

THE HOMEOWNER'S GUIDE

Navigating a Flood/Natural Disaster Home Insurance Claim in New Zealand: What Homeowners Actually Need to Know

The damage is often the easy part. It's the claim that gets complicated.

Storms, landslides and burst pipes don't wait for a convenient time. In the first two months of 2026 alone, the Natural Hazards Commission Toka Tū Ake logged over 800 new claims — the majority for landslide damage following the January storms that hit Northland, the Coromandel, Bay of Plenty and Gisborne, with further flooding and slips across Waikato, Wellington and Christchurch in February. For the homeowners affected, the damage itself is often the easier part. What follows — decoding policy wording, working out who pays for what, negotiating a scope of works with a loss adjuster, and staying compliant with the Building Code — is where things get complicated.

This guide walks through how a home repair claim actually works in New Zealand today: who's involved, what's changing in insurance law, where homeowners most often come unstuck, and what to do if your insurer's scope doesn't match what a proper rebuild requires.

Who pays for what?

SCHEME 1

Natural Hazards Commission (NHC)

Formerly EQC. Storm and flood damage to land, plus the first portion of dwelling damage from natural hazards. Funded by a compulsory levy on every home policy.

SCHEME 2

Your private insurer

Dwelling damage above the NHC cap, plus fire, burst pipes, non-natural-hazard water ingress and theft. This is where the scope of works comes from.

Your insurer usually manages the whole claim on the NHC's behalf, so you deal with one point of contact. Two schemes are still paying the bill.

Stop Guessing With Your Biggest Asset.

Most homeowners don’t realize the massive gaps in their standard insurance policies until it’s too late. Our new **30-Year Builder Insurance Guide** breaks down exactly how the system actually works, including:

- How to identify and close hidden policy gaps mid-renovation.
- Navigating recent building compliance and legislative changes.
- The exact steps to take if you need to dispute an adjuster’s decision.

Lower your risk before the next project begins. Read the full guide below.

How Home Insurance Claims Actually Work in New Zealand

Most homeowners assume they're dealing with one insurer. For storm, flood, landslide and earthquake damage, they're usually dealing with two.

The Natural Hazards Commission (NHC), formerly EQC. Storm and flood damage to land, and the first portion of damage to a dwelling from natural hazards (earthquake, landslip, volcanic activity, tsunami, storm and flood), is covered by the Natural Hazards Commission Toka Tū Ake — the government scheme most people still know as EQC, renamed under the Natural Hazards Insurance Act 2023. Cover is funded through a compulsory levy on every home insurance policy. Above the NHC's cap, your private insurer picks up the rest of the dwelling claim. In practice, your private insurer usually manages the claim on the NHC's behalf, so you deal with one point of contact — but it's still worth knowing two different schemes, with two different sets of rules, are paying the bill. NHC advises lodging a claim within three months of the event, and notes that land damage claims in particular can take time to settle as the extent of the damage becomes clear.

Your private insurer. Everything else — fire, burst pipes, non-natural-hazard water ingress, theft, and dwelling damage above the NHC threshold — sits with your home insurance policy. This is where the initial scope of works comes from, and where the gap between “what's been approved” and “what the Building Code actually requires” tends to open up.

The scope of work. After storm damage, water ingress or a structural failure, your insurer (or their appointed loss adjuster) issues an initial scope — a list of what they'll pay to fix. These scopes are built from a visual inspection and standard rates, which means hidden rot, framing defects, or mandatory Building Code upgrades triggered by the repair often aren't identified until walls are opened up. That's the point where many claims stall, because additional costs need to be justified back to the insurer before work can proceed.

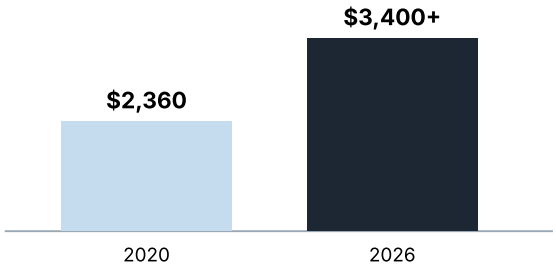
The Insurance Gap Homeowners Don't See Coming

Even when a claim is accepted without dispute, many homeowners discover their payout doesn't stretch far enough — not because the insurer acted unfairly, but because their sum insured was already out of date.

