Navigating change:
Insurance, climate risk and protecting communities

ICNZ Insurance Council of New Zealand
Te Kāhui Inihua o Aotearoa

About ICNZ and the insurance sector

About ICNZ

- The Insurance Council of New Zealand | Te Kāhui Inihua o Aotearoa is the representative organisation for general insurance companies in New Zealand.

- Our members collectively write more than 95% of all general insurance in New Zealand and protect well over $2 trillion of New Zealanders' assets.

- We advocate to:

  - sustain a strong and affordable insurance sector

  - enhance the safety and protection of all New Zealanders by strengthening resilience and reducing the risks of climate change to communities and the economy.

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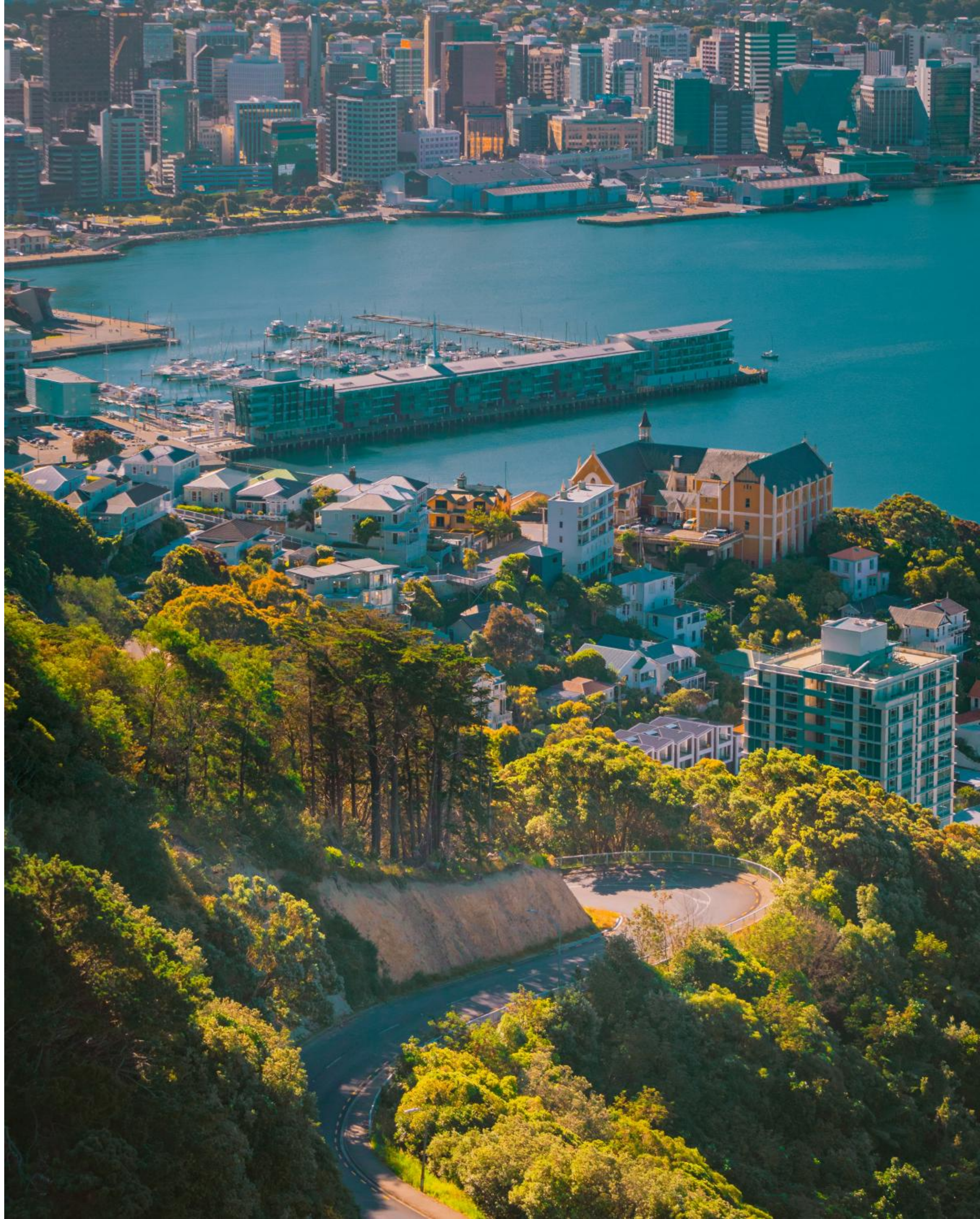


