergency.

### Levy on insured property

Except where the property is exempt under [regulations 18](#) and [19](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024, Fire and Emergency Levy is payable by anyone who has insured property in New Zealand, specifically those who hold:

- a contract of motor vehicle insurance that is insured against physical loss or damage, or third party liability<sup>2</sup>
- a contract of fire insurance against loss or damage by fire for any property other than a motor vehicle.<sup>3</sup>

**Note:** A contract of fire insurance includes any insurance contract covering fire as a secondary cause, such as an earthquake only insurance contract which insures fire following an earthquake.

Insurance contracts which have the *effect* of insuring a motor vehicle against loss or damage, or insuring a person against third party liability in connection with the use of that vehicle, are 'contracts of motor vehicle insurance' for the purposes of levy irrespective of the form of the insurance contract. This means that a contract of insurance can be a contract of fire insurance and also a contract of motor vehicle insurance.

Where a single insurance contract insures motor vehicles and other property, levy will be charged under [section 84](#) of the Act in respect of the vehicles and under [section 85](#) in respect of the remaining property. This means that the value of the motor vehicles insured under such a policy would need to be deducted from the sum insured for the purpose of calculating the section 85 levy.

The sum insured is the value of the property as stated in the schedule of insurance that would be paid out in the event of a total loss before taking into account 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.

<sup>1</sup> [Section 80](#) of the Fire and Emergency New Zealand Act 2017

<sup>2</sup> [Section 84\(1\)](#) of the Fire and Emergency New Zealand Act 2017

<sup>3</sup> [Section 85\(1\)](#) of the Fire and Emergency New Zealand Act 2017

The sum insured may include other items or costs required to reinstate the insured property, such as demolition, fees and expediting costs.

Where a contract of insurance covers both exempt and non-exempt property, the levy is payable on the proportion of the sum insured which relates to the value of the non-exempt property.

## Levy rates

The following levy rates apply from 1 July 2026. See [Exemptions](#) for property that is exempt from levy.

Property class or insurance type	Annual levy rates from 1 July 2026 <sup>4</sup>
Insurance for motor vehicles <sup>5</sup>	\$25.00 (Annual amount for each motor vehicle insured, including any person insured against third party liability in connection with the use of a vehicle)
Insurance for residential property <sup>6</sup>	10.74 cents for each \$100 of the sum insured Maximum levy amount \$107.40 per dwelling
Insurance for household property <sup>7</sup>	10.74 cents for each \$100 of the sum insured Maximum levy amount \$21.48 per dwelling
Aircraft <sup>8</sup> insured under contract of insurance that insures only aircraft	7.76 cents for each \$100 of the sum insured Maximum levy amount per aircraft \$77.60
Forests	1.94 cents for each \$100 of the sum insured (25% of the full non-residential rate) No maximum levy amount applies
Livestock	1.94 cents for each \$100 of the sum insured (25% of the full non-residential rate) No maximum levy amount applies
Contract of contract works insurance <sup>9</sup>	3.88 cents for each \$100 of the sum insured (50% of the full non-residential rate) No maximum levy amount applies
Insurance for all other property (non-residential/commercial)	7.76 cents for each \$100 of the sum insured No maximum levy amount applies

<sup>4</sup> [Part 2](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>5</sup> Motor vehicle has the same meaning as in [section 2\(1\)](#) of the Land Transport Act 1998

<sup>6</sup> Residential property as defined in [section 81](#) of the Fire and Emergency New Zealand Act 2017

<sup>7</sup> Household property as defined in [section 81](#) of Fire and Emergency New Zealand Act 2017

<sup>8</sup> Aircraft has the same meaning as in [section 5](#) of the Civil Aviation Act 2023

<sup>9</sup> Contract of contract works insurance as defined in [regulation 3](#) of the Fire and Emergency (Levy) Regulations 2024

## Pro-rata calculations

Levy is payable based on an annual contract period of one year. If a contract of insurance has a duration that is different from this period, levy is pro-rated. Fire and Emergency's approach is to apply the levy by dividing the annual amount or the annual levy cap (if applicable) amount by 365 and multiplying that number by the number of days of the period of insurance.

Annual levy payable ÷ 365 days x number of days of insurance cover = pro-rated levy

If an annual contract of insurance covers a leap year period, we understand that system calculations may not be configured to charge an additional day of levy, therefore we deem this to be an acceptable immaterial variance. Additionally, when a pro-rata calculation is done, systems may or may not include the additional day of cover.

## Goods and Services Tax

Goods and Services Tax (GST) (currently 15%) is payable on the Fire and Emergency Levy in accordance with [section 5\(6AB\)](#) of the Goods and Services Tax Act 1985:

For the purposes of this Act, a levy that is paid to Fire and Emergency New Zealand under subpart 2 of Part 3 of the Fire and Emergency New Zealand Act 2017 and is not a shortfall penalty (within the meaning of that Act) or interest payable under that Act is treated as being consideration for a supply of services to the levy payer or policyholder in the course or furtherance of a taxable activity carried on by Fire and Emergency New Zealand.

**Note:** For simplicity, all the example calculations in these guidelines are exclusive of GST.

The levy is treated as consideration for a taxable supply of services, therefore GST at the New Zealand rate is charged on top of the levy, and this applies to all insured persons – including those who are otherwise GST-exempt (e.g. charities, certain public bodies or non-registered individuals).

## Exemptions

### Exemptions for certain property

Despite section 85 of the Act, a levy is not payable in respect of the following property or classes of property:<sup>10</sup>

- art or items that are in a collection of a cultural heritage body (whether or not the art or items are currently present in or on that body's premises)
- a reservoir, dam, drain or channel
- an offshore installation
- a cable or pipeline on the sea floor
- a breakwater, mole or groyne<sup>11</sup>
- a bridge, road, street or path, including while it is under construction
- a mine
- a tunnel, including while it is under construction

<sup>10</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>11</sup> A breakwater or mole is a structure built out into the water to reduce wave energy and protect coastal areas, while a groyne is a structure built perpendicular to the shore to trap sand and prevent beach erosion. However, it is not a jetty, a marina or floating pontoons.

- equipment that is used in a mining operation or tunnelling operation<sup>12</sup>
- an aircraft that flies international routes
- a ship
- a good for import or export
- property that is insured under a contract of contract works insurance, if that property is also insured under any other contract of fire insurance (meaning a levy is already payable in respect of that property).

## Exemptions for certain contracts of insurance

Despite section 85 of the Act, a levy is not payable in respect of any property that is insured:<sup>13</sup>

- under a contract of fire insurance by, and for the purposes of, the New Zealand Defence Force
- under a contract of insurance for war or terrorism risk
- under a contract of deductible buydown insurance.<sup>14</sup>

## Further guidance on exemptions

The exemptions above contain words of limitation – this means property or classes of property that are not expressly listed are not exempt from levy.

For example, while a road, street or path is exempt from levy, a carpark or airport runway that is insured against the risk or consequence of fire is not exempt from levy because they are not generally described as the named items and are not expressly named in the list of exemptions; therefore, if these are insured against the risk of fire, levy is payable.

As ‘bridge’, ‘road’, ‘street’ and ‘path’ are not defined in the Act, they are interpreted according to their ordinary and natural meaning within the context of the Act. Frequently, these words are used to describe infrastructure forming part of a public access or transport network and available for public use. However, their meaning in ordinary usage may also extend to such items present on private properties – for example, in a private community, retirement complex, winery or farm that is publicly accessible.

Carparks, driveways, manoeuvring areas and industrial yards are not roads or streets, based on the ordinary meaning of those words.

The word ‘bridge’ is used within a phrase that refers to transport infrastructure (i.e. bridges, roads, streets or paths all fall within the category of ‘transport infrastructure’) and therefore means bridges of that type. As a result, building-integrated bridges (e.g. skybridges) would not be exempt and remain subject to levy.

The exemption of bridge, road, street, path or tunnel specifies that this property is also exempt while it is under construction. This means that it is not intended for the other exempt items listed to be exempt while under construction – instead, they are exempt from levy once complete. For example, a ship is not exempt until the construction is complete.

As noted above, under the Regulations, exemptions apply for:

- property that is insured under a contract of contract works insurance, if that property is also insured under any other contract of fire insurance
- property that is insured under a contract of insurance for war or terrorism risk
- property that is insured under a contract of deductible buydown insurance.

<sup>12</sup> Only while in use or on site at the mining or tunnelling operation

<sup>13</sup> [Regulation 19](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>14</sup> A contract of deductible buydown insurance means a contract of fire insurance that provides cover, in relation to property, up to the amount of the deductible or excess of any other contract of fire insurance under which the property is insured.

These listed exemptions mean that in any other scenario where property is insured under more than one contract of insurance, levy is payable on each contract of insurance based on the cover of each contract.

## Levy applied to contracts of fire insurance covering residential and household property

### Residential property calculation

Residential property is calculated at the rate of 10.74 cents for every \$100 of the sum insured (0.1074%). The maximum amount of levy payable per year for residential property is \$107.40 per dwelling.<sup>15</sup>

**Note:** A contract of fire insurance includes any insurance contract insuring fire as a secondary cause, such as an earthquake only insurance contract which insures fire following an earthquake.

For property that is comprised of residential property and any other class or classes of real property, please refer to [Levy applied to mixed-use properties](#) in this guide.

### Definitions

- **Residential property** means real property composed of:<sup>16</sup>
  - one or more **dwelling**s; and
  - any other real property or class of real property used solely or principally for residential purposes, including the following real properties or classes of real property if used solely or principally for residential purposes:
    - land
    - a building or part of a building or other immovable structure such as a garage or garden shed
    - a bridge, culvert or a retaining wall and its support system
    - service infrastructure.

Property used solely or principally for commercial purposes is excluded.

- A **dwelling** is a building or part of a building that is self-contained with facilities for day-to-day living on an indefinite basis (including somewhere to cook, sleep, live, wash and use a toilet) and is used or intended to be used by one or more persons as their home or holiday home.<sup>17</sup>
  - Examples of dwellings include:
    - buildings or parts of buildings used for long-term elderly accommodation
    - immovable vehicles (motor vehicles, trailers, boats, aircraft) meeting dwelling criteria
    - holiday homes with toilets in outhouses
    - large family homes occupied by a single household even if it has extensive visitor facilities
    - houses with rented rooms and shared communal facilities, where the scale is consistent with a single household home.
  - Examples of non-dwellings include:
    - buildings or parts of buildings used for large-scale accommodation not intended as a single household home (e.g. university or boarding school hostels)
    - buildings or parts of buildings used for short-term accommodation ordinarily provided for periods of less than 28 days (e.g. hotels, motels)
    - campground cabins reliant on shared ablution blocks.

