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NZ Insurance Market Update

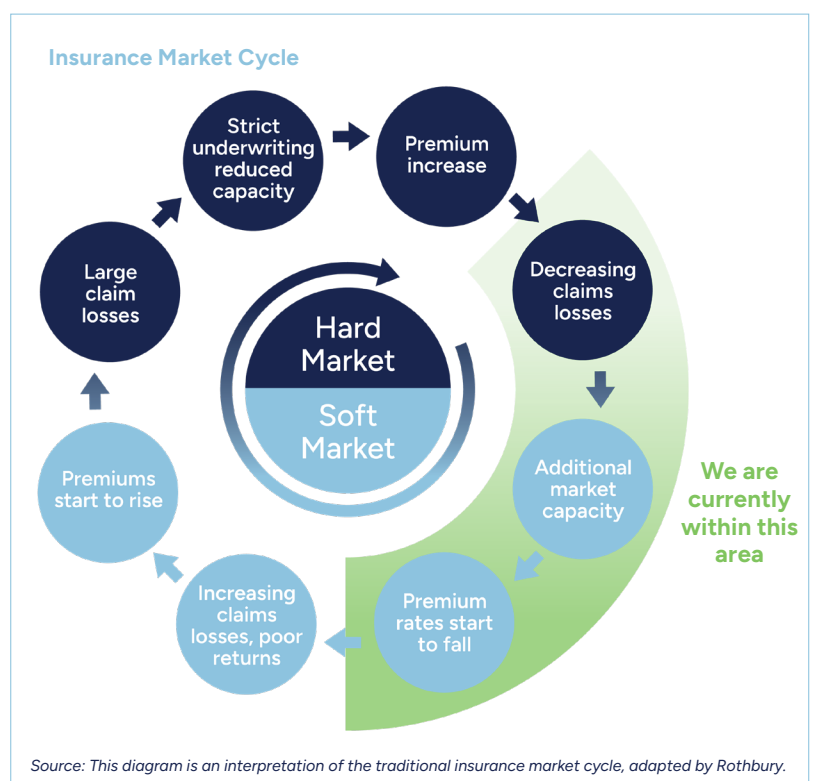
Market overview:

A welcome shift toward stability

After years of steep premium increases, the New Zealand insurance market is finally entering a more stable phase. This shift – known in the industry as the “soft phase” of the insurance cycle – typically brings more competitive pricing, greater insurer flexibility, and improved policy terms. While trends vary by insurer and region, premiums overall are starting to level out and in some cases, even decrease. It’s welcome news for homeowners who have faced double-digit increases in recent years.

This change hasn’t happened overnight. It’s the result of several factors working together – including a prolonged period of low claims activity, stronger financial performance by insurers, and adjustments in how global reinsurers price risk.

However, stability doesn’t mean uniformity. Broader pressures – such as high home repair costs and evolving weather risks – still influence how insurers price individual properties.



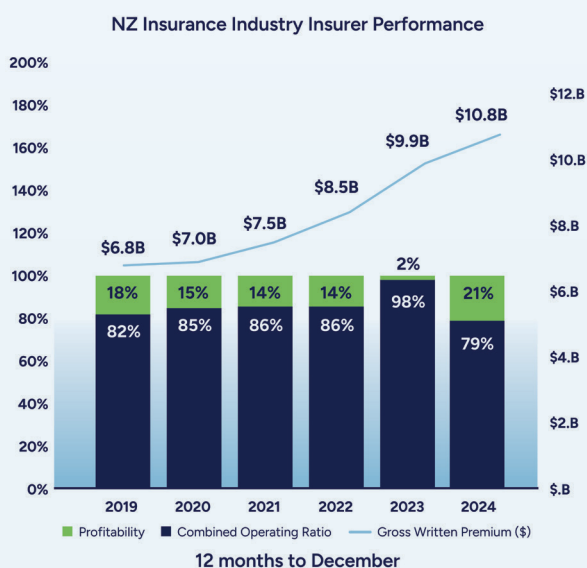


Market recovery and insurer appetite

There's now more capacity to offer home insurance across the country, as insurers recover from the financial impact of Cyclone Gabrielle and the North Island floods in 2023.

One key reason is the stabilisation of reinsurance pricing. After those major events, global reinsurers raised their rates sharply, which drove up premiums for homeowners. But the market has since adjusted. Insurers such as IAG and Suncorp have reported strong profits and improved performance, attracting more investment and increasing competition.

