

Fire and Emergency NZ (FENZ) Levy Changes

Information for Primesure Clients

From 1 July 2026, updated Fire and Emergency NZ (FENZ) levy regulations come into effect.

These regulations introduce changes to both the levy rates and how the levy is calculated across a range of insurance policies.

For commercial and non-residential property owners, the structural changes are more significant. This guide explains what the levy is, what has changed, and how it may affect your business.

What Is the FENZ Levy?

The Fire and Emergency NZ levy is a government charge that helps fund fire and emergency services across New Zealand.

It is separate from the insurer's premium. Insurers are required to collect the levy on behalf of the government as part of your policy payment.

The levy applies to a range of insurance policies, including commercial property, residential property, and certain other insured assets.

What Is Changing (Effective from 1 July 2026)?

Under the updated regulations:

- Levy rates have been updated
- The calculation framework has been standardised
- For commercial and non-residential property, previous levy caps no longer apply in the same way
- The levy applies separately to each insured building or location

For commercial property, the levy rate is **7.76 cents per \$100 of sum insured** (excluding GST).

This rate is set by legislation and is not determined by insurers.

How the Levy Is Calculated (Commercial Property)

Formula

Levy = (Building Sum Insured ÷ 100) × \$0.0776

Illustrative Example

If a commercial building is insured for \$3,000,000:

- $\$3,000,000 \div 100 = 30,000$
- $30,000 \times \$0.0776 = \$2,328$

In this example, the annual levy payable would be \$2,328 (plus GST) for that building.

If multiple buildings are insured separately, this calculation applies to each building.

Why Your Levy May Increase

The Fire and Emergency NZ (FENZ) levy has always applied to commercial property insurance.

Previously, the levy for non-residential buildings was often calculated using **capped indemnity values**, meaning only part of a building's value was included in the calculation.

From **1 July 2026**, those caps no longer apply in the same way.

The levy is now calculated using the **full declared value of the building (sum insured)**.

Because of this change:

- Properties with **lower indemnity values previously used for levy calculations may see the biggest increase**
- Properties with **higher replacement values may also notice a more noticeable shift compared with previous years**

This does not represent an insurer price increase. The levy is a **government charge set under legislation**, and insurers are required to collect it on behalf of Fire and Emergency NZ.

Changes Across Other Types of Insurance

The updated levy regulations apply across several types of insurance policies from **1 July 2026**. While commercial property changes are the most significant structurally, other policies will also see adjustments.

The table below provides a simplified overview of how the levy framework is changing.

Category	Old Levy (Before 1 July 2026)	New Levy (From 1 July 2026)
Motor Vehicles	\$9.53 per light vehicle	Flat \$25 per vehicle (including third-party policies)
Residential Property (Homes)	Maximum levy \$119.50 per dwelling	10.74c per \$100 sum insured, capped at \$107.40
Household Contents	Maximum levy \$23.90 per policy	10.74c per \$100 sum insured, capped at \$21.48
Non-Residential / Commercial Property	11.95c per \$100 sum insured	7.76c per \$100 sum insured (no cap)
Mixed Use Buildings	Calculated under older split rules	Updated rules depending on residential / commercial portions
Forests, Livestock, Contract Works	Levied under previous framework	Special levy rates apply under the updated regulations

This table is intended as a general guide. The exact levy applied to a policy will depend on the policy structure and insured values.

Frequently Asked Questions

Why does the levy appear on my insurance policy?

The Fire and Emergency NZ levy is collected through insurance policies that include fire cover. Insurers collect the levy on behalf of the government and pass it directly to Fire and Emergency NZ to help fund emergency services across the country.

Is this an insurer price increase?

No. The levy is a government charge set under legislation. Insurers collect it as part of your policy payment but do not set the rate.

Do these changes affect residential property?

Yes. Residential property and contents policies are also affected by updated levy rates from 1 July 2026. However, these policies continue to operate with capped levy limits, meaning the overall impact is generally smaller than for many commercial property policies.

Can the levy rate change again?

The rate is set by legislation. Any future changes would require regulatory amendment.

Can the levy be reduced or negotiated?

The levy rate itself cannot be negotiated. However, ensuring your building sums insured are accurate and appropriate remains important.

When will I see the impact?

The updated levy structure applies to policies incepting or renewing from 1 July 2026 onward.

Why Accurate Sums Insured Matter

Because the levy is directly linked to the declared building value:

- Over-insuring may result in paying a higher levy than necessary
- Under-insuring may expose you to claim shortfalls

Regular replacement cost reviews are increasingly important.

Further Information

If you would like to read more about the Fire and Emergency levy changes, official guidance is available from the Department of Internal Affairs:

<https://www.dia.govt.nz/firelevy>

If you would like to understand how these changes may affect your own policies, please contact the Primesure team and we will be happy to walk you through it.

What Primesure Is Doing

We are reviewing the impact of these changes with clients ahead of renewal.

Where appropriate, we will:

- Review declared replacement values
- Explain how the levy applies to your specific policies
- Discuss any structural considerations
- Ensure there are no surprises at renewal

If you would like to discuss how these changes may affect you, please contact our team.