<sup>15</sup> [Regulation 7](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>16</sup> [Section 81\(1\)](#) of the Fire and Emergency New Zealand Act 2017

<sup>17</sup> Section 81A of the Fire and Emergency New Zealand Act 2017

For the avoidance of doubt, a building or part of a building is **not a dwelling** if:

- it provides temporary or transient accommodation ordinarily for less than 28 days (e.g. hotels, motels); or
- it provides accommodation for persons not living there voluntarily (e.g. prisons); or
- it is used primarily for a purpose other than accommodation (e.g. hospitals, emergency care facilities).

#### Example 1

Single dwelling where the sum insured is \$700,000

$\$700,000 \times 0.1074\% = \$751.80$ ; maximum levy of \$107.40 applies

Levy payable = \$107.40

#### Example 2

Single dwelling where the sum insured is \$80,000

$\$80,000 \times 0.1074\% = \text{Levy payable } \$85.92$

#### Example 3

Residential apartment building with 15 dwellings (apartments) with a building sum insured of \$4,500,000 which equates to \$300,000 per unit. The maximum amount of levy payable per year is \$107.40 per dwelling.

$\$300,000 \times 0.1074\% = \$322.20$ ; maximum levy of \$107.40 per dwelling applies

$15 \times \$107.40 = \text{Levy payable } \$1,611.00$

#### Example 4

Residential apartment building with 15 dwellings (apartments) with a sum insured of \$1,200,000 which equates to an average of \$80,000 per unit

$15 \times (\$80,000 \times 0.1074\%) = \text{Levy payable } \$1,288.80$

or

$\$1,200,000 \times 0.1074\% = \text{Levy payable } \$1,288.80$

#### Example 5

Two dwellings insured on one contract as a main residential building with a sum insured of \$600,000 and the second dwelling is a tiny home with a sum insured of \$85,000.

Dwelling 1 ( $\$600,000 \times 0.1074\%$ ) = \$644.40; maximum levy of \$107.40 per dwelling applies

Dwelling 2 ( $\$85,000 \times 0.1074\%$ ) = \$91.29

$\$107.40 + \$91.29 = \text{Levy payable } \$198.69$

#### Example 6

A contract of fire insurance covers a residential care facility (rest home) that provides long-term accommodation for the elderly. The whole facility has a sum insured of \$2 million.

$\$2,000,000 \times 0.1074\% = \$2,148.00$ ; maximum levy of \$107.40 per dwelling applies

Levy payable = \$107.40

#### Example 7

A contract of fire insurance covers a retirement village made up of a variety of accommodation types and facilities. The whole facility has a sum insured of \$5 million:

- Building 1: Villa-style accommodation in one building containing three dwellings
- Building 2: Rest-home dormitory-type accommodation including facilities such as administration, dining, laundry and living area – treated as one building comprising of one dwelling
- Building 3: Manager’s accommodation – one self-contained residential dwelling.

The total number of dwellings is five (three villas, one rest home, one manager’s accommodation).

Maximum levy of \$107.40 per dwelling applies

5 x \$107.40 = Levy payable \$537.00

## Household property calculation

Household property is calculated at the rate of 10.74 cents for each \$100 of the sum insured (0.1074%).

The maximum amount of levy payable per year for household property is \$21.48 per dwelling in or on which the household property is, or is usually, located.<sup>18</sup>

**Note:** A contract of fire insurance includes any insurance contract insuring fire as a secondary cause, such as an earthquake only insurance contract which insures fire following an earthquake.

Household property is defined:

- to mean personal property that:
  - is located in or on residential property; or
  - is usually located in or on a residential property but is temporarily removed from the residential property; but
- does not include property used solely or principally for commercial purposes.

### Example 1

Sum insured \$80,000 (contained in one dwelling)

$\$80,000 \times 0.1074\% = \$85.92$ ; maximum levy of \$21.48 applies

Levy payable = \$21.48

### Example 2

Sum insured \$10,000

$\$10,000 \times 0.1074\% = \text{Levy payable } \$10.74$

### Example 3

A policy covers 15 dwellings and each dwelling has contents (household property) insured for \$60,000 per dwelling.

$\$60,000 \times 0.1074\% = \$64.44$ ; maximum levy of \$21.48 per dwelling applies

15 x \$21.48 = Levy payable \$322.20

## Travel insurance covering household property in New Zealand

No levy is payable on outbound travel insurance as the insured property is outside of New Zealand.

Inbound travel coverage can be arranged in New Zealand for travellers and students coming into New Zealand for a temporary period of time. Additionally, local travel insurance can be arranged for New Zealanders travelling within New Zealand.

<sup>18</sup> [Regulation 8](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

Levy is charged on the household property insured under such a travel policy.

### Example 1

Student inbound travel policy covering students attending a New Zealand university under a student pastoral care scheme for 12 months, 1 July 2026 – 30 June 2027.

The insurance cover for each student includes cover for a sum of \$25,000 for their household property. The maximum amount of levy payable per year is \$21.48 per dwelling in or on which the household property is, or is usually, located.

$\$25,000 \times 0.1074\% = \$26.85$ ; maximum levy of \$21.48 per dwelling applies

Levy payable \$21.48

### Example 2

Student inbound travel policy covering students attending a New Zealand university under a student pastoral care scheme for nine months (274 days), 1 July 2026 – 31 March 2027.

The insurance cover for each student includes cover for a sum of \$25,000 for their household property. The maximum amount of levy payable per year is \$21.48 per dwelling in or on which the household property is, or is usually, located.

$\$25,000 \times 0.1074\% = \$26.85$ ; maximum levy of \$21.48 per dwelling applies annually

$(\$21.48 \div 365) \times 274 = \text{Levy payable } \$16.12$

## Levy applied to contracts of fire insurance covering non-residential/commercial property

Non-residential property or other property is calculated at the rate of 7.76 cents for each \$100 of the sum insured (0.0776%).<sup>19</sup>

- A contract of fire insurance includes any insurance contract insuring fire as a secondary cause, such as an earthquake only insurance contract which insures fire following an earthquake.
- Where a contract of fire insurance has a sum insured that includes property located outside of New Zealand, the value of insured property situated in New Zealand is deemed to be the sum insured for levy purposes (unless a lower limit applies to property situated in New Zealand).
- Certain non-residential property or insurance contract types have a specific rate, calculation or maximum levy amount applied, such as [mixed-use property](#), goods in transit, aircraft, forests, livestock and contract works insurance. Please refer to the [Special calculations](#) section in this guide.

### Example 1

A schedule of the contract of fire insurance specifies that the insurer will pay for loss or damage for any one event up to an amount of \$5,000,000.

The sum insured is \$5,000,000.

$\$5,000,000 \times 0.0776\% = \text{Levy payable } \$3,880.00$

### Example 2

A contract of fire insurance covers buildings, plant and commercial contents and inventory. Each property type has a specified insured value and there is no overall insured value specified for the insurance contract.

<sup>19</sup> [Regulation 16](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

The individual insured values are:

- Buildings \$4,000,000
- Plant and commercial contents \$800,000
- Inventory \$1,000,000

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

The sum insured is \$5,800,000 (\$4,000,000 + \$800,000 + \$1,000,000).

$\$5,800,000 \times 0.0776\% = \text{Levy payable } \$4,500.80$

### Example 3

A contract of fire insurance covers buildings, plant and contents, and inventory. Each property type has a specified insured value adding to a value of \$5,800,000. However, the schedule of the contract of fire insurance specifies that the insurer will pay for loss or damage for any one event up to an amount of \$4,000,000.

The sum insured is \$4,000,000.

$\$4,000,000 \times 0.0776\% = \text{Levy payable } \$3,104.00$

## Levy applied to unspecified miscellaneous equipment insured under a contract of fire insurance

Sum insured is the value of the property as stated in the schedule of insurance that would be paid out in the event of a total loss before taking into account 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.

This means if a contract of motor vehicle insurance or fire insurance has automatic extensions,<sup>20</sup> the levy is payable on these only if they are known or specified in the schedule. However, if they are unknown and cannot be accurately identified as part of a total loss until the event has occurred, no levy is payable on the extension.

If a policy that covers fire (such as a rural policy) has an automatic extension for unspecified plant and equipment or unspecified miscellaneous equipment, and it is not known before a loss if these items exist, then, under the definition of sum insured, no levy is payable on this extension or sub-limit.

If a fire policy has miscellaneous equipment listed on the schedule (and it is not an automatic extension), then the levy applies at the sum insured at the non-residential/commercial rate of 7.76 cent per \$100 of insured value.

If a fire policy has miscellaneous equipment listed on the schedule (and it is not an automatic extension) that meets the definition of a motor vehicle, then the levy applies at the sum insured at the motor vehicle rate of \$25.00 per vehicle.

### Example 1

A fire policy has an automatic extension for any unspecified plant and equipment. No levy is charged for this automatic extension as they cannot be accurately identified as part of a total loss until the event has occurred.

<sup>20</sup> An automatic extension is a provision in an insurance policy that provides additional cover for certain events or property without the need for prior notification or endorsement, usually up to a specified limit and subject to policy conditions.

**Example 2**

Miscellaneous equipment (that is commercial property and not known to be a motor vehicle) is insured and is not a sub-limit or extension, with a maximum sum insured of \$40,000.

Levy is calculated at the non-residential/commercial levy rate of 7.76 cents for each \$100 of the sum insured.

$\$40,000 \times 0.0776\% = \text{Levy payable of } \$31.04$

**Levy applied to contracts of fire insurance covering mixed-use property**

Mixed-use property is where a property is comprised of residential property and any other class or classes of real property and is insured against the risk or consequence of fire under one sum insured.<sup>21</sup>

If...	then:
the residential percentage of the property is 50% or more	<p>the levy is charged at the residential property rate of 10.74 cents for each \$100 of the sum insured (0.1074%) per dwelling.<sup>22</sup></p> <p>The maximum levy amount for residential property of \$107.40 per dwelling can be applied.</p>
the residential percentage of the property is less than 50%	<p>the levy is charged at the non-residential/commercial levy rate of 7.76 cents for each \$100 of the sum insured (0.0776%).<sup>23</sup></p> <p>However, a policyholder may provide the insurer with a valuation of the mixed-use property for the purpose of apportioning the sum insured between the residential property and the other class or classes of property. The valuation must:</p> <ul style="list-style-type: none"> <li>• be prepared and signed by a registered valuer (as defined in <a href="#">section 2</a> of the Valuers Act 1948); and</li> <li>• show how the value of the property is apportioned between the residential part or parts of the property and the non-residential part or parts of the property.</li> </ul> <p>If a policyholder provides an insurer with a valuation, the insurer must apportion the sum insured between the residential part or parts of the property and the non-residential part or parts of the property in the same way as the property value is apportioned between those parts in the valuation.<sup>24</sup></p> <p>In this case, the annual levy payable in respect of the property is the <i>lesser</i> of (a) or (b):</p> <p>(a) the total of the following amounts:</p> <ul style="list-style-type: none"> <li>(i) 10.74 cents for each \$100 of the sum insured that is apportioned to the residential part or parts of the property up to a maximum of \$107.40 per dwelling; and</li> <li>(ii) 7.76 cents for each \$100 of the sum insured that is apportioned to the non-residential part or parts of the property.</li> </ul> <p>(b) 7.76 cents for each \$100 of the sum insured.<sup>25</sup></p>

<sup>21</sup> [Regulation 3](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>22</sup> [Regulation 13](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>23</sup> [Regulation 13](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>24</sup> [Regulation 14](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>25</sup> [Regulation 15](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

The **residential percentage** is calculated as:<sup>26</sup>

$$r = [(d + a) \div b] \times 100$$

Where:

**r** is the residential percentage

**d** is the total floor area of the dwelling or dwellings of the mixed-use property

**a** is the total floor area of any ancillary residential property of the mixed-use property

**b** is the total floor area of each building or structure of the mixed-use property, excluding any mixed-use common property

**Ancillary residential property**<sup>27</sup> means a building or another immovable structure, or part of a building or another immovable structure, of a mixed-use property:

- that is not part of a dwelling; and
- that is available for use by the owner or occupant of a dwelling, either exclusively or in common with owners or occupants of any other dwelling in the mixed-use property:
  - for residential purposes such as parking, storage or to house service infrastructure; or
  - for access to the dwelling or dwellings; and
- that is not mixed-use common property.

