



# **Council of Financial Regulators Insurance Affordability Review Inter-Agency Work Programme. Terms of Reference**

## **Purpose**

The Cabinet has invited members of the Council of Financial Regulators (CoFR) to undertake a six-month focused review to address data gaps and consider the drivers of residential insurance (house and contents) pricing and affordability<sup>1</sup>. The work will involve all CoFR members (The Treasury, the Ministry of Business, Innovation, and Employment (MBIE), the Commerce Commission, the Reserve Bank of New Zealand (RBNZ), and the Financial Markets Authority (FMA)), and where appropriate involve other relevant agencies (for example the Natural Hazards Commission (NHC) and/or the Ministry for the Environment (MfE)) and external stakeholders (for example, the industry representation organisations, insurers (including local branches or coverholders of offshore entities or overseas insurers), reinsurers, brokers and consumer representatives).

## **Objectives of the work programme**

The objectives of the work programme are to improve our understanding of residential (house and contents) insurance affordability and market dynamics, and where feasible address data gaps. This will allow for identification of any areas where policy action may be warranted. The work programme will be undertaken in two phases. The first phase will focus on identifying what the issues are, where they are, and what is causing them. The second phase will focus on recommendations for action if they are needed. The second phase will be contingent on the findings from the first phase.

## **Phase one. Better understanding residential insurance market data and dynamics**

A key aim of this phase will be to improve the quality of data available to policy makers. This work will focus on understanding what data is available, what gaps there are and wherever practicable, filling those gaps.

### ***In scope***

Residential home and contents insurance includes:

- 1 Every insurance policy for a residential building to which an NHI levy attaches (or would attach, if a fire insurance contract was held on that property).
- 2 Every insurance policy for the contents of a dwelling which falls within (1).

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<sup>1</sup> Cabinet Economic Policy Committee, Minute of Decision, Insurance Affordability and the Review of Natural Hazards Insurance Act Financial and Levy Settings, 28 January 2026 [ECO-26-MIN-0003]

The scope of this work will include:

1. Summarising **trends in key insurance metrics**, including changes in affordability, availability, uptake and underinsurance over time, across regions and demographics in comparison with other segments and jurisdictions. This will include the key **drivers of changes**, such as including the NHC and Fire Service Levies, reinsurance markets, insurer risk assessments, construction costs and competition dynamics, regulation, and any other drivers identified.
2. **Addressing data gaps**, including identifying any missing data required for a robust assessment of (1).
3. **International comparisons**, including comparing New Zealand to the international context and noting any unique features of the New Zealand market.
4. **Consumer interface**. Identification of any potential issues affecting the consumer experience of affordability through engagement with consumers, and consumer advocacy groups and services.
5. **Initial competition assessment**. An initial market assessment led by ComCom to examine competition dynamics in residential house and contents insurance, including trends in market share, barriers to entry/expansion, switching and any barriers to switching, and insurer financial performance.
6. **Potential for policy action**. Based on an evaluation of (1) to (5), an assessment of:
  - a. Issues relating to the reductions seen in affordability that could be potentially addressed by policy changes including any high-level trade-offs that may be in play
  - b. Any critical data gaps that require Ministerial decisions and/or legislative change
  - c. Scope and high-level outline for a potential second phase of work, which, if commissioned by Ministers, would identify options to address these issues.

### ***Out of scope***

Examination of the drivers of insurance affordability in other segments where these do not also impact home and contents insurance.

## **Phase two. Policy development**

Depending on the results of the phase one information-gathering and exploratory work, further work on policy implications and options may be undertaken.

## **Approach and Methodology**

Should the agencies be of the view that one or more matters listed above, or any matters identified during this phase, are likely to provide special insight into insurance affordability issues for residential property then the working group may also work to improve understanding of those aspects.

The Working Group will engage with stakeholders (including industry and consumers) as part of this work.

## **Steering Group membership**

The permanent members of the Steering Group are:

- The Treasury: **Jo Hughes (Chair)**

- RBNZ: **Angus McGregor**
- FMA: **Samantha Barrass**
- Commerce Commission: **Bryan Chapple**
- MBIE: **Andrew Hume**

The Steering Group will provide strategic direction and high-level oversight including with respect to the appropriate resource commitment. The Steering Group will meet monthly.

