



Annual Report

2024/25



Authority, period covered and copyright

This Annual Report is submitted by the Board of the Natural Hazards Commission Toka Tū Ake according to the Crown Entities Act 2004.

It is presented to the House of Representatives under section 150 of the Crown Entities Act 2004.



Crown copyright ©

This work is licensed under the Creative Commons Attribution (CC-BY) 4.0 International Licence.

You are free to copy, distribute and adapt the work, as long as you attribute the work to Natural Hazards Commission Toka Tū Ake and abide by the other licence terms.

No departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the Flags, Emblems, and Names Protection Act 1981. Attribution to Natural Hazards Commission Toka Tū Ake should be in written form and not by reproducing the associated logo.

Liability

While all care and diligence has been used in processing, analysing and extracting data and information in this publication, Natural Hazards Commission Toka Tū Ake gives no warranty that it is error-free and will not be liable for any loss or damage suffered by the use directly or indirectly of the information in this publication.

Citation

Natural Hazards Commission Toka Tū Ake (2025) Annual Report 2024/25. Wellington: Natural Hazards Commission Toka Tū Ake.

Published by

Natural Hazards Commission Toka Tū Ake, Wellington, New Zealand

Contact

Email: info@naturalhazards.govt.nz

Phone: +64 4 978 6400

Web: www.naturalhazards.govt.nz

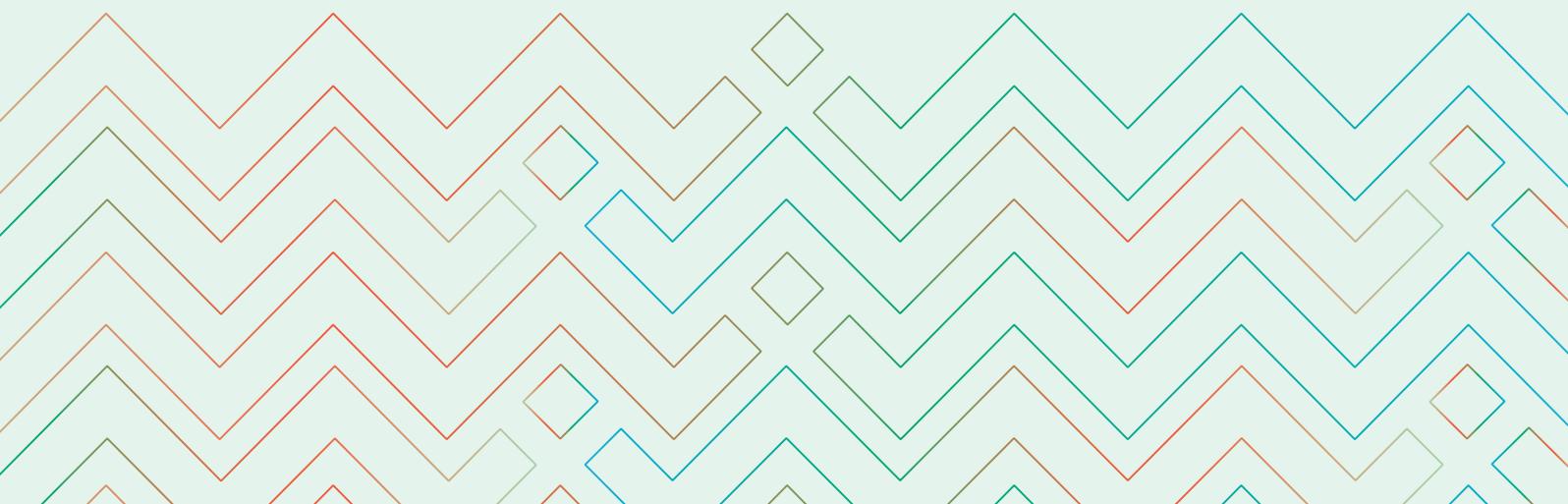
October 2025



Contents

Introduction and overview	2
From the Board	3
From the Chief Executive	7
Mai i te Poari	10
Nā Te Tumu Whakarae	14
Statement of responsibility	18
After 80 years, the scheme is more important now than ever	19
The year at a glance	20
Our role and purpose	22
Our strategic framework	22
Progress on our strategic intentions	24
Resilience	25
Readiness	25
Risk financing	26
Recovery	26
Summary of our performance this year	26
Our performance in 2024/25	28
Resilience	29
Readiness	33
Risk financing	35
Recovery	38
Organisational health and capability	43
Governance and leadership	54
Financial statements	58
Notes to the financial statements	68
Ministerial Directions	110

Introduction and overview



From the Board

On behalf of the Board, we are pleased to present this annual report of the Natural Hazards Commission Toka Tū Ake (NHC) for the year ended 30 June 2025. This year's report is structured around our four strategic pillars: Resilience, Readiness, Risk financing, and Recovery. We have also included sections on results and accountability.

Resilience

Under the Natural Hazards Insurance Act 2023 (NHI Act), NHC is required to play a more prominent leadership role in helping New Zealand become more resilient as a country, noting we are one of the riskiest in the world when it comes to natural hazard risk. Enabled by science and better information, the key is to help homeowners, communities and local and central government make better-informed decisions about where to build new homes, the overriding aim being to encourage people to 'build stronger homes on better land' or strengthen their existing home where practical. Pleasingly, we are seeing a tangible shift now with more people taking natural hazard risk into account in their decision-making, which is very heartening.