**Mixed-use common property**<sup>28</sup> means, in relation to a building or structure of a mixed-use property, the parts of the building or structure that are available for the common use of:

- an owner or occupant of a dwelling of which the mixed-use property is composed; and
- an owner or occupant of any other class of property of which the mixed-use property is composed.

## Mixed-use valuations

Where a mixed-use property has less than 50% residential dwellings, a policyholder may provide the insurer with a valuation of the property for the purpose of apportioning the sum insured between the residential and non-residential portion.

Where a valuation is provided for the calculation of levy in relation to a mixed-use building under regulations 13–15, Fire and Emergency's expectation is that the valuation will clearly show:

- Residential component, e.g. value or number of units
- Commercial component including value
- Exempt items and value
- The apportionment between commercial and residential

### Example 1

A contract of fire insurance covers a building with a sum insured of \$5,000,000; the building comprises 10 residential apartments and 4 retail stores. The 10 residential apartments constitute more than 50% of the building area.

$\$5,000,000 \times 0.1074\% = \$5,370$ ; maximum levy of \$107.40 per dwelling applies

$10 \times \$107.40 = \text{Levy payable } \$1,074.00$

<sup>26</sup> [Regulation 13](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>27</sup> [Regulation 13](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>28</sup> [Regulation 13](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

**Example 2**

A contract of fire insurance covers a building with a sum insured of \$5,000,000; the building comprises 10 residential apartments and 4 retail stores. The 4 retail stores constitute more than 50% of the building area.

$$\$5,000,000 \times 0.0776\% = \text{Levy payable } \$3,880.00$$

**Example 3**

A contract of fire insurance covers a building with a sum insured of \$5,000,000; the building comprises 10 residential apartments and 4 retail stores. The 4 retail stores constitute more than 50% of the building area.

In the absence of a mixed-use valuation, the levy would be calculated as  $\$5,000,000 \times 0.0776\% = \$3,880.00$

A valuation has been provided that apportions the sum insured to \$2,000,000 for the 10 residential apartments and \$3,000,000 for the 4 retail stores and other non-residential parts.

$$\$2,000,000 \times 0.1074\% = \$2,148.00; \text{ maximum levy of } \$107.40 \text{ per dwelling applies}$$

$$10 \times \$107.40 = \$1,074.00$$

$$\$3,000,000 \times 0.0776\% = \$2,328.00$$

$$\$1,074.00 + \$2,328.00 = \text{Levy payable } \$3,402.00$$

Under the mixed-use method, the total levy payable under regulation 15(2) is the lesser of the two amounts:

$$(a) \quad \$5,000,000 \times 0.0776\% = \$3,880.00$$

or

$$(b) \quad \$1,074.00 + \$2,328.00 = \$3,402.00$$

Making the levy payable \$3,402.00

**Aggregate limit for mixed-use residential contents**

In some cases, landlords' fixtures and fittings are insured across multiple residential units with an aggregate limit.

If the policy identifies the type of property as household property, the residential property rate is applied per dwelling and the maximum levy per dwelling can apply.

If the policy identifies the type of property as commercial property and has a limit for the policy, then this can be used for the calculation at the non-residential/commercial levy rate.

**Example 1**

\$100,000 aggregate limit covering landlord's fixtures and fittings insured as household property across 20 residential dwellings equates to  $\$100,000 \div 20 = \$5,000$  per dwelling

$$\$5,000 \times 0.1074\% = \$5.37 \text{ per dwelling}$$

$$20 \times \$5.37 = \text{Levy payable } \$107.40$$

**Example 2**

\$100,000 aggregate limit covering landlord's fixtures and fittings insured as commercial property at 7.76 cents for each \$100 of the sum insured.

$$\$100,000 \times 0.0776\% = \text{Levy payable } \$77.60$$

## Levy applied to contracts of motor vehicle insurance

The amount of levy that is payable in respect of a motor vehicle that is the subject of a contract of motor vehicle insurance is \$25.00 per vehicle on an annual basis.<sup>29</sup>

This rate applies to all motor vehicles, whether used commercially or privately, that are insured against physical loss or damage, or third party liability.

The Act and Regulations provide that 'motor vehicles' are subject to the motor vehicle levy of \$25.00 per vehicle. The Act and Regulations do not allow the levy for motor vehicles to be calculated on a sum insured basis. Where a contract of insurance has property specified in the schedule that meets the definition of a motor vehicle, the capped rate per vehicle applies to each vehicle.

Contracts of insurance which have the effect of insuring a motor vehicle against loss or damage, or insuring a person against third party liability in connection with the use of that vehicle, are 'contracts of motor vehicle insurance' for levy purposes irrespective of the form of the insurance contract.

Where a single insurance contract insures motor vehicles and other property, levy will be charged under [section 84](#) of the Act in respect of the vehicles and under [section 85](#) in respect of the remaining property. This means that the value of the motor vehicles insured under such a policy would need to be deducted from the sum insured for the purpose of calculating the section 85 levy.

Sum insured is the value of the property as stated in the schedule of insurance that would be paid out in the event of a total loss before taking into account 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. This means if a motor vehicle policy has automatic extensions, the levy is payable on these if they are known or specified in the schedule. However, if they are unknown and cannot be accurately identified as part of a total loss until the event has occurred, no levy is payable on the extension.

'Motor vehicle' has the same definition as [section 2\(1\)](#) of the Land Transport Act 1998. The New Zealand Transport Agency may declare that a particular type of vehicle is not a motor vehicle. In these cases, section 85 applies, and levy is payable in respect of any property, other than a motor vehicle, that is insured under a contract of fire insurance at the rate that applies to the type of property they are, e.g. household property or non-residential/commercial property.

Where car dealerships or similar entities use trade plates or dealer plates (commonly known as 'D' or 'X' plates) and insurance cover applies, the levy may be calculated based on the number of plates specified in the contract of insurance.

If stock in trade is identified as, or insured as, motor vehicle stock, the levy should be determined based on the number of vehicles that are known or reasonably estimated to the best of the levy payer's knowledge.

Contracts of insurance that cover motor vehicles where the number of vehicles may fluctuate, such as insured fleet, should be calculated based on the number of vehicles known and/or estimated to the best of the levy payer's knowledge. Provided a reasonable good faith basis exists to the estimate, an average number of vehicles may be used. Sum insured cannot be used if the insured items are motor vehicles; the levy must be calculated as \$25 per vehicle. If adjustments such as annual wash-ups are made, the levy is payable based on the relevant changes made. Please refer to the [Mid-term adjustments](#) section of this guide for more information.

### Example 1

10 motor vehicles insured on a contract of motor vehicle insurance.

$10 \times \$25.00 = \text{Levy payable } \$250.00$

<sup>29</sup> [Regulation 5](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

**Example 2**

A contract of insurance covers third party liability for a motor vehicle.

$1 \times \$25.00 = \text{Levy payable } \$25.00$

**Example 3**

A motor vehicle is insured on a contract of motor vehicle insurance, and the contract includes an automatic extension for a car seat. The insurer does not know whether the insured has a car seat, and this has not been disclosed or specified in the schedule. The sum insured is the amount that will be paid out in the event of a total loss before taking into account additional limits, sub-limits, clauses or extensions that cannot be accurately identified as part of a total loss until the event has occurred. In this case, it is unknown if the insured has a car seat, therefore this extension does not attract a levy; the levy applies to the vehicle only.

$1 \times \$25.00 = \text{Levy payable } \$25.00$

**Example 4**

A motor vehicle is insured on a contract of motor vehicle insurance and the contract includes an extension for a trailer and that trailer is specified in the schedule with a sum insured. As the trailer is specified, the levy is payable on the motor vehicle and on the trailer as both meet the definition of a motor vehicle.

$2 \times \$25.00 = \text{Levy payable } \$50.00$

**Example 5**

A contract of fire insurance includes a limit for mobile plant and equipment of \$400,000. The items are identified in the schedule as being 4 forklifts that meet the definition of a motor vehicle.

$4 \times \$25.00 = \text{Levy payable } \$100.00$

**Special calculations****Annual storage cover – defined amount in store (outside the ordinary course of transit) under a marine cargo policy**

Where there is a defined sum insured in a marine cargo policy, for inventory/product in store in New Zealand (when not stored for import or export), levy is calculated in the same way levy is applied to contracts of fire insurance covering non-residential/commercial property.

**Levy applied to goods in transit**

**Note:** This is under review. We will work with the insurance industry to make any changes required.

Where a contract of fire insurance covers goods while being imported to or exported from New Zealand, the goods are exempt from levy.<sup>30</sup>

For goods in transit in New Zealand (but not for import or export), the levy rate and calculation method depend on the nature of the cargo being transported. Different levy rates and different maximum amounts apply to motor vehicles, commercial goods, livestock and household property in local transit.

The amount of levy payable will be pro-rated to a minimum of one week.

<sup>30</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

Exempt property is exempt from levy where relevant when insured as goods in transit. For example, 'ships' are always exempt and so are not subject to levy when carried as inland cargo. In contrast, equipment that is used in a mining operation or tunnelling operation is only exempt when being used in association with a mining operation or tunnelling operation and so when such equipment is carried as inland cargo it is subject to levy.

The sum insured is the value of the property as stated in the schedule of insurance that would be paid out in the event of a total loss before taking into account 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. Where cover for transit is provided as an extension to a non-cargo contract covering the items (for risks other than transit), no additional levy is required separately in regard to possible transit as this extension and value cannot be accurately identified until a total loss occurs.

### Household property in transit in New Zealand

For household property in transit in New Zealand (for example, moving the contents of a house to another house, often performed by a removalist), the levy is calculated at the rate of 10.74 cents for each \$100 of the sum insured (0.1074%), pro-rated to a minimum of one week.

#### Example 1

Household property with a sum insured of \$125,000 is transported from Wellington to Auckland.