## **Working Group membership**

The Working Group will have members from each CoFR agency and be supported by the CoFR Strategic Advisor.

Associate members may be a representative of any public agency that has an interest in the insurance sector such as NHC, the Department of Internal Affairs and MfE.

From time to time, the Working Group may invite feedback from other regulatory agencies, public authorities, market participants, consumer groups or private entities as appropriate.

When consulting with or making requests of external stakeholders such as insurers, the Working Group will consider the burden (time and cost) that consultation may impose. The Working Group is mindful that there are other regulatory changes/processes happening in the sector and any engagement with industry will need to be carefully planned and mindful of other regulatory burden. The Working Group will conduct stakeholder engagement according to four principles:

- *Coordination*: we will ensure engagement undertaken is coordinated to minimise the burden on stakeholders and support consistent messaging.
- *Responsiveness*: we will aim to ensure our engagement reflects stakeholder preferences; our primary intention is to be collaborative and open with industry.
- *Timeliness*: we will ensure insights from stakeholder engagements are shared promptly with the wider project team.
- *Consistency*: we will ensure messages we provide stakeholders are consistent across the project team

## **Function and powers of the working group**

The main function of the Working Group is to undertake a cross-agency review of residential insurance affordability issues.

The Working Group will:

- undertake all matters relevant to the Steering Group's intent as described above consistent with the functions, powers and duties of its members, and the CoFR provisions in the Reserve Bank of New Zealand Act 2021; and
- report to the Steering Group and keep CoFR members' senior leaders informed of their findings

As independent regulators and government departments, the members will continue to operate in accordance with their existing powers and mandates.

## Authority and accountability

The Working Group's level of authority is advisory only, and it will report its progress and findings/recommendations to the Steering Group, CoFR Heads and CoFR members' Boards/Senior Leadership Teams. The key output of phase one will be a report to the Minister of Finance and the Minister of Commerce and Consumer Affairs of key findings and recommendations on whether to continue to phase two. This report will be a joint product of the CoFR agencies.

## Responsibilities

At the conclusion of Phase One of the Review, CoFR agencies will jointly provide a report on insurance affordability issues drafted by the Working Group to the Minister of Finance and the Minister of Commerce and Consumer Affairs in mid-2026.

Further work may be commissioned once the results of this discovery phase are reported.

## Use, storage and retention of information

The use, storage and retention of information received by or generated by the Steering and Working groups will be governed by the provisions of the CoFR Memorandum of Understanding<sup>2</sup> dated 14 September 2021 or any replacement document. In particular, section 6.

All information held or produced by the Board, including that held or produced by government agencies for the Board, is subject to the Official Information Act 1982 and the Public Records Act 2005.

Any shared information will only be used by the Review team for the purpose of this Review, and in accordance with any confidentiality and privacy protections that the transferring party communicates to the receiving party to the extent those are consistent with the law and the receiving party's policies, processes and systems.

Information provided for the purposes of the Review will be used to inform the Review and will not ordinarily be used for investigative or enforcement purposes. Where information raises matters of sufficient concern, it may be shared or used in accordance with applicable statutory obligations, and affected parties will be informed as appropriate,

The party providing the information will indicate the level of sensitivity that applies to the information or any part of the information, and any OIA grounds on which the supplier considers the information should be withheld from any release, where appropriate.

Prior to any decision to release information under the Official Information Act 1982 (OIA), where that information was provided to the review by any insurer, the Insurance Council of New Zealand, or any related body, the relevant agency handling that OIA request will consult with the party that supplied the information prior to making and communicating any decision to release or withhold that information. The party that supplied the in-scope information will be given an opportunity to provide comments within a reasonable timeframe.

The parties agree that shared information will be stored with appropriate security measures, whether the information is in electronic form, hard copy documents or otherwise. If any stakeholder provides information for the purposes of this review with the proviso that it be destroyed once the review concludes, the agencies holding that information will do so.

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<sup>2</sup> <https://www.cofr.govt.nz/key-documents/memorandum-of-understanding.html>