Readiness

NHC continues to invest time and effort in planning and preparing for the next major natural disaster event, whenever that might occur. This is a collaborative effort with private insurers, community groups and local and central government agencies. While a lot of this important work risks going unnoticed, over the last 12 months NHC has been active in improving its critical data set and infrastructure, documenting the lessons from the North Island Weather Events (NIWE), and raising awareness and understanding in relation to the scope of land cover provided under the NHI Act 2023 via a campaign called 'Know Your Cover'. Overarching this, an updated Readiness Strategy for 2025–30 was approved by the Board in June 2025.

Risk financing

One of the things the Board is acutely aware of is how the next major natural disaster event will be funded, that being key for any insurer. For NHC, apart from ongoing levy income, a large event will be funded through a combination of external risk financing in the form of reinsurance and alternative capital instruments, such as catastrophe bonds, reserves that have been built up over the years, and the Crown guarantee that underpins NHC.

Considering the Canterbury earthquake sequence (CES) in 2010–11 as a case study, the \$12.6 billion estimated cost for NHC was funded through about \$6.0 billion of accumulated reserves at the time of the event, and about \$5.0 billion of reinsurance, with the balance of \$1.6 billion being funded via investment returns and ongoing cashflow from levy income. When the Kaikōura earthquake occurred 5 years later (2016), the scheme made a call on the Crown guarantee of \$0.2 billion to ensure all claims were covered.

Thinking about the future, it is noteworthy that a magnitude 7.8 Mw Wellington Fault event and a magnitude 8 Mw Hikurangi Subduction Zone earthquake have both been modelled at an estimated cost to the scheme of about \$15 billion, excluding the secondary impacts of landslides, liquefaction and tsunami (and fire potentially following a Wellington event).

If one of these types of events were to occur tomorrow, under the current settings, the funding mix would likely comprise \$0.5 billion from NHC reserves, approximately \$10 billion from external reinsurance and alternative capital, with the balance of about \$4.5 billion being funded from a combination of ongoing cashflow from levy income coming into the scheme and the Crown guarantee. Under the NHI Act 2023, these settings are now codified in the Funding and Risk Management Statement (FRMS).

Recovery

2025 marks the 15-year milestone since the first earthquake in the CES on 4 September 2010. Since then, NHC (formerly EQC) has settled hundreds of thousands of claims for Canterbury homeowners affected by those events, including the devastating 22 February 2011 earthquake.

NHC continues to receive reopened claims in relation to the CES and remains committed to working with homeowners who qualify for entitlements under the Earthquake Commission Act 1993, noting there were 467 reopened claims on hand as at 30 June 2025.

NHC also acts as agent on behalf of the Crown in respect of administering the On-sold Programme. This was a specific programme established by the Government in August 2019, designed to provide eligible Canterbury homeowners access to funding for earthquake-related repairs.

We are very pleased with the progress that has been made on this programme over the last 12 months, with 1017 applicants now back in their homes, an increase of 234 on the number in June last year. We are still working constructively with the remaining 405 homeowners with a view to having most reinstated by June 2027.

Following the Public Inquiry into the Earthquake Commission, the operating model for dealing with natural disaster events in New Zealand was changed such that most claims are now dealt with via the Natural Disaster Response Model (NDRM). Under this model private insurers act as agents on behalf of NHC, which simplifies the claims experience for homeowners by avoiding duplication. Since the model came into existence on 30 June 2021, it has handled just over 20,000 claims, about half of these relating to the NIWE in January and February 2023. Pleasingly, the model is performing extremely well overall.

Results and accountability

We are pleased to report a \$287 million operating surplus for the year, reflective of a relatively benign claims year. This included other operating expenses of \$89.3 million which was \$2.6 million lower than the prior year.

In respect of the financial statements for 2023/24, it is important to note that as a result of an error stretching back several years in relation to the actuarial valuing and provisioning of direct fees, unclaimed damage and other settlement costs on forecast future CES reopened claims, it has been necessary to restate the 2024 financial statements for comparative purposes. Note 2 of the financial statements provides further detail on this restatement. The Board has taken the step of requesting an independent external review of the actuarial methodology and controls underpinning the Insurance Liability Valuation Report (ILVR), together with the internal management and governance oversight processes that sit around the valuation. We expect this report will be completed by the end of calendar year 2025, with relevant findings provided to the Treasury and relevant Ministers as appropriate.

Turning to the Statement of Performance Expectations (SoPE) measures for this year, we are pleased that out of the 39 SoPE performance measures for 2024/25, all of them were delivered or achieved apart from two. One of those related to the timeliness of settlements for recently lodged claims where 77% were settled in 12 months versus the target of 80%, primarily because of many fewer claims than normal being lodged this year.

The other target not achieved was the level of satisfaction in relation to the overall claims experience for 57 homeowners who were affected by the NIWE, a mismatch in expectations in relation to the scope of NHC land cover being a significant factor for a number of them.

Acknowledgements

We would like to acknowledge the hard work of the Board over the last year. Special thanks to Ziena Jalil who retired from the Board at the end of June 2025 for her insightful and valuable contribution throughout her tenure.

Thank you also to Tina Mitchell, our Chief Executive, and her whole team who have had an exceptional year working hard towards the organisation's vision of being a world-class public insurance scheme that reduces the impact of natural hazards on people, property and the community. Their efforts are something they can be rightly proud about, as is the fact NHC's Public Sector Reputation Index Report rating is 62. This is the highest we've had on record.