$\$125,000 \times 0.1074\% = \$134.25$ ; maximum levy of \$21.48 applies

$\$21.48 \div 52 = \text{Levy payable } \$0.41$

#### Example 2

Household property with a sum insured of \$79,000 is transported from Wellington to Auckland, including 16 weeks' storage.

$\$79,000 \times 0.1074\% = \$84.85$ ; maximum levy of \$21.48 applies

$\$21.48 \div 52 = \text{Levy payable } \$0.41$

Storage:  $\$0.41 \times 16 = \text{Levy payable } \$6.56$

$\$0.41 + \$6.56 = \text{Total levy payable } \$6.97$

### Livestock in transit within New Zealand

When livestock is carried as cargo within New Zealand, levy is applicable as per New Zealand to New Zealand local inland transit and is calculated at the rate of 1.94 cents for each \$100 of the sum insured (0.0194%). The amount of levy payable will be pro-rated to a minimum of one week.

Where such cover is provided as an extension to a non-cargo contract covering the livestock, then no additional levy to that already paid for the livestock is required.

#### Example

A truckload of livestock valued at \$250,000 is being transported from one New Zealand location to another.

$\$250,000 \times 0.0194\% = \$48.50$

$\$48.50 \div 52 = \text{Levy payable } \$0.93$

## Commercial cargo – local, export, import

For local New Zealand commercial cargo that is not subject to special caps or levy rates, the levy is payable at the beginning of the insurance period based on the estimated turnover or sending<sup>31</sup> to be covered by the policy. Levy is calculated at the non-residential/commercial rate of 7.76 cents for each \$100 of the annual value of the goods in transit (0.0776%), pro-rated to a minimum of one week.

Cargo for export or import is exempt from levy.<sup>32</sup>

### Example

A contract of fire insurance includes a cover limit for local inland transit of \$250,000.

$$\$250,000 \times 0.0776\% = \$194.00$$

$$\$194.00 \div 52 = \text{Levy payable } \$3.73$$

## Exempt property in transit is subject to different levy rules

Mining and tunnelling equipment is exempt property for the levy<sup>33</sup> only while on site and in use at a mining or tunnelling operation.

This and other machinery insured for local New Zealand – New Zealand transit are subject to a levy which is calculated at the rate of 7.76 cents for each \$100 of the sum insured (0.0776%), pro-rated to a minimum of one week.

See [regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024 for a list of property that is exempt from the levy.

## Levy applied to aircraft

An aircraft that is insured under a contract of fire insurance that relates only to that aircraft or that aircraft and any other aircraft is 7.76 cents for each \$100 of the sum insured (0.0776%).

The maximum amount of levy payable per year is \$77.60 per aircraft.<sup>34</sup>

Any aircraft insured that flies international routes is exempt from levy.<sup>35</sup> Where exempt and non-exempt property is covered under a contract of insurance, the levy is payable on the sum insured less the specified value of the exempt property.

Personal aircraft, such as drones insured under a home contents policy, are not considered to be aircraft insured under a contract of insurance that insures only aircraft.

### Example

A contract of fire insurance covers 80 aircraft used domestically that are not scheduled for international routes. The insured value of each aircraft in the schedule is \$300,000.

$$\$300,000 \times 0.0776\% = \$232.80; \text{ maximum levy of } \$77.60 \text{ per aircraft applies}$$

$$80 \times \$77.60 = \text{Levy payable } \$6,208.00$$

<sup>31</sup> In this context, 'sending' means the total value or volume of goods dispatched or transported during the policy period, used as a basis for estimating exposure and calculating the levy or premium.

<sup>32</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>33</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>34</sup> [Regulation 9](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>35</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

## Levy applied to forests

Contracts of fire insurance covering forests have levy calculated on the forest at the rate of 1.94 cents for each \$100 of the sum insured (0.0194%),<sup>36</sup> which is 25% of the non-residential property rate of 7.76 cents for each \$100 of the sum insured. There is no maximum amount of levy payable per year prescribed for forests.

This includes contracts of insurance that cover fire as a risk and/or consequence such as fire following a natural disaster.

As the Regulations do not define 'forest', Fire and Emergency's position is that forest means a population or dense growth of trees or any other regular understanding of the word forest. Orchards and shelter belts are not considered to be forests.

### Example

A contract of fire insurance covers a forest with a sum insured of \$5,000,000.

$\$5,000,000 \times 0.0194\% = \text{Levy payable } \$970.00$

## Levy applied to livestock

Contracts of fire insurance covering livestock have levy calculated on the livestock at the rate of 1.94 cents for each \$100 of the sum insured (0.0194%),<sup>37</sup> which is 25% of the non-residential property rate of 7.76 cents for each \$100 of the sum insured. There is no maximum amount of levy payable per year prescribed for livestock.

This includes contracts of insurance that cover fire as a risk and/or consequence such as fire following a natural disaster.

As the Regulations do not define 'livestock', Fire and Emergency's position is that livestock means farm animals regarded as an asset or used for agricultural purposes, or any animal kept for use or profit. This includes farm dogs.

### Notes:

- Contracts of domestic pet insurance are not subject to levy if they are not contracts of fire insurance.
- Some livestock insurance contracts do not cover loss caused by fire and therefore are not subject to levy.

### Example 1

A contract of fire insurance covers livestock with a sum insured of \$100,000.

$\$100,000 \times 0.0194\% = \text{Levy payable } \$19.40$

### Example 2

A contract of fire insurance covers farm buildings, farm equipment, livestock, one residential building and household property. Each property type has a specified value.

The amounts of levy payable are calculated differently depending on the property type. The individual insured values are:

- Farm buildings \$1,200,000 (non-residential/commercial property levy rate applies)
- Farm equipment \$400,000 (non-residential/commercial property levy rate applies)
- Livestock \$200,000 (25% of non-residential/commercial property levy rate applies)

<sup>36</sup> [Regulation 10](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>37</sup> [Regulation 11](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

- Residential building \$800,000 (residential building rate and maximum levy of \$107.40 applies)
- Household property \$150,000 (household property rate and maximum levy of \$21.48 applies)

Property type	Sum insured	Levy rate	Levy payable
Farm buildings	\$1,200,000.00	0.0776%	\$931.20
Farm equipment	\$400,000.00	0.0776%	\$310.40
Livestock	\$200,000.00	0.0194%	\$38.80
Residential building	\$800,000	0.1074%	\$859.20; maximum levy of \$107.40 applied
Household property	\$150,000	0.1074%	\$161.10; maximum levy of \$21.48 applied
			<b>\$1,409.28</b>

## Levy applied to contract works insurance

A **contract of contract works insurance** is a contract of insurance relating primarily to property that is being built or altered under which the property is insured against loss or damage, including loss or damage by fire.<sup>38</sup>

Where the sum insured of a contract of contract works insurance (other than for existing property) represents the amount for which the property, once complete, might reasonably be insured, levy is charged at 3.88 cents per \$100 insured (0.0388%).<sup>39</sup> There is no maximum amount of levy payable per year prescribed.

Where the sum insured of a contract of contract works insurance (other than for existing property) does not represent the estimated completed value of the property, levy is charged at the full non-residential/commercial rate of 7.76 cents for every \$100 of the sum insured (0.0776%) with no discount or cap applied. An example of this is where the sum insured may be progressively increased on a monthly or greater period basis.

Where a contract works insurance policy covers existing property (i.e. property that existed before the contract works commenced and is being altered rather than newly built), different levy rules apply.<sup>40</sup>

The contract works levy rate (3.88 cents per \$100 insured) does not apply to the value of existing property. This is because the sum insured under a contract works policy does not reflect the full insurable value of the property once alterations are complete.

Instead, levy on existing property is calculated using the standard fire insurance levy rates:

- 7.76 cents per \$100 insured (0.0776%) for non-residential/commercial property
- 10.74 cents per \$100 insured (0.1074%) for residential property, capped at \$107.40 per dwelling

An exemption applies under regulation 18(1)(m) where the existing property is also insured under another contract of fire insurance. In this case, no additional levy is payable under the contract works policy, as levy is already being paid on that property.

<sup>38</sup> [Regulation 3](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>39</sup> [Regulation 12](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

<sup>40</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

If the existing property is not insured under any other fire insurance policy, levy is payable on that property under the contract works insurance using the rates above.

Items that are exempt from levy are not exempt while under construction unless specified in the exemption wording, i.e.:

- a bridge, road, street or path, including while it is under construction
- a tunnel, including while it is under construction.<sup>41</sup>

This means items such as a boat or ship have levy charged while under construction and become exempt from levy once the construction period ends. Contract works policies for boat builders (construction of or repair) have the levy calculated on the insured value of the construction work for the period from the time the boat builder's insurance commences until either the boat is launched or policy termination at the levy rate of at 3.88 cents per \$100 insured (0.0388%). If a boat being built includes a trailer being built as a separate identifiable item, levy should be charged on that trailer from the time the trailer is finished being built and is able to be used as a trailer.

The levy should be charged on the contract price and the value of any other property to be part of the contract.

For calculation purposes:

Sum insured = value of the construction contract + variations (if any) + principal supplied materials (if any) + inflationary provision during the period of the contract works

How levy is charged on contract works insurance is determined by the type of insurance contract arranged and whether levy is already paid in respect of existing property under another insurance contract.

### Single project contract works insurance

Levy is calculated as determined above on:

- the contract works sum insured; and
- the sum insured (if any) of the value of items incorporated or to be incorporated in the contract works that are not included in the contract works sum insured; and
- the sum insured of existing property (if any).

Levy is charged on a pro-rated basis for the period of the insurance contract (and the period of the maintenance period) if insuring real property against the risk or consequence of fire. Levy is paid upfront by the due date based on the sum(s) insured and date the contract of insurance was entered into.

#### Example 1

Property under construction is insured under a contract of contract works insurance with a \$4,000,000 sum insured (representing the estimated completed value of the contract works) for the period from 1 July 2026 to 31 December 2026 (184 days). There is no existing property. All materials supplied by the principal to be incorporated into the contract are included within the contract works sum insured. A defects liability period of six months applies; cover during the defects liability period does not extend to cover the peril of fire.

$\$4,000,000 \times 0.0388\% = \text{Annual levy payable } \$1,552.00$

Pro-rata calculation for 1 July 2026 to 31 December 2026 (184 days):

$\$1,552.00 \times (184 \div 365) = \text{Levy payable } \$782.38$

<sup>41</sup> [Regulation 18](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

**Example 2**

An existing residential property currently insured for \$2,000,000 under a homeowner's policy commences renovation construction work insured under a contract works insurance contract for \$1,000,000. The contract period is for 12 months. The existing homeowner's policy remains in force.

The total contract works contract covers \$3,000,000 comprised of \$2,000,000 of existing property and \$1,000,000 of renovation works to be completed. In this scenario, the existing property is covered under the homeowner's policy, therefore it is exempt; the levy is only calculated on the \$1,000,000 renovation works.