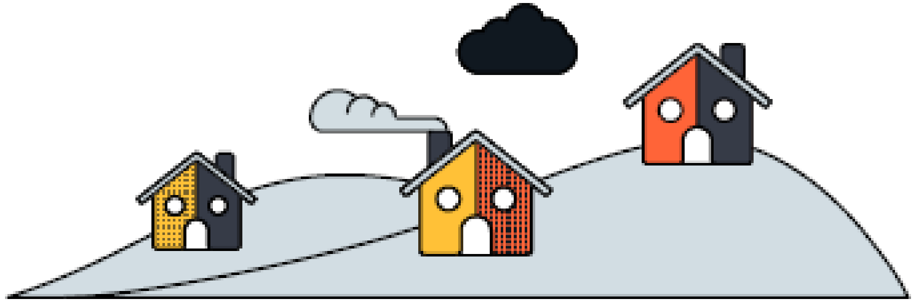
The Insurance Sector

Gross Written Premium

$10.5B

Total claims

$3.8B



General insurance companies

22

Employees

8,069FTE

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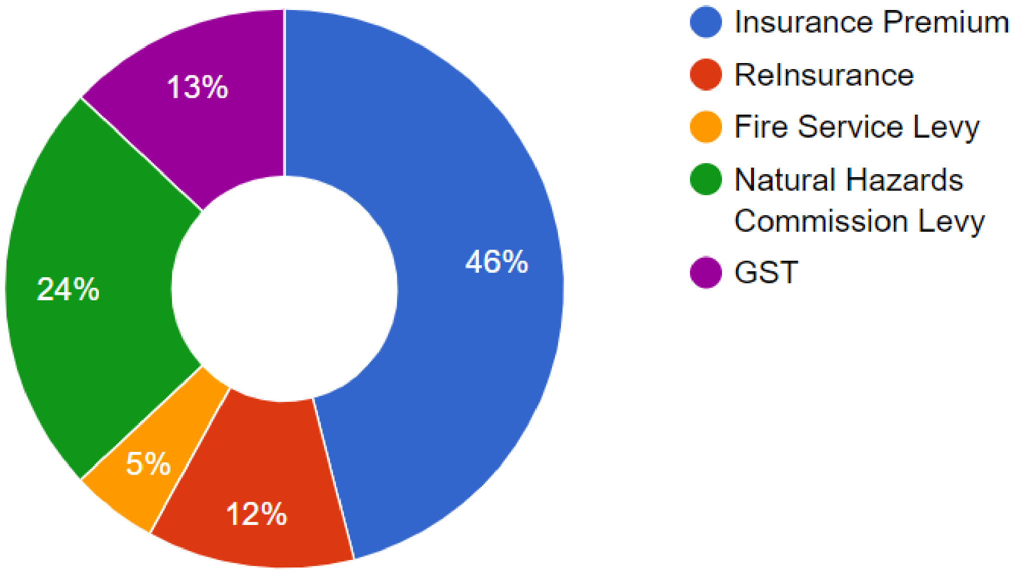
Key challenges for the sector



- Keeping insurance accessible in the face of climate change and subsequent increasing pressures on global reinsurance
- Reducing the protection gap by avoiding building in dumb places and by investing in infrastructure to protect communities
- Working with regulators to prepare for climate change
- Ensuring regulation is cost effective and coordinated.