Chris Black
Board Chair



Ruth Dyson
Board Deputy Chair

From the Chief Executive

The role of the Natural Hazards Commission Toka Tū Ake (NHC) is to deliver the scheme that protects all insured homeowners in New Zealand. We do that by focusing on four strategic pillars: Resilience, Readiness, Risk financing, and Recovery.

This report covers these areas of work and related outcomes in more detail, alongside the work we've done to continue to build our strong culture, support our staff, and grow our capability.

Our increased focus on resilience

NHC strengthens resilience by investing in science and research, using that information to inform our understanding of risk through loss modelling, and encouraging more informed decision-making at all levels of society: homeowners, potential homeowners, local and regional councils, and central government policy-makers.

When the Natural Hazards Insurance Act 2023 came into force, it included a stronger focus for NHC on resilience. For New Zealand to make the shifts needed to face these new challenges, it requires all of us to understand the risks associated with where we live and what we can do to mitigate them.

Our Natural Hazards Portal helps with increasing our national risk literacy. It includes a map of all residential properties in New Zealand, showing where EQCover and NHCover claims for natural hazards damage have been made over the last 27 years. The Portal has had more than 132,000 visitors since its launch, with users looking for information on EQCover and NHCover claims and how natural hazards may have affected their current or potential homes.

Providing information and supporting good decision-making at every level of the system requires a coordinated approach, which we continually review and update to ensure we are influencing in the right way. This is captured in our *Resilience Strategy*, which we updated over the last 12 months to reflect this ongoing and important focus.

Staying ‘match fit’ for the next major natural hazard event (readiness)

New Zealand’s high risk profile means we all need to be ready for an event to occur at any time.

For NHC and the scheme, this means being ready to scale the insurance aspects of our work, to keep our core business functions operating, even if one of our offices is impacted, and to be ready to support the wider government response, including with data and information.

The 2023 North Island Weather Events provided a test in scalability for the overall insurance system and marked the first time the scheme had received more claims for damage to land than damage to homes.

We reviewed our response to these events to continually improve how we deliver for homeowners, particularly with severe weather events now likely to be a more common occurrence. We have developed an implementation plan by working alongside insurers and are now well underway in progressing improvements that address recommendations from the review. This includes ongoing work to speed up assessment processes for land damage claims.

Being ready also requires regular practical tests of how our systems will scale and respond. This year, together with our response partners and stakeholders, we took part in

an exercise with insurers to plan for the ‘what ifs’ of a magnitude 8.1 Alpine Fault earthquake occurring and causing major damage to the West Coast landscape, with affected areas reaching from Wellington to Fiordland. All parties found this exercise beneficial and it gives us further insights on areas we can continually strengthen and improve.

While NHC has a clear vision and the plan to achieve it, we could not do what we do without the many other stakeholders we work alongside. We recently formed the Natural Hazards Resilience Partnership to improve coordination and cooperation in responding to major natural hazard events and to strengthen how we’ll work together across the system to support community recovery. Our co-signees to the memorandum of understanding are the National Emergency Management Agency and Insurance Council of New Zealand.

This new partnership brings together government and private sector organisations to streamline information-sharing, align resources, and help ensure role clarity across the insurance and emergency management sector.

All the members of this partnership share a commitment to learning the lessons from past events and continually improving our ways of working, so that we’re better prepared for future major events, together.

Working together to help New Zealanders recover

Alongside our continued work in Canterbury, several severe weather events affected large parts of the country during the last 12 months, and we know these events take a significant toll. We are fortunate to have a strong national system that means we can get support out as quickly as possible to those affected and aid recovery. I would like to thank insurers and our staff for the work they have done and will continue to do to collectively ensure a fair, transparent, responsive and timely claims process for homeowners.

Improving homeowners' understanding of their cover

We know from our research that many people have low understanding of their natural hazards insurance cover, and that this can cause increased frustration, stress and dissatisfaction when their home and/or land are damaged by an event.

Beginning last July, our Know Your Cover campaign aimed to increase homeowners' awareness of their natural hazards insurance cover, so they know their entitlements and limits and what they can expect when they make a claim. We know we have further to go in this area and will continue to develop and deliver Know Your Cover resources and public information campaigns in the coming year.

Upholding fiscal responsibility

In all our work this year, we have maintained a keen eye on our fiscal responsibility, in keeping with the Government priority of improving the efficiency and effectiveness of the public service and government-funded services.

We have mature planning and financial practices and, combined with actions taken throughout the 2024/25 year, these have supported a reduction in core operating costs compared to the 2023/24 financial year and a 16% saving compared to budget. This overall reduction has been driven by actions taken to reduce contractor costs, spending on discretionary consultancy, use of outsourced service providers, and travel spend, as well as lower costs associated with implementing the Natural Hazards Insurance Act 2023.

We continue to look at ways our operations could be made even more cost-effective and efficient, including using existing and emerging technology.

Thank you

Our organisation has delivered a significant amount over the last 12 months and I'm really proud of our team. Thank you also to insurers and many other stakeholders for working alongside us to deliver these positive outcomes for New Zealand.



Tina Mitchell
Chief Executive

Mai i te Poari

Kei te harikoa te Poari ki te whakaatu i tēnei pūrongo ā-tau a te Toka Tū Ake (NHC), mō te mutunga tau 30 o Hune 2025. Ko te takoto o te pūrongo o tēnei tau ka herea ki ngā pou rautaki e whā: Manawarotanga, Noho Rite, Pūtea Tūraru me te Whakarauora. Kua whakaurua hoki ētahi wāhanga mō ngā hua me te noho papanga.