Since New Zealand insurers moved from open-ended “full replacement” cover to capped “sum insured” policies after the Canterbury earthquakes, the responsibility for estimating rebuild cost has sat with homeowners. Treasury has previously estimated that as many as 85% of NZ homes are underinsured, by an average of around 28% — a national shortfall in the order of $180 billion. More recent industry research backs this up: roughly a third of homeowners aren't confident their property is adequately insured, and more than a third don't actually know what their sum insured is.

The math has gotten less forgiving in the last few years. Average residential rebuild cost per square meter in New Zealand has climbed from around $2,360 in 2020 to well over $3,400 in 2026 — a rise of more than 40% — driven by construction cost inflation, labor costs and materials pricing. A sum insured set in 2020 and never reviewed is very likely short of what a genuine, code-compliant rebuild costs today. This is one of the most common — and least discussed — reasons an insurance payout and a real repair quote don't match: it's not always a dispute over scope, sometimes it's a policy that was underfunded from the start. This isn't an abstract industry metric. With baseline premiums and construction costs surging by upwards of 45% this year alone, assuming your historical coverage is still sufficient is a catastrophic financial risk.

Average residential rebuild cost per m², up more than 40% in six years



The numbers

- Treasury has estimated up to **85%** of NZ homes are underinsured, by around **28%** on average, roughly **$180 billion** nationally.
- About a third of homeowners aren't confident their cover is enough, and over a third don't know their sum insured.

The Takeaway: Review your sum insured annually. Abandon generic online calculators — they ignore site-specific factors, consented additions, and high-spec finishes. Invest in a professional builder’s estimate. While there is an upfront fee to establish this baseline, maintaining that relationship allows for rapid, highly accurate annual updates based on real-world market pricing and labor costs.

What's Changing: The Contracts of Insurance Act 2024

New Zealand's insurance law is in the middle of its biggest overhaul in 25 years. The Contracts of Insurance Act 2024 received Royal Assent in November 2024 and will be fully in force by November 2027 at the latest, replacing a patchwork of older legislation and aligning New Zealand more closely with Australia and the UK.

For homeowners, three changes are worth knowing about now, even before the Act fully commences:

- **Disclosure duties are being softened.** Consumers will only need to “take reasonable care not to make a misrepresentation” when applying for or renewing a policy — a lower bar than the old duty to disclose all material information. The onus shifts toward insurers to ask clear, specific questions.
- **Insurers can no longer walk away over non-disclosure.** Currently, an insurer can void a policy entirely if something wasn't disclosed. Under the new Act, remedies have to be proportionate — for example, adjusting the payout to reflect the risk, rather than declining the claim outright.
- **Insurers must actively explain your disclosure duties to you,** both when you take out a policy and when you vary it.

This matters for repair claims because disclosure disputes are a real source of declined or reduced payouts — an insurer arguing that a pre-existing issue (old rot, a prior claim, an unconsented alteration) wasn't disclosed is a common way scopes get narrowed. The direction of travel in NZ insurance law is toward protecting consumers more, and it's worth homeowners knowing that shift is underway.

The Regulatory Layer: RBW, LBPs and Code Compliance

Repairs aren't just an insurance matter — they're a Building Act matter too, and the two don't always move at the same pace.

RBW

Restricted Building Work

Consented work affecting primary structure, weathertightness, or certain fire safety systems.

LBP

Licensed Building Practitioner

Must design, carry out or supervise RBW and provide a Certificate of Design Work or Record of Building Work.

CCC

Code Compliance Certificate

The job isn't finished, insurance-wise or legally, until the council issues it.