$\$1,000,000 \times \text{contract works rate of } 0.0388\% = \text{Levy payable } \$388.00$

**Example 3**

An existing residential property **NOT** currently insured and about to undergo an extensive renovation has a value of \$1,500,000 and cover for the existing property and the renovation is to be provided for this property under the contract works policy for all perils including fire. The renovation construction work insured under the contract works insurance contract has a sum insured of \$500,000. The contract has a sum insured of \$2,000,000 and the period is for 12 months.

Existing residential structure calculation

$\$1,500,000 \times 0.1074\% = \$1,611.00$ ; maximum levy of \$107.40 applies

Contract works calculation

$\$500,000 \times 0.0388\% = \text{Levy payable } \$194.00$

Total levy payable =  $\$107.40 + \$194.00 = \$301.40$

**Example 4**

An existing non-residential/commercial building **currently insured** for \$50,000,000 is subject to a renovation upgrade and has a contract works policy covering the works for \$75,000,000. The commercial buildings existing material damage policy is still in force. The contract works period is for 12 months.

The total contract works contract covers \$125,000,000 comprised of \$50,000,000 of existing property and \$75,000,000 of renovation works to be completed. In this scenario, the existing property is covered under an existing commercial policy, therefore it is exempt; the levy is only calculated on the \$75,000,000 renovation works.

$\$75,000,000 \times 0.0388\% = \text{Levy payable } \$29,100.00$

**Example 5**

An existing commercial property **NOT** currently insured and about to undergo an extensive renovation has a value of \$10,000,000 and cover for the existing property and the renovation is to be provided for this property under the contract works policy for all perils including fire. The renovation construction work insured under the contract works insurance contract has a sum insured of \$5,000,000. The contract has a sum insured of \$15,000,000 and the period is for 12 months.

Existing commercial structure calculation

$\$10,000,000 \times 0.0776\% = \$7,760.00$

Contract works calculation

$\$5,000,000 \times 0.0388\% = \text{Levy payable } \$1,940.00$

Total levy payable =  $\$7,760.00 + \$1,940.00 = \$9,700.00$

**Example 6**

Property under construction is insured under a contract of contract works insurance with a \$4,000,000 sum insured (representing the estimated completed value of the contract works) from 1 July 2026 to 31 December 2026 (184 days). There was no pre-existing property. \$500,000 of additional items are to be incorporated into the contract works.

Contract works sum insured

$\$4,000,000 \times 0.0388\% = \text{Annual levy payable } \$1,552.00$

Additional items are to be incorporated into the contract works sum insured:

$\$500,000 \times 0.0388\% = \text{Annual levy payable } \$194.00$

Pro-rata calculation for 1 July 2026 to 31 December 2026 (184 days) for the period of construction:

$(\$1,552.00 + \$194.00) \times (184 \div 365) = \text{Levy payable } \$880.18$

**Example 7**

Property under construction is insured under a contract of contract works insurance based on progress payments for a total estimated completed value of \$4,000,000 for 1 July 2026 to 31 December 2026 (184 days). There is no existing property. All items to be incorporated into the contract are included within the contract works sum insured.

The levy rate applicable is 0.0776% with no discount.

- Value of works to be undertaken from 1 July 2026 to 31 August 2026 (62 days) \$500,000
- Value of works to be undertaken from 1 September 2026 to 31 October 2026 (61 days) \$3,000,000
- Value of works to be undertaken from 1 November 2026 to 31 December 2026 (61 days) \$500,000

Levy calculation:

- Period 1:  $\$500,000 \times 0.0776\% = \text{Levy payable } \$388.00 \times (62 \div 365)$  is \$65.91
- Period 2:  $\$3,500,000 (\$500,000 + \$3,000,000) \times 0.0776\% = \text{Levy payable } \$2,716.00 \times (61 \div 365)$  is \$453.91
- Period 3:  $\$4,000,000 (\$500,000 + \$500,000 + \$3,000,000) \times 0.0776\% = \text{Levy payable } \$3,104.00 \times (61 \div 365)$  is \$518.75

$\$65.91 + \$453.91 + \$518.75 = \text{Total levy payable } \$1,038.57$

**Example 8**

A boat under construction is insured under marine boat builders contract works insurance with a sum insured of \$400,000 and a provisional or estimated period of 12 months.

$\$400,000 \times 0.0388\% = \text{Levy payable } \$155.20$

**Annual turnover contract works policies**

With this type of policy, the premium is based on an estimated value of works to be insured under the contract of fire insurance, with the premium payable upon the commencement of the annual policy.

The estimated value of works (annual turnover) which are covered by the policy is deemed to be the sum insured for this annual contract works policy.

The period of insurance is the period as stated on the contract (which in most annual turnover policies is 12 months). The insurance period is not pro-rated to the construction period; the only time pro-rata calculations apply is if the period of insurance is longer or shorter than one year.

The levy rate of 3.88 cents per \$100 (0.0388%) is charged on this sum insured.

End of period adjustments may be made if the actual turnover differs.

Annual turnover × contract works levy rate = Levy payable

### Example

Property under construction is insured under annual turnover construction insurance with a period of insurance of 12 months. The policy notes a maximum construction period allowed of 6 months. The insured has an estimated annual turnover of \$6,000,000. The levy is not pro-rated as the period of insurance is 12 months.

$\$6,000,000 \times 0.0388\% = \text{Levy payable } \$2,328.00$

### Annual declaration contracts of contract works insurance

With this type of contract of contract works insurance, the premium is based on each contract the insured declared to the insurer.

As levy is payable on each contract, the levy rules for [single project contracts of contract works policies](#) apply to each contract declared under the annual declaration contract of contracts works insurance policy.

The date levy is due is based on the commencement date of each declared contract.

### Policies with loss limits

The sum insured of the property as stated in the schedule is the amount that will be paid out in the event of a total loss situation. This means if a contract of fire insurance specifies that the insurer will pay for loss or damage up to a specified limit, this limit can be used as the sum insured for the calculation of levy.

The levy may be calculated on the first loss limit if:

- a loss limit can be clearly established in the contract
- the loss limit includes the risk and consequence of fire.

Some contracts of insurance contain a separate loss limit for the risk and consequences of fire. The levy payable may be calculated on the separate fire loss limit for the risk and consequences of fire if:

- this fire loss limit can be clearly established in the contract
- the fire loss limit includes the risk and consequence of fire.

### Example

A contract of fire insurance covers multiple commercial properties. The maximum insured values of each individual property add up to \$2,000,000. However, the schedule of the contract of fire insurance specifies that the fire loss limit is \$700,000..

The sum insured is \$700,000.

$\$700,000 \times 0.0776\% = \text{Levy payable } \$543.20$

### Composite policies

A levy is payable in respect of:

- a motor vehicle that is the subject of a contract of motor vehicle insurance
- any property, other than a motor vehicle, that is insured under a contract of fire insurance.

Where a policy covers multiple property types, each is calculated based on the sum insured specified for the property type covered, with the levy rate and any applicable maximum limits applied.

**Example**

A composite policy covers a house for \$600,000, contents for \$80,000 and 2 motor vehicles.

The house meets the definition of a residential property; the contents meet the definition of household property; and there are 2 motor vehicles. The calculations are:

Residential property  $\$600,000 \times 0.1074\% = \$644.40$ ; maximum levy payable \$107.40

Household property  $\$80,000 \times 0.1074\% = \$85.92$ ; maximum levy payable \$21.48

Motor vehicles  $2 \times \$25.00 = \text{Levy payable } \$50.00$

$\$107.40 + \$21.48 + \$50.00 = \text{levy payable } \$178.88$

**Minimum and deposit premiums**

In some cases, a minimum and/or deposit premium is charged at the beginning of the policy period so that it can be adjusted at the end of the policy period due to any changes in the declared sum insured. In such cases, the levy should be charged at the beginning of the insurance period based on the estimated turnover or sending to be covered by the policy that will represent the provisional sum insured. The levy can be adjusted at the end of the policy period to make allowances for any changes to declared sums insured.

**Who pays the levy**

The person or entity who is responsible for calculating and making payment of levy and submitting the appropriate forms depends on how the insurance cover is being arranged:<sup>42</sup>

**Contracts of insurance placed with New Zealand licensed insurers**

If a contract of fire insurance or contract of motor vehicle insurance is placed with New Zealand licensed insurers, each insurer is jointly and severally liable for paying the levy (**insurer**).<sup>43</sup>

**Contracts of insurance placed with offshore insurers by New Zealand insurance intermediaries**

If a contract of fire insurance or contract of motor vehicle insurance is placed only offshore but a New Zealand insurance intermediary is involved, then the insurance intermediary is liable for paying the entire levy (**insurance intermediary**).

**Contracts of insurance placed with a mix of New Zealand licensed insurers and offshore insurers with New Zealand insurance intermediaries**

If a contract of fire insurance or contract of motor vehicle insurance is placed with a mix of New Zealand licensed insurers and offshore insurers with a New Zealand insurance intermediary, then both the insurers and the insurance intermediary are jointly and severally responsible for paying the entire levy (**insurer & insurance intermediary**).

**Direct payers**

If a contract of fire insurance or contract of motor vehicle insurance is not placed with a New Zealand insurer or via a New Zealand insurance intermediary, then the insured party is liable to pay levy directly to Fire and Emergency (**direct payer**).

**Overseas currencies and multi-national policies**

When dealing with overseas policies, make sure you convert all values in the local currency to New Zealand Dollars (NZD).

<sup>42</sup> [Sections 86\(1\)](#) and [87\(1\) and \(3\)](#) of the Fire and Emergency New Zealand Act 2017

<sup>43</sup> [Section 92](#) of the Fire and Emergency New Zealand Act 2017

If a policy covers multiple countries, the New Zealand portion or limit may be used to calculate the levy using the New Zealand risk limit specified in the policy or schedule.

When making a payment of levy from an offshore bank account, ensure bank fees/costs are paid in full by the levy payer.

GST is payable in addition to any amount of levy at the current New Zealand GST rate of 15%.

## Forms

All payments of Fire and Emergency levy must be submitted with the appropriate forms depending on the situation, as per the table below:

Situation	Party responsible	Forms required
A contract of fire insurance or contract of motor vehicle insurance is placed with a New Zealand licensed insurer.	<b>Insurer</b>	Levy Return Form 8 Levy Return Spreadsheet
A New Zealand-based insurance intermediary places a contract of fire insurance or motor vehicle insurance offshore.	<b>Insurance intermediary</b>	Levy Return Form 8 Levy Return Spreadsheet
A contract of fire insurance or contract of motor vehicle insurance is placed with an offshore insurer with no New Zealand licensed insurer or insurance intermediary involved.	<b>Direct payer</b>	Levy Return Form 9

The forms and a Levy Return Spreadsheet example are available on the Fire and Emergency website: [Levy payments and forms](#).

## Levy due date

Levy is due no later than the 15th day of the third month after the end of the month in which the contract of insurance was entered into.<sup>44</sup>

For example, if a policy is entered into between 1 July 2026 to 31 July 2026, levy is payable in full no later than 15 October 2026, regardless of when the premium is paid or received by the liable levy payer.

