

# Natural Disaster Insurance

## Natural Hazards Commission (NHC)

NHC is a crown entity (part of the government) that provides natural disaster insurance for damage to

- land
- homes

NHCover is the only land insurance available in New Zealand. Private insurers do not provide cover for land damage.

To qualify for NHCover, most people need to have a domestic house policy that covers them for fire damage. All domestic house policies in New Zealand currently provide this.

NHCover is paid for by a levy that insurers collect from all eligible customers.

The types of natural disasters covered by NHC include

- earthquakes
- natural landslips
- volcanic eruptions
- hydrothermal activity
- tsunamis
- storms and floods (but only for damage to land)
- fire (if caused by any of the above natural disasters).

There is a maximum amount NHC can pay out for certain types of natural disaster damage. The current maximums are:

- \$300,000 plus GST for house damage.

There is no maximum payment for land damage.

Maximum NHC payments are written into law in the Natural Hazards Insurance Act 2023 and can only be changed by an Act of Parliament.

### TIP



From 1 July 2019

- NHC no longer provide cover for domestic contents
- the NHCover cap for house insurance has increased to \$300,000 plus GST.

Your insurer will cover natural disaster damage beyond the maximum payment NHC will make. This is often referred to as either *over cap* or *NHC top up*.

In the event of a natural disaster, you'll need to make a claim to your insurer. Your insurer will settle the NHC portion of your claim and any portion above the NHC cap of \$300,000. They will then recover the NHC portion of the claim settlement from NHC.

If you claim for anything that has been damaged or destroyed by a natural disaster but is not covered by NHC (such as driveways or swimming pools), your insurer will charge a natural disaster excess. This is different to your standard excess and will be listed in your policy documents.

### TIP



Find out more about excesses in our *Excesses* consumer guide:

<https://www.icnz.org.nz/understanding-insurance/consumer-guides/>

If NHC declines part or all of your claim, your insurer might also decline it.

NHC may decline part or all of a claim you've made if the Certificate of Title for your property contains a note under Section 72 of the Building Act 2004.

**TIP**



You can find out more about NHC on their website:  
[www.naturalhazards.govt.nz](http://www.naturalhazards.govt.nz)

## Section 72 Notices

Section 72 of the Building Act 2004 describes how councils need to decide whether to issue a building consent for construction on land affected by or likely to be affected by a natural disaster.

Section 72 only applies to land likely to be affected by

- erosion (including coastal erosion)
- falling debris (including soil, rock, snow and ice)
- subsidence (when land moves out from underneath a building or structure)
- inundation (including flooding, storm surges, tidal surges and pooling of water)
- land slips.

If the construction work is likely to make the problem worse, then the council will refuse to grant a building consent unless the owner fixes any existing land damage and does additional work to protect the building and land from future natural disasters.

If the construction work won't make the land more likely to suffer a natural disaster then in most cases councils have to issue a building consent for the work.

When these building consents are issued, councils have to advise the Registrar General of Land. The Registrar General then has to add an entry to the Certificate of Title for the land that shows that a building consent has been granted under Section 72.

It's important you tell your insurer whether there's a Section 72 notice on your Certificate of Title.

**TIP**



Deliberately choosing not to tell your insurer about a Section 72 notice is insurance fraud. Insurance fraud is a crime.

You can find out more about disclosure in our *Disclosure* consumer guide:

<https://www.icnz.org.nz/understanding-insurance/consumer-guides/>

## Section 72 notices and insurance

### NHCover

If your Certificate of Title has a Section 72 notice on it, NHC may choose not to cover you for some or all hazards.

Their decision will depend on

- the type of natural hazard your property faces
- the type of natural disaster that has resulted in you making a claim.

### General insurance

If your Certificate of Title has a Section 72 notice on it, whether your insurer accepts your claim after a natural disaster will depend on whether NHC has accepted it.