Manawarotanga

I raro i te NHI Act 2023, e herea ana te NHC kia pakari ake te tū hei kaiārahi ki te āwhina i a Aotearoa kia manawaroa ake hei whenua, i te mea ko tātou tētahi o ngā whenua mōrearea nui o te ao mō te tūpono pānga o te pūmate tūturu. Kua whakangungua ki te pūtaiao, me ngā mōhiohio pai ake, ko te whāinga nui ko te āwhina i ngā kaipupuri whare, ngā hapori, ngā kaunihera me te kāwanatanga ki te whakatau i ngā whakataunga whai mōhio, mō te wāhi tika ki te whakatū whare hou, otirā ko te whāinga matua ko te akiaki i te tangata ki te ‘whakatū i ngā whare pakari ake i runga i ngā whenua pai ake’ ki te turuki rānei i ō rātou kāinga ake mēnā ka taea. Ko te mea pai, e kite ana tātou i tētahi nekehanga whaikiko ināianei, otirā he maha ake ngā tāngata e whai whakaaro ana ki te mōrearea o te pūmate tūturu i roto i ō rātou whakatau, nā reira e manahau ana.

Noho Rite

E haumi tonu ana a NHC i te wā me te raukaha e tika ana ki te whakamahere me te whakariterite mō te tūpono pānga o tētahi pūmate tūturu hou, ahakoa te wāhi, te wā rānei. He kaupapa mahi ngātahi tēnei me ngā kaituku inihua tūmataiti, ngā rōpū hapori, me ngā tari kaunihera, kāwanatanga hoki. Ahakoa e kore pea e kitea atu ēnei mahi hirahira, i ngā marama 12 kua hipa, kua whakapau kaha te NHC ki te whakapai ake i tana huinga raraunga waiwai me ngā tūāhanga, arā, ko te kapo i ngā kōrero i ākona i ngā Āhutatanga Huarere o Te Ika-a-Māui (NIWE), te whakapiki i te aroā me te mārāma e pā ana ki te korahi o te inihua whenua i whakaratoa i raro i te NHI Act 2023, mā roto i te kaupapa e kīia nei ko te ‘Know Your Cover’. Ko te mea e tāwhana ana i tēnei, ko te whakamanatanga o te Rautaki Noho Rite mō te 2025-30 e te Poari i te Hune 2025.

Pūtea Tūraru

Ko tētahi o ngā āhuatanga e tino mataara nei te Poari, me pēhea te utu i tētahi āhuatanga pūmate tūturu hou, otirā he take nui tēnei ki ngā kaituku inihua katoa. Mō te NHC, i tua atu i te moniwhiwhi tāke moroki, ka utua tētahi pūmate nunui mā roto i te pāhekohekotanga o ngā pūtea utu tūraru rāwaho, pēnei i te inihua āpiti me ngā utauta pūrawa rerekē, pēnei i ngā monihere aituā, ngā pūtea tāpui kua tipu i roto i ngā tau, me te rīanga a te Karauna ka tāmāu i te NHC.

Ki te whakaaro ake ki te raupapa rū o Waitaha (CES) i te 2010-11 hei taurira rangahau, ko te utu whakatau tata o te \$12.6 billion mā te NHC i takea i te āhua \$6.0 piriona o ngā pūtea tāpui i kohia i te wā o te pūmate, ā, he āhua \$5.0 piriona i te inihua āpiti, me te toenga i puta ake i te \$1.6 piriona i takea mai i ngā pūtea haumi me ngā kapewhiti moroki o ngā moniwhiwhi tāke. I te wā o te rū whenua i Kaikōura e 5 tau i muri mai (2016), i tono te kaupapa nei ki te rīanga Karauna o te \$0.2 piriona, hei mātua whakarite i te utunga o ngā kerēme katoa.

Ina whai whakaaro ki te anamata, he miramiratanga te whakatauirā i te pānga o tētahi rūwhenua kaha 7.8 (Mw) ki te Tanuku o Te Whanganui-a-Tara me te kaha 8 (Mw) i te Rohe Āinga o Hikurangi, ka piki pea te utu ki te kaupapa o te āhua \$15 piriona tāra, hāunga ngā pānga whaimuri o ngā horowhenua, te whakawē whenua me te tainiwhaniwha (me te tūpono

hikanga ahi i muri i te pūmate ki Te Whanganui-a-Tara). Mēnā ka pā tētahi o ēnei pūmate āpōpō, i raro i ngā tautuhinga o te wā, ko te hanumitanga pea o ngā pūtea ka takea i te \$0.5 billion i ngā tāpuitanga NHC, āhua \$10 piriona i ngā inihua āpiti rāwaho me ngā pūrawa rerekē, ā, ko te toenga o te \$4.5 piriona ka takea i te paheko o te monirere moroki i ngā moniwhiwhi tāke e kuhu mai ana ki te kaupapa, me te rīanga Karauna. I raro i te NHI Act 2023 hou, kua whakaturetia ēnei tautuhinga i roto i te Tauākī Whakahaere Pūtea me te Tūraru (FRMS).