That said, in some high-risk areas – such as parts of Wellington exposed to earthquake and coastal risks, or low-lying regions like South Dunedin prone to flooding – insurers are taking a more cautious approach. Policies in these regions may exclude specific risks or come with higher excesses. This approach helps insurers keep cover available while managing their exposure to severe natural events and reflects a broader shift toward pricing based on individual property risk.



Source: ICNZ Market Data – All Business

Premium rises begin to settle

According to Suncorp New Zealand chief executive Jimmy Higgins, in general, the sharp increases in home insurance premiums are expected to ease over the next year. He noted that "the market has stabilised, and future premium rises are likely to track more closely with general inflation, rather than the steep surges seen in recent years". *

Meanwhile, motor insurance is also showing signs of softening, thanks to fewer claims and easing supply chain pressures. Insurers are increasingly tailoring premiums to individual driver profiles – like driving history, vehicle type, and location – rather than applying blanket increases. This means safer drivers could benefit from lower premiums.

It's also worth noting that government levies continue to affect total insurance spend. An expected increase to the Fire and Emergency New Zealand (FENZ) levy in 2026 could offset some of the benefits of market softening, as statutory charges like this are applied separately from the premium but still contribute to the overall cost of placing insurance.

*Source: New Zealand Herald, 15 August 2025.

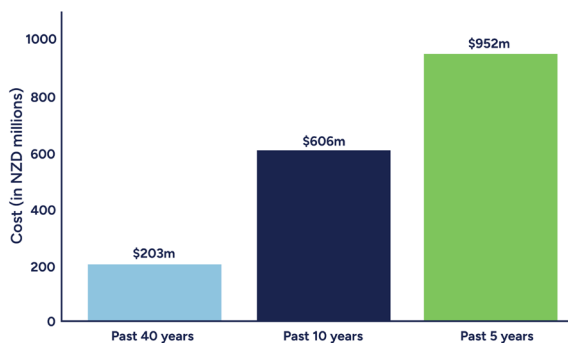


The risks reshaping your insurance

Even in a stabilising market, evolving risks continue to influence how insurers assess and price personal insurance policies. These factors may not drive across-the-board increases, but they can affect individual premiums and policy terms:

Extreme weather: More frequent floods, storms, and even tornados are now a regular feature of New Zealand's climate landscape. These events are reshaping how insurers view risk, especially in vulnerable areas. Some homeowners may face higher premiums or find that certain events – like flooding – are no longer covered in their policies, even as the broader market softens.

Rising Average Annual Cost of Natural Disasters to NZ Insurers



Source: Forsyth Barr analysis and ICNZ: Cost of Natural Disasters

Vehicle technology: Modern cars are packed with increasingly complex features such as sensors, cameras, and advanced driver-assistance systems – embedded in areas like bumpers and windscreens. While these features enhance safety, they also make repairs more expensive and time-consuming, even for minor damage.

Repair cost pressures: While supply chain pressures have eased, elevated costs for building materials, advanced vehicle technology, and skilled labour shortages still continue to influence premium pricing and excess levels.

Together, these pressures highlight why regular policy reviews are essential. Stability in the market doesn't eliminate the need to check what's covered and ensure your insurance reflects today's risks.

Getting the best value from your insurance in the current market

With the insurance market beginning to stabilise, now is a great time for homeowners to review their cover and ensure it reflects today's risks, costs, and property conditions.

To truly capitalise on current market conditions, your Rothbury broker plays a critical role in this – not just as a placement partner, but as your strategic adviser.

A well-maintained and regularly updated policy not only protects against unexpected events but also ensures you're getting the best value from your premium.

- **Check your sum insured:** Make sure it reflects current rebuild costs. Rising construction prices mean outdated valuations could leave you underinsured.
- **Understand your cover:** Review your policy exclusions – especially for natural disasters – so you know what's covered and what's not.
- **Know your property's risk:** Councils are updating zoning and flood maps, and some properties are being reclassified. New home buyers should check council zoning maps and LIM reports for section notices and flood zone status.
- **Improve your home's resilience:** Simple upgrades like flood barriers or roof maintenance can reduce risk and may help support insurance eligibility.



Working with your Rothbury broker can help you assess whether your current insurer and policy continue to be the right fit – and help guide you through any changes in the market.

Any questions? Get in touch with your local Rothbury Broker.
www.rothbury.co.nz

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