

## New Zealand Earthquake Commission Levy (EQC) Rate Increase

# EQC

Earlier this year the Government announced an increase to the Earthquake Commission Levy (EQC) as part of Budget 2017.

The increase will assist in rebuilding the 'Natural Disaster Fund', which has been depleted as EQC settles its liabilities primarily because of the Canterbury and Kaikoura earthquakes.

These changes will effectively take place on **1 November 2017**, which will result in the EQC portion of insurance premiums raised to 20 cents per \$100 of cover, (previously 15 cents per \$100 of cover).

All House and/or Contents insurance policyholders attribute payment towards the EQC Levy, which contributes to EQC's earthquake and other natural disaster cover.

In an event of a natural disaster the EQC will cover the first \$100,000 (plus GST) of house damage, the first \$20,000 (plus GST) of contents damage and damage to associated residential land, which is not covered by private insurers.

The EQC levy forms part of the total insurance premium (House and/or Contents) and your insurer passes the payment on to EQC.

From **1 November 2017**, insured householders will pay an annual maximum of \$276 (including GST) which is up from the current annual maximum of \$207 (including GST)

# New Zealand Fire Service Levy (FSL) Rate Increase



The Fire and Emergency Services New Zealand (FENZ) Act 2017 passed into law on 11 May 2017. The Act effectively amalgamates the New Zealand Fire Service, the National Rural Fire Authority, 12 rural fire districts and 26 territorial authority rural fire authorities into a single organisation.

The detailed funding model for FENZ has not been finalised yet, however it will include, among other things, levies on Commercial Property and Assets, Motor Vehicle(s) and Home and Contents insurance policies.

This and other specific regulations pertaining to the Act remain under consideration by cabinet.

Meanwhile an interim increase in Fire Service Levies has been announced as follows:

## 017 Fire Service Levy (FSL) Rate Increases

**With effect from 1<sup>st</sup> July 2017** the following FSL rates will apply:

- **Property** fire service levy will increase from 7.6c to 10.6c per \$100 insured (39% increase in FSL)
  - ✓ For residential houses (owner occupied) the levy increases from \$76 to \$106 per unit per year. (For tenanted property, the levy may vary depending on coverage provided).
  - ✓ For residential contents, the levy increases from \$15.20 to \$21.20 per policy.
- **Motor Vehicle** (< 3.5 tonne) government levy will increase from \$6.08 per vehicle to \$8.45 per vehicle.
- **Motor Vehicle** (> 3.5 tonne) government levy will increase from 7.6c to 10.6c per \$100 of sum insured.
- **Marine (Pleasure craft/NZ Transits)** government levy will increase from 7.6c to 10.6c per \$100 of sum insured.

Our system ensures that all new Government levies (EQC & FSL) are correctly captured and calculated, however, if you have any questions please do not hesitate to ask your aibGROUP Insurance broker.