Late payments may incur interest and/or shortfall penalty. Please refer to [Interest and shortfall penalties](#) to read our interest charging policy.

Fire and Emergency endeavours to educate the levy payer about their obligations to pay the levy and sends reminder letters to people who have previously paid directly to us. However, the calculation and payment of the levy ultimately fall on the party who is responsible for payment.<sup>45</sup>

Where it is impractical to calculate the exact levy by the due date:

- payment may be made based on a reasonable estimate
- the estimate must be paid by the due date.

When the actual levy becomes known, the person liable to pay the levy must notify Fire and Emergency of any difference.

<sup>44</sup> [Section 88](#) of the Fire and Emergency New Zealand Act 2017

<sup>45</sup> [Sections 86](#) and [87\(2\) and \(4\)](#) of the Fire and Emergency New Zealand Act 2017

In these cases:

- overpayments will be refunded in accordance with the Regulations
- underpayments must be paid promptly
- interest and any applicable shortfall penalty may apply to unpaid amounts.

## Making a payment

### Documents to submit

Insurers and insurance intermediaries are required to submit client policy information as a Levy Return Form 8 and a Levy Return Spreadsheet with the information specified in [regulation 21](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024.

The Levy Return Form states the total amount of levy and GST payable from the levy payer in relation to the relevant month. This includes the aggregate value of levy paid in respect of each type of property or policy.

The Levy Return Spreadsheet should contain the following details for each contract of insurance entered into by the levy payer in the relevant month for which levy of \$1,000 or more was payable (including credits/adjustments of -\$1,000 or more):

- Policyholder name
- Policy number (optional)
- Policy type or class of property
- Sum insured (or portion of amount insured if more than one class of property) (optional)
- Number of motor vehicles covered (if applicable)
- Policy start date
- Policy end date
- Fire and Emergency Levy (FEL) amount
- GST amount
- Effective date of endorsement (if applicable)

### Direct payers

When insurance policies are placed offshore and there is no New Zealand based insurer or insurance intermediary involved, the insured party is responsible for making payment to Fire and Emergency directly. If you have previously paid levy directly to Fire and Emergency, the Levy Team will usually send you reminder notices. We email these reminders at least one month prior to the payment due date.

However, the onus and ultimate responsibility for payment always remains with the levy payer. We may charge penalties irrespective of whether we provide a reminder.

These reminders can be emailed to no more than two addresses. If you wish to change or update the contact details for your organisation, please contact us at [FEL@fireandemergency.nz](mailto:FEL@fireandemergency.nz)

The Levy Team does not send monthly reminders to insurance companies or insurance intermediaries.

Direct payers are required to submit Levy Return Form 9 with the levy payment for each period of insurance. This form can be completed by a representative of the property owner provided they are authorised by the company or property owner and have all the relevant insurance information to ensure the levy position taken is accurate and in accordance with the Fire and Emergency New Zealand Act 2017.

## Where to send payment

Levy payments can be made to our bank account:

Fire and Emergency New Zealand Bank of New Zealand

North End Branch – Wellington 02-0536-0062111-00

SWIFT: BKNZ22

Ensure that the reference 'Levy' and your client number is included in the Particulars field.

**Note:** Your client number is printed on the top right of all letters that the Levy Team issue. If you do not know your client number, please contact us at [FEL@fireandemergency.nz](mailto:FEL@fireandemergency.nz).

## Levy refunds

From time to time, levy payers may need to request a refund of levy.

Adjustments to current periods of insurance such as endorsements, annual wash-ups, provisional payment adjustments and policy cancellations are not considered refunds for the purposes of refund. Adjustments can be made via the monthly levy return submission.

A refund is due when a levy payer takes a levy position that is incorrect and therefore they overpay levy. For example, a levy payer has paid levy on property that is exempt from levy and is due a partial refund for the exempt property over multiple periods of insurance where they took the incorrect levy position.

Where a prospective refund is less than \$10,000 of levy and relates to the current insurance period, insurers and insurance intermediaries can process an amendment to a current year policy without needing to make a formal request – it can be processed through their levy return spreadsheet.<sup>46</sup>

Direct payers who pay levy to Fire and Emergency for insurance policies placed offshore that have any policy changes that result in an adjustment or cancellation should contact Fire and Emergency for these to be processed directly.

For refunds over \$10,000 of levy, or refunds that relate to prior insurance periods, 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, 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 sum insured and property types (if applicable)
- any other relevant information or documentation relating to the refund request.

Levy will only be refunded to the party who made the original payment to Fire and Emergency. If payment was made by multiple insurers and insurance intermediaries, the refund will be issued to each party based on their respective portion.

<sup>46</sup> [Regulation 24\(3\)](#) of the Fire and Emergency New Zealand (Levy) Regulations 2024

## Mid-term adjustments

Schedule 1, Part 2, clause 52 of the Act allows transitional levy arrangements from [Schedule 1, Part 1, subpart 3](#) to continue to apply for certain contracts entered into before 1 July 2026.

Transitional levy arrangements continue to apply in respect of:

- a contract of fire insurance that was entered into on or before 30 June 2026 and is not varied on or after 1 July 2026
- a contract of fire insurance that was entered into on or before 30 June 2026 and is varied on or after 1 July 2026 if, at the time of the variation, the contract is intended to terminate on or before 30 June 2027
- a contract of contract works insurance that was entered into on or before 30 June 2026 and is varied on or after 1 July 2026 if, at the time of variation, the contract is intended to terminate on or before 30 June 2031.

### Notes:

- A variation includes a variation that changes the amount for which the property is insured under the contract.
- A contract of contract works insurance means a contract of fire insurance that relates primarily to property that is being built or altered.

## Interest and shortfall penalties

Where a levy payer takes a levy position that results in a levy shortfall, Fire and Emergency can charge interest on any unpaid levy and charge a shortfall penalty. We can also charge interest on any unpaid shortfall penalty.

### Interest

Fire and Emergency may charge a levy payer interest on any unpaid levy and unpaid shortfall penalties.<sup>47</sup>

Fire and Emergency is liable to pay interest:<sup>48</sup>

- to a levy payer who has paid too much levy, on the amount of any overpaid levy; and
- to a person who has paid too much shortfall penalty, on the amount of the overpaid penalty.

The amount of interest payable is determined by:<sup>49</sup>

- for unpaid levy, the due date a levy payer must pay levy to Fire and Emergency (15th of the third month – see [Levy due date](#))
- for unpaid shortfall penalties, the date on which the shortfall penalty is due.

<sup>47</sup> [Section 137\(1\) and \(3\)](#) of the Fire and Emergency New Zealand Act 2017

<sup>48</sup> [Section 137\(5\)](#) of the Fire and Emergency New Zealand Act 2017

<sup>49</sup> [Section 138](#) of the Fire and Emergency New Zealand Act 2017

## Calculating interest

Interest is calculated for each day in the interest period using the formula:<sup>50</sup>

$$t \times r \div 365$$

Where:

**t** is the unpaid or overpaid levy or the unpaid or overpaid shortfall penalty on which the interest is payable

**r** is the [relevant interest rate](#)

**Interest period** means:<sup>51</sup>

- (a) in relation to unpaid levy or unpaid shortfall penalty, the period (both dates inclusive):
  - (i) beginning on the day after the due date of payment of the unpaid levy or shortfall penalty; and
  - (ii) ending on the date the levy or shortfall penalty is paid
- (b) in relation to overpaid levy or overpaid shortfall penalty, the period (both dates inclusive):
  - (i) beginning on the day after the later of the due date and the date on which the overpaid levy or shortfall penalty was paid; and
  - (ii) ending on the date on which the overpaid levy or overpaid shortfall penalty is refunded by Fire and Emergency.

**Relevant interest rate** means:<sup>52</sup>

In relation to:	Paying rate (per annum)
unpaid levy and unpaid shortfall penalty, the taxpayer's paying rate	8.97% <sup>53</sup>
overpaid levy or overpaid shortfall penalty, the Commissioner's paying rate	2.25% <sup>54</sup>

**Note:** The above rates are effective from 16 January 2026 and subject to change by an Order in Council made under [section 120H](#) of the Tax Administration Act 1994.

### Example

Policyholder took a policy out on the 1 July 2026 with Insurer A which had a levy amount of \$100,000 payable to Fire and Emergency by 15 October 2026. This was paid to Fire and Emergency on 15 December 2026 (two months late).

The interest period is 16 October 2026 to 14 December 2026, which equals 60 days. Interest is calculated for each day in the interest period using the formula:

$$t \times r \div 365$$

Where:

**t** = the unpaid levy on which the interest is payable (\$100,000)

**r** = the relevant interest rate (8.97%)

$$\text{Interest payable} = \$100,000 \times 8.97\% \div 365 \times 60 = \$1,474.52$$

<sup>50</sup> [Section 138](#) of the Fire and Emergency New Zealand Act 2017

<sup>51</sup> [Section 138](#) of the Fire and Emergency New Zealand Act 2017

<sup>52</sup> [Section 138](#) of the Fire and Emergency New Zealand Act 2017

<sup>53</sup> [Regulation 2](#) of the Taxation (Use of Money Interest Rates) Regulations 1998

<sup>54</sup> [Regulation 3](#) of the Taxation (Use of Money Interest Rates) Regulations 1998

## Interest is priority when allocating a payment

If a levy payer has levy or shortfall penalty to pay and the levy payer is liable to pay interest on the unpaid levy or unpaid shortfall penalty, any payment that Fire and Emergency receives on account of the levy payer's liability to pay the unpaid levy or unpaid shortfall penalty and interest must first be applied towards payment of interest.<sup>55</sup>

## Interest payable immediately

Interest payable to Fire and Emergency under [subpart 6](#) of Part 3 of the Act is payable immediately.<sup>56</sup>

## Shortfall penalty

A levy payer is liable to pay a shortfall penalty if:

- the levy payer takes a levy position that results in a levy shortfall; and
- Fire and Emergency determines:
  - the levy payer has **not taken reasonable care** in taking the levy position;<sup>57</sup> or
  - it is an **unacceptable levy position**, and the levy shortfall is greater than both:
    - \$1,000; and
    - 1% of the amount of levy that is payable for the correct levy position;<sup>58</sup> or
  - it is an **abusive levy position**;<sup>59</sup> or
  - the levy payer is **grossly careless** in taking the levy position.<sup>60</sup>

A shortfall penalty is liable to be paid to Fire and Emergency on or before the due date for payment that Fire and Emergency notifies to the person liable. This due date for payment must be not less than 20 working days after the date on which Fire and Emergency notifies the person of the due date.