Cost of weather events

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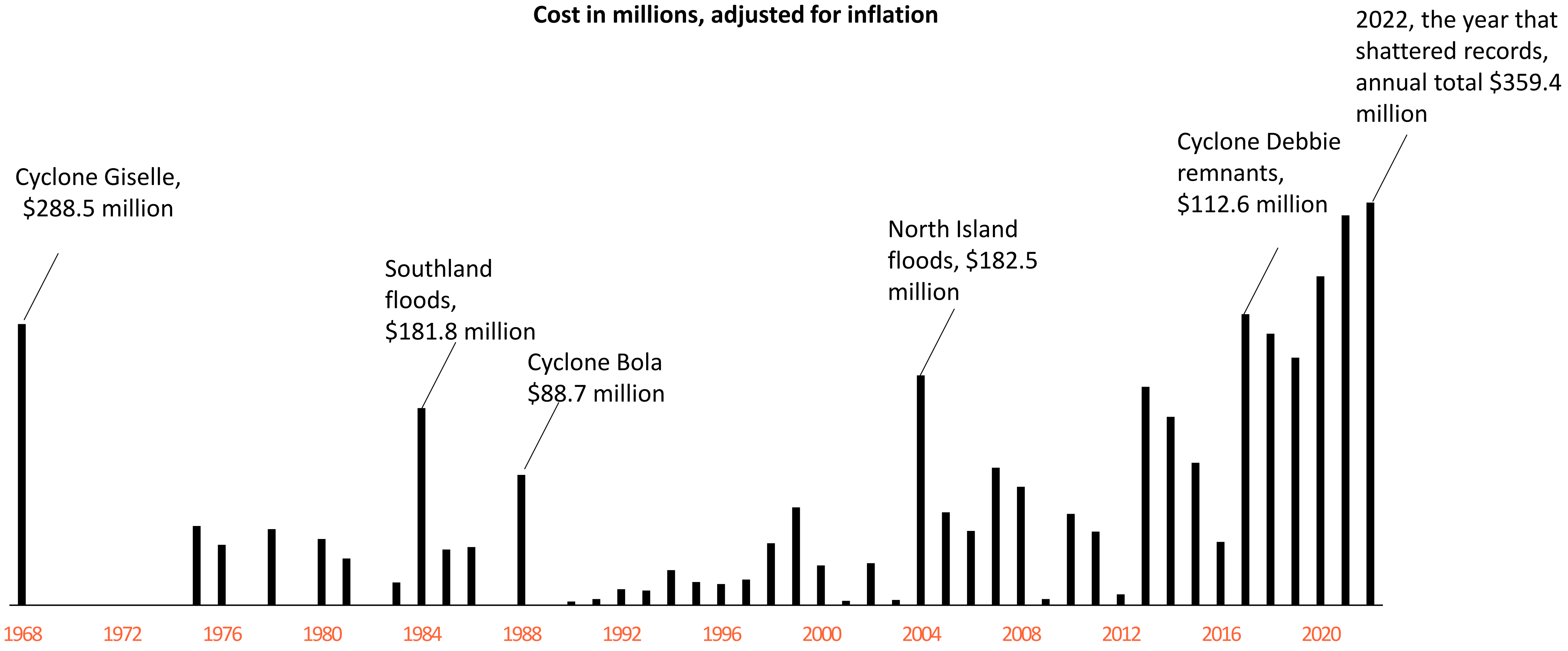