Under the Building Act 2004, work that requires a building consent (or falls under a small number of specific exemptions) and affects a home's primary structure, weathertightness, or certain fire safety systems in multi-unit buildings is classified as Restricted Building Work (RBW). RBW must be designed, carried out or supervised by a Licensed Building Practitioner (LBP) in the relevant class, and each LBP involved must provide a Certificate of Design Work or Record of Building Work confirming how their work meets the Building Code. Council checks compliance with these rules as part of consent and inspection, and the job isn't finished — insurance-wise or legally — until a Code Compliance Certificate (CCC) is issued. Final payments are triggered by 'Practical Completion' — the point where the physical work is functionally finished and usable. The exact definition of this milestone must be clearly negotiated and defined in your initial contract.

The practical friction point: An insurance payout is based on restoring the home, but the Building Code doesn't recognize "as it was" as good enough if the original construction wouldn't meet current standards. Bringing damaged elements up to current Code (insulation, bracing, weathertightness detailing) is often mandatory, not optional — and it isn't always reflected in an insurer's first scope.

Insurance During the Rebuild: Who Covers What?

Once repairs move from "claim" to "construction project," a different set of policies comes into play:

Contract Works

Covers the works in progress: fire, storm, theft or accidental damage.

Public Liability

Carried by the builder. Covers injury to others or third-party property damage.

Professional Indemnity

Matters when the builder also designs, specifies or estimates scope.

- **Contract Works Insurance** covers the physical works while the rebuild is underway — fire, storm, theft or accidental damage to work in progress. Homeowners typically need this in place for the duration of significant repairs, on top of (or as an extension to) their standard home policy.
- **Public Liability Insurance,** carried by the builder, covers injury to others or damage to third-party property caused by the building work.
- **Professional Indemnity Insurance** matters most where the builder is also providing design, specification or scope-estimation services — not just swinging a hammer. If your repair involves someone assessing what's needed and putting together documentation to justify it to your insurer, that's professional advice, and it's worth confirming it's covered.

A common and costly mistake is assuming the builder's insurance covers the entire project, or that standard home insurance still applies once structural work begins. It doesn't. To avoid being left entirely exposed mid-renovation, homeowners must actively secure 'Contract Works Insurance' — which is typically best added directly to their existing home insurance policy.

If You Disagree With the Scope/Adjuster: Your Options

Homeowners often don't realize there's a structured path for challenging an insurer's scope beyond arguing with the loss adjuster.

The Fair Insurance Code. Every Insurance Council of New Zealand (ICNZ) member — which covers the large majority of the general insurance market — must comply with the Fair Insurance Code. It sets out minimum service standards, response timeframes, and how claims and complaints should be handled. If your insurer is dragging its feet or not communicating clearly, you can point to the Code.

The Insurance & Financial Services Ombudsman (IFSO) Scheme. If a complaint can't be resolved directly with your insurer, IFSO offers free, independent dispute resolution, with a compensation limit of $500,000. It's not a small or obscure service — house insurance is currently the single largest category of complaint IFSO receives, accounting for around a quarter of all disputes, and complaint numbers have risen sharply since 2022 as cost-of-living pressure and repeated severe weather events have collided. Complaints jumped 45% in the aftermath of the 2023 Auckland Anniversary floods and Cyclone Gabrielle alone.

The sequence is straightforward: Raise the issue with your insurer directly, escalate through their internal complaints process if unresolved, get their final position in writing (a "letter of deadlock"), then take it to IFSO if you're still not satisfied. None of this costs the homeowner anything.

1
Raise it directly
Put the issue to your insurer in writing.

2
Internal complaint
Escalate through their formal complaints process.

3
Letter of deadlock
Get their final position in writing.

4
Take it to IFSO
Free, independent, compensation limit of $500,000.

How Retro Construction Guides You Through the Claim

This is where an independent, construction-side perspective earns its keep — because an insurer's loss adjuster and your builder are not, by default, on the same side of the table.