Shortfall penalty	% of the levy shortfall
Not taken reasonable care	20%
Unacceptable levy position	20%
Gross carelessness	40%
Abusive levy position	100%

### Example

Fire and Emergency determines that a levy payer's levy position has resulted in levy shortfall of \$100,000. The levy shortfall penalty would be one of the following:

Not taken reasonable care = \$100,000 × 20% = \$20,000

Unacceptable levy position = \$100,000 × 20% = \$20,000

Gross carelessness = \$100,000 × 40% = \$40,000

Abusive levy position = \$100,000 × 100% = \$100,000

<sup>55</sup> [Section 139](#) of the Fire and Emergency New Zealand Act 2017

<sup>56</sup> [Section 140](#) of the Fire and Emergency New Zealand Act 2017

<sup>57</sup> [Section 104](#) of the Fire and Emergency New Zealand Act 2017

<sup>58</sup> [Section 105](#) of the Fire and Emergency New Zealand Act 2017

<sup>59</sup> [Section 107](#) of the Fire and Emergency New Zealand Act 2017

<sup>60</sup> [Sections 103](#) and [106](#) of the Fire and Emergency New Zealand Act 2017

## Reductions to shortfall penalty provisions

Sections 108 to 110 of the Act provide for Fire and Emergency to reduce the shortfall penalty.

- **Reduction of penalty for previous behaviour** ([section 108](#))

A shortfall penalty that is payable under any of sections 104 to 107 of the Act is reduced if the levy payer is not:

- convicted of a disqualifying offence; or
- liable for a disqualifying penalty.

- **Reduction of penalty for disclosure of unacceptable levy position** ([section 109](#))

A shortfall penalty payable under section 105 (unacceptable levy position) or section 107 (abusive levy position) is reduced if, in Fire and Emergency's opinion, the levy payer has made adequate disclosure of the levy position at the time at which the levy payer takes the levy position.

- **Reduction of penalty for voluntary disclosure of levy shortfall** ([section 110](#))

A shortfall penalty payable under any of sections 104 to 107 is reduced if Fire and Emergency considers that full voluntary disclosure is made to Fire and Emergency by any of the insurer, the policy holder or the insurance intermediary of all the details of the levy shortfall before Fire and Emergency issues a notice of levy shortfall.

Shortfall reduction	% reduction on shortfall penalty
Previous behaviour	50%
Disclosure of unacceptable levy position	50%
Voluntary disclosure of levy shortfall	50%

### Example

Policyholder took a policy out on the 1 July 2026 with Insurer A which had a levy amount of \$100,000 payable to Fire and Emergency by 15 October 2026. This was paid to Fire and Emergency on 15 December 2026 (two months late).

Fire and Emergency determined that the levy position was due to the levy payer not taking reasonable care and advised them of the shortfall penalty on the 20 December 2026. The due date for this demand was 31 January 2027.

Payment of this shortfall penalty wasn't received by Fire and Emergency until 30 June 2027 (149 days after the due date).

Interest on levy shortfall:

$$\$100,000 \times 8.97\% \div 365 \times 60 = \$1,474.52$$

Shortfall penalty (not taking reasonable care):

$$\$100,000 \times 20\% = \$20,000$$

In this case, as the shortfall penalty was due to not taking reasonable care, reductions for previous behaviour and voluntary disclosure of levy shortfall could apply, thus reducing the shortfall penalty by 50%.

Shortfall penalty	\$20,000.00
Less: Previous behaviour reductions (50%)	\$10,000.00
Less: Voluntary disclosure of levy (50%)	\$5,000.00
<b>Total shortfall penalty</b>	<b>\$5,000.00</b>

Interest on shortfall penalty:

$$\$5,000 \times 8.97\% \div 365 \times 149 = \$183.09$$

Interest on levy shortfall	\$1,474.52
Total shortfall penalty	\$5,000.00
<b>Total owed (demand notice sent 31 Jan 2027)</b>	<b>\$6,474.52</b>
<b>Interest on shortfall penalty (second invoice issued 30 June 2027)</b>	<b>\$183.09</b>

### Joint and several liability

Each of the insurer, the policyholder and every insurance intermediary who arranged a contract of insurance is jointly and severally liable to pay a shortfall penalty.<sup>61</sup>

However, the insurer, policyholder or insurance intermediary is not jointly and severally liable to pay a shortfall penalty if:

- they were not involved in the contravention; or
- their contravention was due to reasonable reliance on information supplied by another person; or
- both of the following apply:
  - their contravention was due to the act or default of another person, or to an accident or to some other cause beyond their control; and
  - they took reasonable precautions and exercised due diligence to avoid the contravention.

### Other matters

Requests for information from time to time: Fire and Emergency may seek confirmation of the insurance arrangements or status directly from companies, entities or policyholders by requesting that they complete a Request for Information Form. We may issue these for one or more of the following reasons:

- to establish liability for levy (if any)
- to identify which party is responsible for levy payment to Fire and Emergency
- to ascertain whether the provisions of the Act have been complied with in relation to a levy payment made
- to update or validate existing insurance records to ensure Fire and Emergency holds accurate information.

<sup>61</sup> [Section 111](#) of the Fire and Emergency New Zealand Act 2017

Insurers or insurance intermediaries may help by providing copies of the policy documents such as schedules, valuation certificates, invoices or any other information showing the property insured and the insured values.

## Record-keeping

Levy payers and insurance intermediaries must keep records for seven years. For these purposes, those records are:

- copies of every contract of fire insurance and motor vehicle insurance entered into or arranged by the levy payer or insurance intermediary
- records of every payment of levy made by the levy payer or insurance intermediary
- any other information the levy payer or insurance intermediary is required to keep under regulations made under [section 141](#) of the Act.<sup>62</sup>

It is an offence to knowingly, and without reasonable excuse, contravene this requirement. Individuals face up to two months in prison or a maximum fine of \$25,000. Other persons face a maximum fine of \$50,000.

## Audits

Each year, Fire and Emergency may audit a selection of insurers, insurance intermediaries and direct levy payers to ascertain whether they have complied with the provisions of the Act in relation to levy payment.<sup>63</sup>

Once the audit is complete and both parties have agreed, Fire and Emergency will refund any overpayments and invoice for any levy shortfalls, including any shortfall penalty and interest if applicable.

## Analysis

Every month, Fire and Emergency will review levy return data at an individual client level and investigate any anomalies. These investigations may result in Fire and Emergency asking the levy payer to explain or provide more information about any anomalies identified.

These individual anomalies may be for a range of items, including but not limited to:

- Assumed missing payments, e.g.:
  - we received a payment for a client this year but did not receive a corresponding payment for the same period last year; or
  - we received a payment for the same period last year but have not received a corresponding payment this year.
- Material variances, e.g. we have identified a material variance between the payment received this year compared to the payment received in prior years.

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<sup>62</sup> [Section 94](#) of the Fire and Emergency New Zealand Act 2017

<sup>63</sup> [Section 95](#) of the Fire and Emergency New Zealand Act 2017

## Key terms

Here are some key terms used in this guide and where relevant their definitions under the Fire and Emergency New Zealand Act 2017 and the Fire and Emergency New Zealand (Levy) Regulations 2024.

Term	Definition
<b>abusive levy position</b> (in relation to shortfall penalties)	means a levy position— <ul style="list-style-type: none"> <li>(a) that is an unacceptable levy position at the time at which the levy position is taken; and</li> <li>(b) that, viewed objectively, the levy payer takes—               <ul style="list-style-type: none"> <li>(i) in respect of, or because of, an arrangement that is entered into with a dominant purpose of avoiding levy, whether directly or indirectly; or</li> <li>(ii) with a dominant purpose of avoiding levy, whether directly or indirectly.</li> </ul> </li> </ul>
<b>acceptable levy position</b> (in relation to shortfall penalties)	means a levy position that meets the standard of being about as likely as not to be correct
<b>aircraft</b>	has the same meaning as in <a href="#">section 5</a> of the Civil Aviation Act 2023:  means any machine that can derive support in the atmosphere from the reactions of the air otherwise than by the reactions of the air against the surface of the earth
<b>ancillary residential property</b>	means a building or another immovable structure, or part of a building or another immovable structure, of a mixed-use property— <ul style="list-style-type: none"> <li>(a) that is not part of a dwelling; and</li> <li>(b) that is available for use by the owner or occupant of a dwelling, either exclusively or in common with owners or occupants of any other dwelling in the mixed-use property,—               <ul style="list-style-type: none"> <li>(i) for residential purposes such as parking, storage, or to house service infrastructure; or</li> <li>(ii) for access to the dwelling or dwellings; and</li> </ul> </li> <li>(c) that is not <a href="#">mixed-use common property</a></li> </ul>
<b>contract of contract works insurance</b>	means a contract of fire insurance that relates primarily to property that is being built or altered
<b>contract of deductible buydown insurance</b>	means a contract of fire insurance that provides cover, in relation to property, up to the amount of the deductible or excess of any other contract of fire insurance under which the property is insured
<b>contract of fire insurance</b>	<ul style="list-style-type: none"> <li>(a) means a contract of insurance, within the meaning of <a href="#">section 7</a> 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</li> <li>(b) does not include a contract of reinsurance within the meaning of <a href="#">section 6(1)</a> of that Act</li> </ul>

Term	Definition
	<p><b>Note:</b> A contract of fire insurance includes any policy insuring fire as a secondary cause, such as an earthquake only policy which insures fire following earthquake.</p>
contract of insurance	means a contract of fire insurance or a contract of motor vehicle insurance
contract of insurance for war or terrorism risk	means a contract of fire insurance under which property is insured against loss or damage by war or terrorism
contract of motor vehicle insurance	<p>(a) means a contract of insurance, within the meaning of <a href="#">section 7</a> of the Insurance (Prudential Supervision) Act 2010, relating to a motor vehicle under which either or both of the following apply:</p> <ul style="list-style-type: none"> <li>(i) the motor vehicle is insured against physical loss or damage;</li> <li>(ii) any person is insured against third party liability in connection with the use of the vehicle; but</li> </ul> <p>(b) does not include a contract of reinsurance within the meaning of <a href="#">section 6(1)</a> of that Act</p>
dwelling	<p>(1) A building or part of a building is a dwelling if—</p> <ul style="list-style-type: none"> <li>(a) it is self-contained with the facilities necessary for day-to-day living on an indefinite basis (including somewhere to cook, sleep, live, wash, and use a toilet); and</li> <li>(b) 1 or more of the following apply to it: <ul style="list-style-type: none"> <li>(i) it is used by 1 or more persons to live in as their home;</li> <li>(ii) it is used by 1 or more persons as their holiday home;</li> <li>(iii) it is capable of being, and is intended by its owner to be, used for a purpose set out in subparagraph (i) and (ii).</li> </ul> </li> </ul> <p>(2) A building, or part of a building, is also a dwelling if it is used to provide long-term accommodation for the elderly.</p> <p>(3) A building, or part of a building, that meets the criteria in subsection (1) or the criterion in subsection (2) is a dwelling even if it is used some of the time to provide temporary or transient accommodation.</p> <p><i>Some facilities in separate building</i></p> <p>(4) A building, or part of a building, may meet the criteria in subsection (1)(a) even if some of the facilities referred to in that paragraph are in a separate structure, provided that they are for the exclusive use of the owners or other occupants of the dwelling.</p> <p><i>Dwelling that is not a building</i></p> <p>(5) If a vehicle (including a motor vehicle, trailer, boat, or aircraft) or structure (or part of a vehicle or structure) that is not ordinarily considered to be a building is immovable,—</p> <ul style="list-style-type: none"> <li>(a) it is taken to be a building (or part of a building); and</li> <li>(b) it is a dwelling if it meets the criteria in subsection (1).</li> </ul> <p><i>Large-scale accommodation</i></p> <p>(6) A building, or part of a building, is not a dwelling under subsection (1) (even if it meets the criteria in that subsection) if—</p> <ul style="list-style-type: none"> <li>(a) it is used to provide accommodation on a scale larger than is typical for use as the home of a single household; and</li> </ul>