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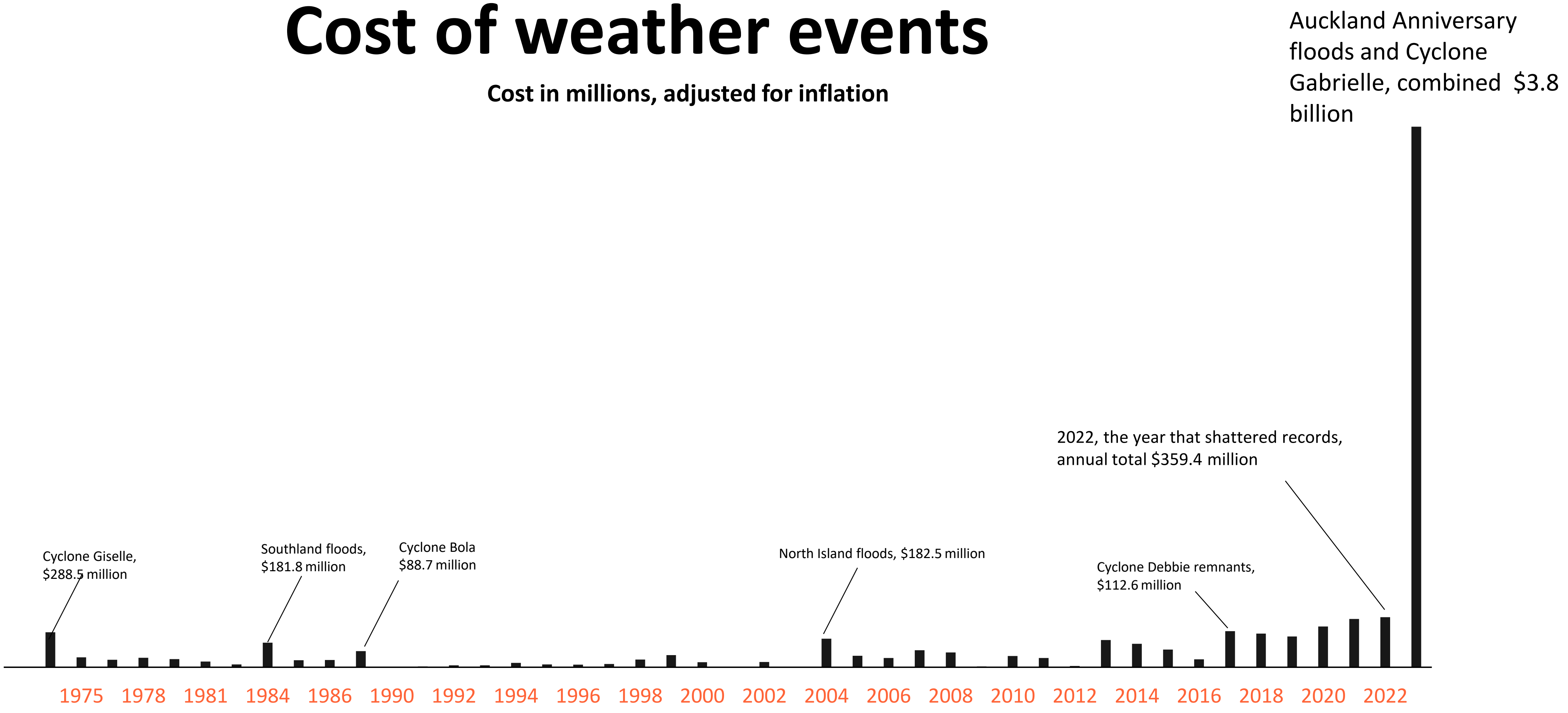
Cost of weather events

Cost in millions, adjusted for inflation



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Keeping insurance accessible

Coastal areas

Current residential exposure

- Approx 219,000 residential properties in coastal inundation and inland flood zones ($180 billion in assets)
- An estimated 1,300 residential properties in the coastal inundation zone (representing $900 million in assets at current property prices) likely to have more than 20% damage in one or more extreme events between 2026 and 2060.

Infrastructure at risk (2019)

- 2,273 kilometres of roads, 5,572 kilometres of water pipes, 2,457 square kilometres of land, and buildings with a combined replacement value of $26.18 billion (as of 2016) ‘vulnerable’ if sea levels rise by 0.6 metres.