Whakarauora

Ka tohu te tau 2025 i te 15 tau mai i te rū whenua tuatahi i te CES, i te 4 o Hepetema 2010. Mai i taua wā, e hia rau mano ngā kerēme kua whakatauhia e te NHC (ko te EQC i mua) o ngā kaupupuri whare o Waitaha i pā kinohia e aua āhuatanga, tae atu ki te rūwhenua kino o te 22 o Pēpuere 2011.

E kuhu tonu mai ana ki te NHC ngā kerēme kua tirohia anō e pā ana ki te CES, ā, e ū tonu ana ki te mahi tahi me ngā kaupupuri whare e māraurau ana ki ngā whiwhinga i raro i te EQC Act 1993, me te kī anō, he 467 ngā kerēme ka tirohia anō hei te 30 o Hune 2025.

Ka noho hoki te NHC hei kaitaunaki nā te Karauna e pā ana ki te whakahaere i te Hōtaka Hokonga. He hōtaka motuhake tēnei i whakaritea e te kāwanatanga i te Ākuhata 2019, i hoahoatia ki te tuku āheinga ki ngā kaupupuri whare māraurau o Waitaha

ki ngā pūtea mō ngā whakatikatika e pā ana ki te rū whenua. E harikoa ana mātou i ngā kokenga o tēnei hōtaka i ngā marama 12 kua hipa, otirā he 1017 ngā kaitono kua hoki anō ki ō rātou kāinga, he pikinga mā te 234 mai i Hune o tērā tau. E whai hua tonu ana ngā mahi ki te toenga o ngā kaupupuri whare 405, ā, ko te matapae ake ka whakahokia katoatia rātou ki ō rātou kāinga hei te Hune 2027.

Nō muri i te Komihana Roera ki te CES me ngā take whai pānga, nā te nui o te panoni ki te tauira whakahaere i ngā āhuatanga pūmate tūturu i Aotearoa, ko te nuinga o ngā kerēme ka whakahaeretia i raro i te Tauira Urupare Pūmate Tūturu (NDRM). I raro i tēnei tauira ka noho ngā kaituku inihua tūmataiti hei kaitaunaki mā te NHC, otirā ka whakangāwari tēnei i te wheako kerēme a ngā kaupupuri whare, mā te karo i te tāruaruatanga. Nō te whakaurunga mai o tēnei tauira i te 30 o Hune 2021, neke atu i te 20,000 ngā kerēme kua whakahaeretia e rātou, ā, he haurua o ēnei e pā ana ki ngā Āhuatanga Huarere o Te Ika-a-Māui (NIWE) i te Hānuere/Pēpuere 2023. Ko te harikoatanga ia, e pai ana te haere o ngā mahi whānui o te tauira nei, ko te takunetanga hoki kia kōhure nui tēnei hei te mutunga o te tau pūtea e tū mai nei.

Ngā hua me te noho papanga

Nō mātou te whiwhi ki te pūrongo i te hemihemi whakahaere o te \$278 miriona mō te tau, e whakaata ana i te ngū o ngā kerēme i tēnei tau.

I uru ki tēnei ngā whakapaunga o te \$89.3 miriona, otirā he iti ake tēnei mā te \$2.6 miriona mai i tērā tau.

Ki te kaupapa o ngā tauākī pūtea 2023/24, he mea whaitake kia mōhio ake, nā tētahi hapa i ngā tau o mua e pā ana ki te tirohanga ahumoni me te whakaratonga o ngā utu hāngai, ngā tūkinō kāore i kerēmetia me ētahi atu utu whakataunga o ngā matapae kerēme CES i huakina anō, kua mate mātou ki te whiriwhiri anō i ngā tauākī pūtea hei tauritenga anō. Kei te tuhipoka 2 o ngā tauākī pūtea ngā whakamārama o tēnei. Kua whāia e te poari tētahi tikanga o te tono i tētahi arotake motuhake o te tikanga whakahaere tirohanga ahumoni me ngā whakahaere e tāmau ana i te Pūrongo Pūnama Inihua (ILVR), me te arotake i ngā tukanga tirohiro i ngā whakahaere rāroto me te mana urungi, ka noho tahi me te tirohanga pūtea. Ko te matapae ake, ka oti tēnei pūrongo hei te mutunga o te tau 2025, ā, ka tukua ngā putanga ki Te Tai Ōhanga me ngā Minita e hāngai ana.

Te tahuri ki ngā inenga o Te Tauākī Whāinga Mahi (SOPE) o tērā tau. Ko te mea pai, atu i ngā inenga mahi 39 o te SOPE mō te 2024/25, tata tonu ki te nuinga i whakatinanatia, hāunga ngā mea e rua. Ko tētahi o ērā, nā te poto o te wā ki te whakatau i ngā kerēme kātahi anō ka tukua mai, otirā 77 ōrau i tau i ngā marama 12, engari ko te 80% te whāinga, otirā i pēnei ai na te iti o ngā kerēme i tukua mai i tēra tau. Ko tētahi atu whāinga kāore i tutuki, ko te nui o te māha e pā ana ki te wheako whānui o te tuku kerēme mō te 57 o

ngā kaupupuri whare i pā kinotia e te NIWE, otirā he hotokore ki ngā matapae e hāngai ana ki te korahi o te rīanga whenua NHC te take nui mō ētahi o ērā.