Term	Definition
	<p>(b) it is not intended by the owner to be used as the home of a single household.</p> <p><i>Clarifying uncertainty</i></p> <p>(7) To avoid doubt, a building, or part of a building, is not a home or holiday home (and therefore not a dwelling under subsection (1)) if—</p> <p>(a) it is used to provide temporary or transient accommodation, being accommodation that is ordinarily provided for periods of less than 28 days at a time (such as a hotel or motel); or</p> <p>(b) it provides accommodation for persons who are not living there voluntarily (such as a prison); or</p> <p>(c) it is used primarily for a purpose other than accommodation (such as a hospital or an emergency care facility).</p>
<p><b>disqualifying offence</b> (in relation to reduction of shortfall penalty for previous behaviour)</p>	<p>means an offence under <a href="#">section 93</a>, <a href="#">94</a>, <a href="#">95</a>, or <a href="#">99</a> for which a conviction is entered in the relevant period</p>
<p><b>disqualifying penalty</b> (in relation to reduction of shortfall penalty for previous behaviour)</p>	<p>means a shortfall penalty other than the current penalty that—</p> <p>(a) relates to a levy position that is taken in the relevant period; and</p> <p>(b) if the current penalty is—</p> <p>(i) for gross carelessness or taking an abusive levy position, is a shortfall penalty for gross carelessness or taking an abusive levy position;</p> <p>(ii) for not taking reasonable care or taking an unacceptable levy position, is a shortfall penalty of any sort</p>
<p><b>gross carelessness</b> (in relation to shortfall penalties)</p>	<p>means doing or not doing something in a way that, in all the circumstances, suggests or implies complete or a high level of disregard for the consequences, and <b>grossly careless</b> has a corresponding meaning</p>
<p><b>household property</b></p>	<p>(a) means personal property that—</p> <p>(i) is located in or on residential property; or</p> <p>(ii) is usually located in or on residential property but is temporarily removed from the residential property; but</p> <p>(b) does not include property used solely or principally for commercial purposes</p>
<p><b>insurance intermediary</b></p>	<p>has the same meaning as in <a href="#">section 2(1)</a> of the Insurance Intermediaries Act 1994:</p> <p>(a) means a person—</p> <p>(i) who for reward arranges contracts of insurance in New Zealand or elsewhere; and</p> <p>(ii) who does so as the employee of or agent for 1 or more insurers or as the agent for the insured; and</p> <p>(b) includes a broker</p>
<p><b>insurer</b></p>	<p>means a person that carries on insurance business in New Zealand and that is liable as the insurer under a contract of insurance in respect of property</p>

Term	Definition
<b>levy payer</b>	<p>means—</p> <p>(a) an insurer who is liable to pay a levy to FENZ and under <a href="#">section 86</a> [of the Fire and Emergency New Zealand Act 2017]; or</p> <p>(b) if <a href="#">section 87</a> applies, a policyholder or an insurance intermediary who is liable to pay a levy to FENZ under that section</p>
<b>levy position</b>	<p>means a position or an approach taken in relation to a contract of insurance with regard to the levy payable in respect of any property under [Part 3 of the Fire and Emergency New Zealand Act 2017], including, without limitation, a position or an approach that—</p> <p>(a) no levy is payable in respect of the property; or</p> <p>(b) a levy payer is not required to file a return in respect of the property; or</p> <p>(c) the property has a particular sum insured</p>
<b>levy shortfall</b>	<p>means, in relation to a levy position that results in too little levy being paid or payable by the levy payer, the difference in the amount of levy payable under—</p> <p>(a) the correct levy position; and</p> <p>(b) the levy payer’s levy position</p>
<b>mixed-use property</b>	<p>means real property that is—</p> <p>(a) composed of both residential property and any other class or classes of real property; and</p> <p>(b) insured under 1 sum insured</p>
<b>mixed-use common property</b>	<p>means, in relation to a building or structure of a mixed-use property, the parts of the building or structure that are available for the common use of—</p> <p>(a) an owner or occupant of a dwelling of which the mixed-use property is composed; and</p> <p>(b) an owner or occupant of any other class of property of which the mixed-use property is composed.</p>
<b>motor vehicle</b>	<p>has the same meaning as in <a href="#">section 2(1)</a> of the Land Transport Act 1998:</p> <p>(a) means a vehicle drawn or propelled by mechanical power; and</p> <p>(b) includes a trailer; but</p> <p>(c) does not include—</p> <p>(i) a vehicle running on rails; or</p> <p>(ii) [Repealed]</p> <p>(iii) a trailer (other than a trailer designed solely for the carriage of goods) that is designed and used exclusively as part of the armament of the New Zealand Defence Force; or</p> <p>(iv) a trailer running on 1 wheel and designed exclusively as a speed measuring device or for testing the wear of vehicle tyres; or</p> <p>(v) a vehicle designed for amusement purposes and used exclusively within a place of recreation, amusement, or entertainment to which the public does not have access with motor vehicles; or</p> <p>(vi) a pedestrian-controlled machine; or</p>

Term	Definition
	<p>(vii) a vehicle that the Agency has declared under section 168A is not a motor vehicle; or</p> <p>(viii) a mobility device</p>
<p><b>relevant period</b></p> <p>(in relation to reduction of shortfall penalty for previous behaviour)</p>	<p>means the period—</p> <p>(a) beginning on the date that is 2 years before the date on which the levy payer takes the levy position that relates to the current penalty; and</p> <p>(b) ending on the date on which the levy payer takes the levy position that relates to the current penalty.</p>
<p><b>residential property</b></p>	<p>means real property that is composed of—</p> <p>(a) 1 or more dwellings; and</p> <p>(b) any other real property or class of real property that is used solely or principally for residential purposes, including the following real properties or classes of real property if used solely or principally for residential purposes:</p> <p>(i) land;</p> <p>(ii) a building or part of a building or other immovable structure such as a garage or garden shed;</p> <p>(iii) a bridge, a culvert, or a retaining wall and its support system;</p> <p>(iv) service infrastructure.</p>
<p><b>service infrastructure</b></p>	<p>means a structure or other fixture used to provide water supply, drainage, sewage, gas, electricity, heating or telecommunications</p>
<p><b>ship</b></p>	<p>has the same meaning as in <a href="#">section 2(1)</a> of the Maritime Transport Act 1994:</p> <p>means every description of boat or craft used in navigation, whether or not it has any means of propulsion; and includes—</p> <p>(a) a barge, lighter, or other like vessel;</p> <p>(b) a hovercraft or other thing deriving full or partial support in the atmosphere from the reaction of air against the surface of the water over which it operates;</p> <p>(c) a submarine or other submersible</p>
<p><b>sum insured</b></p>	<p>means—</p> <p>(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:</p> <p>(i) any amounts to be deducted before payment is made to the policyholder;</p> <p>(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</p> <p>(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:</p>

Term	Definition
	<p>(i) any amounts to be deducted before payment is made to the policyholder:</p> <p>(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</p> <p><b>Note:</b> The sum insured used for calculating the levy excludes GST.</p>
<b>third party liability</b>	means a person's liability to any other person arising from or in connection with a motor vehicle
<p><b>unacceptable levy position</b> (in relation to shortfall penalties)</p>	<p>(a) means a levy position that, viewed objectively, fails to meet the standard of being about as likely as not to be correct; but</p> <p>(b) does not include a levy position that is taken merely because of a mistake in the calculation or recording of numbers used in, or for use in preparing, a return.</p>

## FAQ

### Q: How is levy calculated on trailers?

**A:** If the policy provides cover for an 'insured vehicle' and an extension for 'any trailer towed by the insured vehicle', additional levy would not be payable on the trailer, as the trailer does not have to belong to the insured and the insured may not actually own or use a trailer during the policy period. However, if a trailer is specified in the schedule of insurance, then it would attract levy at the annual amount of \$25 per motor vehicle.

### Q: How is levy charged on boat + trailer policies?

**A:** A boat is included in the definition of a ship; therefore, the boat is exempt from levy. A trailer meets the definition of a motor vehicle; therefore, if a trailer is specified in the schedule of insurance, then it would attract levy at the annual amount of \$25 per motor vehicle.

### Q: How is levy charged on agricultural motor vehicles?

**A:** An agricultural motor vehicle is a vehicle that is designed, constructed or adapted for agricultural purposes. If the particular item meets the definition of a motor vehicle under the Land Transport Act 1998 and has not been declared not to be a motor vehicle, then levy is calculated at the annual amount of \$25 per motor vehicle. If they are not considered a motor vehicle, then levy is calculated at the non-residential/commercial property rate based on the sum insured.

### Q: How is levy calculated on growing and harvested crops?

**A:** Levy is payable on growing crops and harvested crops at the non-residential/commercial rate of 7.76 cents for every \$100 of the sum insured. The period of insurance as specified in the contract of insurance will determine the levy calculation based on the period of cover specified. For example:

- a contract of insurance covering a growing crop against the risk or consequence of fire may specify the period of insurance cover begins when the crop is fully emerged and established and ends when it is harvested. This period should be used to pro-rate the levy to the potential or expected growing period.
- a contract of insurance covering a harvested crop against the risk or consequence of fire may specify the period of insurance cover begins when the crop is gathered and ends after a certain period or maximum contract period. This period should be used to pro-rate the calculation of levy.

### Q: Will levy be refunded in the event of a total loss?

**A:** Levy is not refundable where a total loss event has occurred on a policy and the insured has exercised their rights under the insurance policy and a settlement is made. However, if a cancellation is occurring that results in a partial refund of premium on the policy, a pro-rata refund of levy may also occur.

### Q: Is levy payable on money?

**A:** A levy is payable in respect of any property that is insured under a contract of fire insurance. This means if money is insured against the risk of fire, then levy is payable. The levy rate that applies depends on whether it meets the definition of household property or if it is other property (commercial).

### Q: Does levy apply to extensions such as capital additions and property under construction?

**A:** If capital additions and property under construction are a clause or extension to a policy that cannot be accurately identified as part of a total loss until the event has occurred, then they are not taken into account when determining the sum insured of the contract (refer to the [sum insured definition](#)).