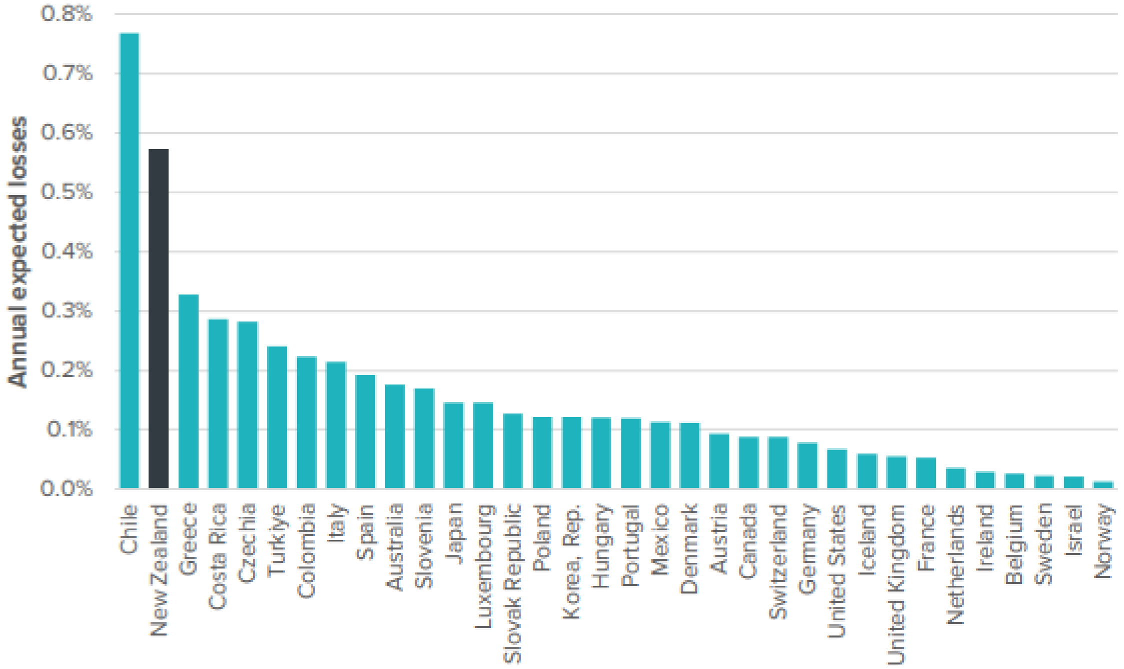
Source: Our Marine Environment 2025, MfE/Stats NZ

Insurance in coastal areas

- Insurance generally available, high residential insurance uptake
- Insurers moving towards risk-based pricing
- Government levers can be pulled to reduce exposure
- Action to address risk sends positive signals to global reinsurers
- Every dollar invested in adaptation yields substantial economic benefits

Managing and reducing risk

Figure 5: Annual expected losses from natural hazard events in OECD countries (as a share of GDP, 1960-2022)



Source: Te Waihanga analysis of EM-DAT database and World Bank GDP data. See Appendix 1 for details of calculation.

- Understanding the risk to our assets from natural hazards
- Improving the quality, consistency and availability of natural hazard and climate risk data
- Establish a climate adaptation framework that creates a consistent and holistic approach nationally, ensuring a unified direction but allowing for local flexibility
- A cross-party political consensus that delivers a clear, coordinated and enduring climate adaptation framework.