Ngā mihi

Koia tēnei te mihi ki ngā whakapaunga werawera o te Poari i te tau ka hori. He mihi nui hoki ki a Ziena Jalil i tāoke i te Poari i te mutunga o te Hune, mō āna tirohanga matatau, me āna mahi whai kiko i te wā o tana nōhanga ki te poari. Ka mihi hoki ki a Tina Mitchell, tō tātou Tumu Whakarae me āna kaimahi katoa, otirā he tau tōnui o te whai i te matawhānui o te whakhaaere, kia tū hei kaupapa inihua tūmatanui kounga ā-ao, e whakaiti nei i te pānga o ngā pūmate tūturu ki te tangata, te whenua me ngā hapori. Me whakahīhī ka tika i te pai o ngā mahi, otirā me whakahīhī hoki ki te whiwhinga o te pāpātanga o te 62 i runga i te Pūrongo Tauine Kairangi o te Rāngai. Koinei te pāpātanga angitu rawa atu.



Chris Black
Upoko o te Poari



Ruth Dyson
Upoko tuarua o te Poari

Nā Te Tumu Whakarae

Ko te mahi a Te Toka Tū Ake (NHC) ko te kawē i te kaupapa e tiaki nei i ngā kaupupuri whare whai inihua katoa i Aotearoa. Ka tutuki tēnei mā te aronga ki ngā pou rautaki e whā: Manawaroatanga, Noho Rite, Pūtea Tūraru me te Whakarauora.

Ka kapi i tēnei pūrongo ēnei wāhanga mahi me ngā putanga hāngai me ōna āmiki katoa, i te taha hoki o ngā mahi kua oti i a mātou ki te whakapiki haere i tētahi ahurea pakari, te tautoko i ā mātou kaimahi me te whakatipu i tō mātou āheinga.

Kua piki te aronga ki te manawaroatanga

Ka whakapakari ake te NHC i te manawaroatanga mā te haumi ki te pūtaiao me te rangahau, ā, ka whakamahia aua mōhiohio ki te whakapiki i tō mātou mārama ki te āhua o te tūraru, mā roto i te whakatauirā i ngā ngaronga, me te akiaki kia nui ake ngā whakataunga whai mōhio i ngā kaupae katoa o te porihanga: ngā kaupupuri whare, ngā tāngata ka hiahia ki te pupuri whare, ngā kaunihera tāone me ngā kaunihera ā-rohe, me ngā kaihanga kaupapahere kāwanatanga.

Nō te wā i mana ai te Natural Hazards Insurance Act 2023, i roto tētahi aronga pakari ake a te NHC ki te manawaroatanga. E koke angitu ai a Aotearoa ki te whakautu i ēnei wero hou, me mārama katoa tātou ki ngā tūraru e pā ana ki te wāhi e noho nei tātou me ngā mahi hei whakamauru i ēnei.

Ka āwhina tō mātou Tomokanga Pūmate Tūturu ki te whakapiki i tō tātou mōhio ā-motu ki te tūraru. He mapi kei roto o ngā papanoho katoa i Aotearoa e whakaatu ana kei hea ngā kerēme mō ngā tūkinō pūmate tūturu i ngā tau 27 ka hipa. Neke atu i te 110,000 ngā toronga ki te Tomokanga mai anō i tana tīmatatanga, otirā ka tiroiro ngā kaiwhakamahi i ngā mōhiohio mō ngā kerēme inihua, me te āhua o ngā pānga pūmate tūturu ki ō rātou whare onāiane, me ngā mea e whakaaro ana rātou ki te hoko.

Me whai i te huarahi ruruku, mahi tahi hoki ki te whakarato mōhiohio me te tautoko i ngā whakataunga pai i ia taumata o te pūnaha, otirā ka arotake haere mātou, ka whakahou hoki mātou i ēnei kōrero hei mātua whakarite kei te tika te mahi whakaaweawe. Ka kapohia ēnei kōrero ki tō mātou Rautaki Manawaroa i whakahoutia i ngā marama 12 kua hipa, hei whakaata i tēnei aronga moroki, hirahira hoki.

Te noho ‘pakari’ mō te tūpono pānga anō o tētahi pūmate tūturu (noho rite)

Nā te kāhua mōrearea nui o Aotearoa, me noho rite tātou katoa mō te tūpono pānga ahakoa te wā.

Mō te NHC me te kaupapa nei, ko te tikanga o tēnei, kia noho rite ki te whakarahi, whakaheke rānei i ngā wāhanga inihua o ā mātou mahi, ki te kawē tonu i ā mātou mahi pakihitaketake, ahakoa pea ka raru tētahi o ā mātou tari, otirā kia noho rite ki te tautoko i te urupare kāwanatanga whānui, me ngā raraunga me ngā mōhiohio.

He whakamātautau nui ngā āhuatanga huarere kino i te pane o te 2023 (Huripari Gabrielle me ngā waipuke o Te Rā o Tāmaki) ki te whakarahi i te pūnaha inihua whānui, me te tohu anō i te wā tuatahi i whiwhi te kaupapa nei i ngā kerēme nui ake mō te tūkinu whenua tēnā i te tūkinu whare.

I arotake mātou i tō mātou urupare ki aua āhuatanga rā hei whakapai haere i te āhua o ngā ratonga mā ngā kaupupuri whare, ina koa rā ko te āhua nei ka nui ake te pānga o ngā āhuatanga huarere kino. Ka whakaritea e mātou tētahi mahere whakatinana mā te mahi tahi ki ngā kaituku inihua, otirā kua tīmata noa atu te whakatinanatanga o ngā tūtohu. Ka uru ki tēnei ngā mahi ki te whakatere ake i ngā tukanga aromatawai mō ngā kerēme tūkinu whenua.