- **Estimator-Led Scope Audits.** Our audits are led by Irne, whose construction and quantity surveying career spans more than 30 years across South Africa, the United States and New Zealand. That breadth matters on insurance work specifically — it means scope decisions are informed by having priced and delivered builds under different regulatory and construction environments, not just local rates. We independently review your insurance scope before repairs begin, checking it against what a compliant, quality rebuild actually requires, including RBW obligations the initial assessment may have missed.
- **Transparent, NZIQS-Aligned Documentation.** We prepare detailed, itemized quotes in line with New Zealand Institute of Quantity Surveyors standards, giving your insurer clear, professional justification for any budget beyond the original scope — reducing back-and-forth and delay.
- **Turnkey Execution.** As Licensed Building Practitioners, we manage the full process: emergency site securing, council documentation, subtrade coordination, and final Code Compliance Certificate sign-off — so you're not left carrying unexpected costs or compliance gaps.

Frequently Asked Questions

Does EQC/NHC or my insurance company pay for storm damage?

It depends on what's damaged. The Natural Hazards Commission covers storm and flood damage to land, plus the first portion of dwelling damage from natural hazards, up to a set cap. Your private insurer covers dwelling damage above that cap, and any damage not classed as a natural hazard event (like a burst pipe). Your private insurer typically manages the whole claim on your behalf, even the NHC portion.

What if my insurer's scope doesn't cover everything my builder says needs fixing?

This is common, especially once walls are opened up and hidden rot, framing damage, or Building Code upgrade requirements are found. An independent, itemized quote — ideally aligned to recognized quantity surveying standards — is the most effective way to get additional scope approved, because it gives the insurer a clear, professional justification rather than a verbal disagreement.

Do I need a Licensed Building Practitioner for insurance repairs?

If the repair involves your home's primary structure, weathertightness, or (for multi-unit buildings) fire safety systems, and requires a building consent, it's Restricted Building Work under the Building Act — meaning yes, it must be carried out or supervised by an LBP, regardless of who's paying for it.

How long should a home insurance claim take in New Zealand?

There's no single fixed legal timeframe, but ICNZ's Fair Insurance Code sets service standards insurers are expected to meet, and both the Code and the IFSO dispute scheme exist specifically because delays and disagreements are common — particularly after large-scale events like storms or floods, when claim volumes spike.

What to do if you disagree with your insurer?

- **The Escalation Path:** First, lodge a formal dispute through your insurer's internal complaints process. If unresolved, demand their final written position and escalate to the Insurance & Financial Services Ombudsman (IFSO) — a free, independent dispute resolution service.
- **Alternative Accommodation:** If your home is uninhabitable or the disruption is costing you working hours, actively request alternative accommodation. Insurers rarely offer this proactively, especially during large-scale events like floods. Pressing this issue frequently can also accelerate your primary claim.
- **Policy Check:** Ensure your policy actually includes an "accommodation benefit." Verify this during your annual insurance review before disaster strikes.

Are you underinsured? (The 40% reality check)

Construction costs in New Zealand have surged more than 40% since 2020. If you are relying on generic online calculators or standard yearly percentage increases from your insurer, it is highly likely you are underinsured. To avoid being tens of thousands of dollars short during a total loss, you need a professional builder's estimate.

- **Accuracy over Algorithms:** A builder prices your home as a complete new build, factoring in the exact, current cost of materials and labor.
- **Code Compliance:** It automatically accounts for the cost of bringing a rebuild up to current building laws and Healthy Homes standards.

New Zealand is a high-risk environment for natural disasters. Do not leave your biggest asset exposed to outdated math. Get a professional estimate and update your policy.

Your claim readiness checklist

- [x] Know your sum insured, and review it every year.
- [x] Get a professional builder's estimate rather than relying on an online calculator.
- [x] Lodge natural hazard claims with the NHC within three months of the event.
- [x] Check your policy for Contract Works cover and an accommodation benefit.
- [x] Get an independent, itemised quote if the insurer's scope looks short.
- [x] Confirm your builder is an LBP for any Restricted Building Work.
- [x] Define Practical Completion in your contract, and keep going until the CCC is issued.

When disaster or sudden structural damage hits, you don't have to navigate insurers alone.

Contact Retro Construction today for expert claim guidance, realistic repair estimates and stress-free project execution.

www.retroconstruction.co.nz

This guide is general information, not legal or insurance advice. Check your own policy wording and speak to your insurer or an adviser about your situation.