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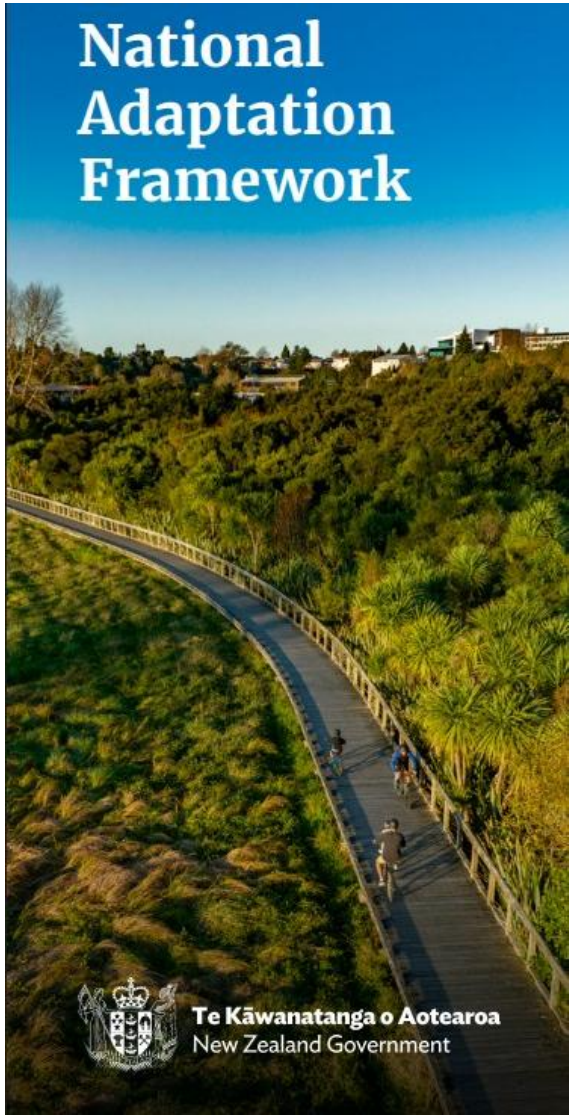
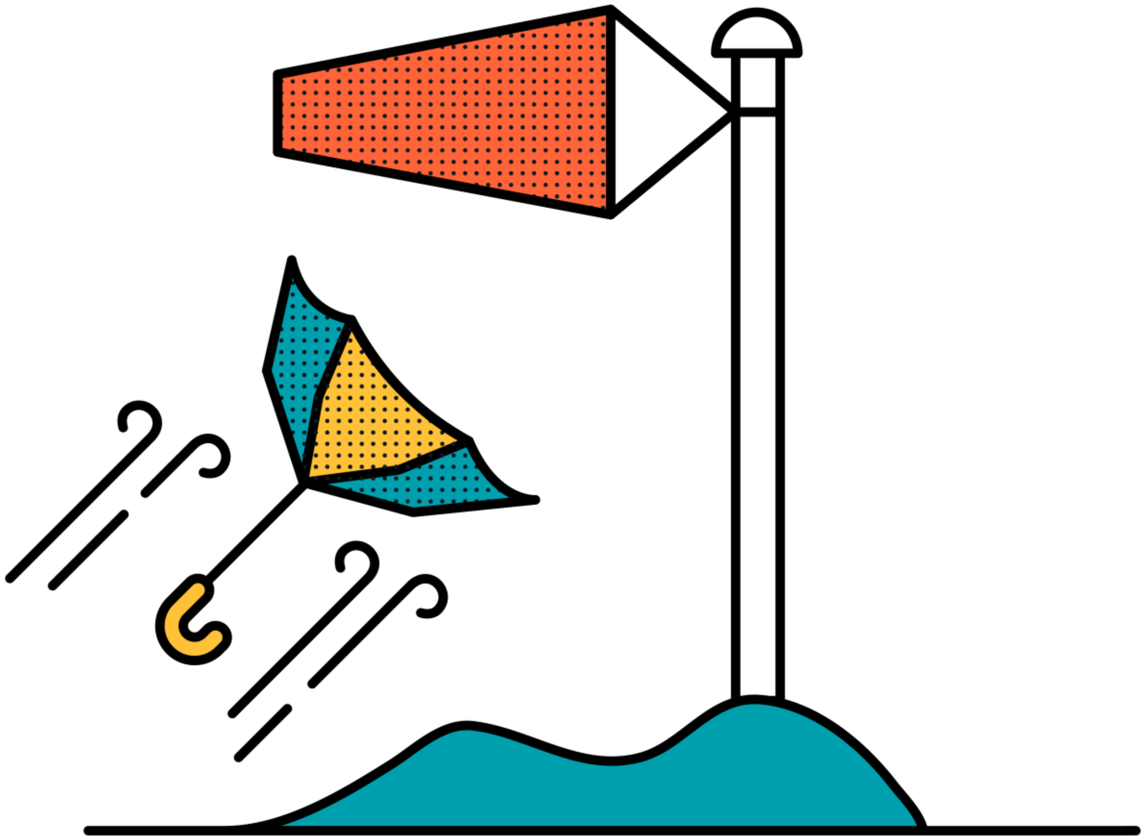
National Adaptation Framework

- Government has released National Adaptation Framework.
- Outlines how government, councils, the private sector and communities will collaborate to reduce and manage climate-related risks.
- Insurance sector supports the framework's focus on clear roles, responsibilities and better information about natural hazard risks.
- Transition from plan on paper to action on the ground urgently required.



What we're working on

- Increasing engagement with local government on land-use planning decisions
- Developing an internal function to help ensure insurance remains accessible to New Zealanders into the future
- Engagement and submissions on legislation change
- Enabling the exchange and use of meaningful data between the industry and key stakeholders
- Building an intelligence capability to help anticipate future industry risks and opportunities



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