E tika ai te noho rite, me auau te whakahaere whakamātautau whaitake o te āhua o te whakarahi me te urupare o ā mātou pūnaha. I tēnei tau, i te taha o ā mātou hoa urupare me ngā kiripānga, i whai wāhi mātou ki tētahi ngohe me ngā kaituku inihua ki te whakarite mō ngā ‘tūponotanga’ o tētahi rū whenua Tairanga Hapa kaha-8.1 e tūkinu nui ana i te horanuku o Te Tai o Poutini, otirā ko ngā wāhi ka pā kinotia ka toro i Pōneke ki Te Whakataka-kārehu-a-Tamatea. I whai hua tēnei ngohe ki ngā rōpū katoa, otirā ka whai mōhiotanga ki ngā wāhi hei whakapakari ake, hei whakapai ake hoki.

Ahakoa he mārama te tirohanga matawhānui o te NHC, me tōna mahere whakatutuki, e kore e taea tā mātou e whai nei ki te kore ngā kiripānga e mahi tahi nei mātou. Nō nā tata nei mātou i hanga i te Rangapū Manawaroa Pūmate Tūturu hei whakapai ake i te āhua o ngā ruruku me te mahi tahi ki te urupare i ngā kaupapa pūmate tūturu nui me te whakapakari ake i te āhua o te mahi tahi puta noa i te pūnaha ki te tautoko i te whakarauoratanga o te haporī. Ko ngā kaiwaitohu ngātahi i te tauākī whakaaetanga ko te National Emergency Management Agency me Te Kāhui Inihua o Aotearoa.

Ka whakakotahi mai tēnei rangapūtanga hou i ngā rōpū kāwanatanga me te rāngai tūmataiti ki te whakaraupapa i te tiritiri mōhiohio, te whakarārangi rauemi, me te āwhina kia mārama te tūranga puta noa i te rāngai inihua me te rāngai whakahaere kaupapa ohotata.

E ū ana ngā mema katoa o tēnei Rangapūtanga ki te ako i ngā āhuratanga i pā i mua, me te whakapai haere tonu i ngā tikanga mahi, kia pakari tahi ake ai mātou mō ngā āhuratanga nui ka tūpono pā mai i muri nei.

Te mahi tahi ki te āwhina i ngā tāngata o Aotearoa ki te whakarauora

I a mātou e mahi haere ana i Waitaha, ka pā ētahi āhuratanga huarere kino nei ki ētahi wāhi o te motu i ngā marama 12 kua hori nei, ā, kei te mōhio mātou ki te pānga tāpua o ēnei āhuratanga. Engari ko tō mātou waimarie, he pakari te pūnaha ā-motu nā reira ka āhei mātou ki te tuku wawe i te tautoko ki te hunga ka pā kinotia, me te āwhina ki te whakarauora. Ka rere aku mihi ki ngā kaituku inihua me ā mātou kaimahi mō ā rātou mahi, otirā ka mahi ngātahi tonu mātou ki te whakarite kia tōkeke, kia pūahoaho, kia urupare, ā, kia wawe hoki te tukanga kerēme mā ngā kaupupuri whare.

Te whakapiki i te mārama o ngā kaupupuri whare ki te inihua

Kei te mōhio mātou nā ō mātou rangahau, he tokomaha ngā tāngata kāore tonu i te mārama ki te āhua o tā rātou inihua pūmate tūturu, ā, ka piki te hēmanawa, te taumahatanga me te whakahē i te wā ka tūkinohia ō rātou kāinga, te whenua rānei/hoki, i muri i tētahi āhuratanga kino.

Nō te Hūrae o tērā tau i tīmata te kaupapa whakatairanga o Know Your Cover, e whai ana ki te whakapiki i te mōhio o ngā kaupupuri whare ki te inihua pūmate tūturu, kia mōhio ki ō rātou whiwhinga me ngā tepenga, ā, he aha hoki ngā āhuratanga ka pā mai ina tuku kerēme rātou. Kei te mōhio mātou he nui noa atu ngā mahi hei mahi mā mātou i tēnei wāhanga, ā, ka whakanake tonu, ka whakarato tonu i ngā rauemi Know Your Cover, me ngā kaupapa whakatairanga mōhiohio tūmatanui ā te tau e tū mai nei.

Te whakamaranga i te haepapa taha pūtea

I roto i ā mātou mahi katoa i tēnei tau, i whakamau tonu te titiro ki ngā haepapa taha pūtea, i runga anō i te whakaarotau a te Kāwanatanga o te hiki i te whāomo me te whaitake o ngā ratonga tūmatanui me ngā ratonga tautoko ā-kāwanatanga.

Kua pakeke ā mātou tikanga whakahaere pūtea, ā, ina pāhekohekotia ki ngā mahi i whāia i te 2024/2025, i tautoko ēnei ki te whakaiti i ngā utunga ā-whakahaere, ina taurite ki te tau pūtea 2023/24, otirā i penapenatia te 16% ina tauritea ki tērā mahere pūtea. Nā tēnei whakaitinga whānui i kōkiri i ngā whāinga ki te whakaiti i ngā utunga kaikirimana, ngā kōwhiringa whakapaunga utu mātanga, te whakamahinga o ngā ratonga rāwaho, me ngā whakapaunga hāereere, tae atu hoki ki te whakaiti i ngā utunga e pā ana ki te whakatinanatanga o te Natural Hazards Insurance Act.

Kei te kimi tonu mātou i ētahi tikanga
ki te whakaheke haere i ngā utu
whakahaere kia whaitake, kia whāomo
ake ai hoki, tae atu ki ngā hangarau o te
wā me ngā hangarau hou.

Tēnā koutou

He nui ngā mahi i tutuki i tō mātou
whakahaere i ngā marama 12 kua
hipa, ā, e poho kererū ana ahau ki
tō tātou kāhui mahi. Ka rere hoki
ngā mihi ki ngā kaituku inihua me
ētahi atu kiripānga mō te mahi tahi
me mātou ki te kawē i ēnei putanga
angitu mō Aotearoa te painga.



Tina Mitchell
Tumu Whakarae



Statement of responsibility

The Natural Hazards Commission Toka Tū Ake Board is responsible for:

- preparing our financial statements and statements of performance, and the judgements made in them
- any end-of-year performance information provided under section 19A of the Public Finance Act 1989
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board, the annual financial statements and the Statement of Performance for the financial year ended 30 June 2025 fairly reflect our financial position and operations.

Signed on behalf of the Board:



Chris Black
Board Chair



Alastair Hercus
Commissioner

After 80 years, the scheme is more important now than ever



In July 2025, New Zealand's public natural disaster insurance scheme turned 80. This is the anniversary of when the Earthquake and War Damage Act 1944 came into effect and the scheme was officially created.

The idea behind the scheme was simple: when a disaster strikes, we all need support to get back on our feet. After a decade of earthquakes in the 1930s and 1940s, private insurance for earthquake damage became expensive and hard to get. So, the Government stepped in, creating a national risk pool to ensure everyone with home insurance could access affordable natural disaster cover.

Today, the scheme is still universal. If you've got a home insurance policy with fire cover, you're automatically covered for natural hazards, too. Everyone pays the same levy rate, and it helps cover damage from five major hazards: earthquakes, landslides, volcanic eruptions, hydrothermal activity, and tsunamis. It provides the same protection across the country for the first part of damage to a home – currently up to \$300,000 + GST – and then private insurance applies after that.

We also provide limited cover for land damage from these hazards, as well as storms and floods.

Because this foundational financial protection is simple and applies to all insured homes throughout New Zealand, it works. Over the decades, the scheme has helped generations recover from disasters. It also ensures a high level of private insurance remains available across the country. That's incredibly valuable in a high-risk place like New Zealand.

The last 15 years have been focused predominantly on delivering and improving the insurance aspects of the scheme – supporting homeowners in areas affected by natural disasters, learning from those events, and implementing improvements to our operating model and governing legislation. All of this has been centred around ensuring the claims process is ready to scale for a significant event and effectively supports homeowners, so they have confidence in the financial protection provided by the scheme and can focus on getting all the other aspects of their lives back on track.

But the scheme also has a second, equally important, role – building New Zealand's resilience to natural hazards. As the impacts of climate change increase, every country is grappling with how to adapt. For New Zealand this doubles the challenge. New Zealand is already highly exposed to a range of hazards driven by geological movement within the Earth's crust, such as earthquakes and volcanoes. The impact of climate change means we also face increasing exposure to events originating above the ground, including severe weather events.

 **The year at a glance****Finances**

**We received
funding
from these
sources:**

Premium income from insured
homeowners

\$908 million

Reinsurance payments

\$36 million

Investment income

\$20 million

**We paid
out funding
for these
purposes:**

Claims

\$247 million

Reinsurance

\$446 million

Operating expenses

\$89 million

Measures



**Resilience
targets
achieved: 8/8**



**Readiness
targets
achieved: 4/4**



**Risk financing
targets
achieved: 5/5**



**Recovery
targets
achieved: 20/22**

Highlights

- Just under **84,000 people** visited the Natural Hazards Portal this year with **16%** seeking further information.
- We invested **\$10 million** in around **85** science, research and data projects to provide evidence for decision-making that will increase resilience.
- **61% of homeowners** surveyed have acted on at least one of the six preparedness actions we promote, an increase from last year.
- We developed a new *Readiness Strategy*.
- We secured a record level of reinsurance of **\$10.3 billion** from 1 June 2025.
- We reduced the balance of open Canterbury claims by **17%** through improvements to the claims process and had **467 open claims** on 30 June 2025. We received **2876 new claims** and **settled 2975** over the year.
- Homeowners completed **234 rebuilds and repairs** through the Canterbury On-sold programme, totalling just over a thousand over the life of the programme.
- We completed **five actions** in the North Island Weather Events implementation plan.

Our role and purpose

We are governed by the Natural Hazards Insurance Act 2023 (NHI Act).

Our functions under the NHI Act include:

- providing Natural Hazards Insurance cover for residential dwellings and some land, including managing and settling claims for natural hazard damage
- managing the Natural Hazard Fund, including through investments
- collecting the Natural Hazards Insurance Levy
- arranging reinsurance for Natural Hazards Insurance cover
- assisting with and funding research and education into natural hazards and their impacts, including helping to share relevant information, knowledge and expertise
- supporting the Minister responsible for NHC Toka Tū Ake
- ensuring compliance with the NHI Act
- undertaking additional functions specified in legislation or conferred by our Minister.

Our strategic framework

Our strategic direction is set out in our *Statement of Intent 2024–2028*.

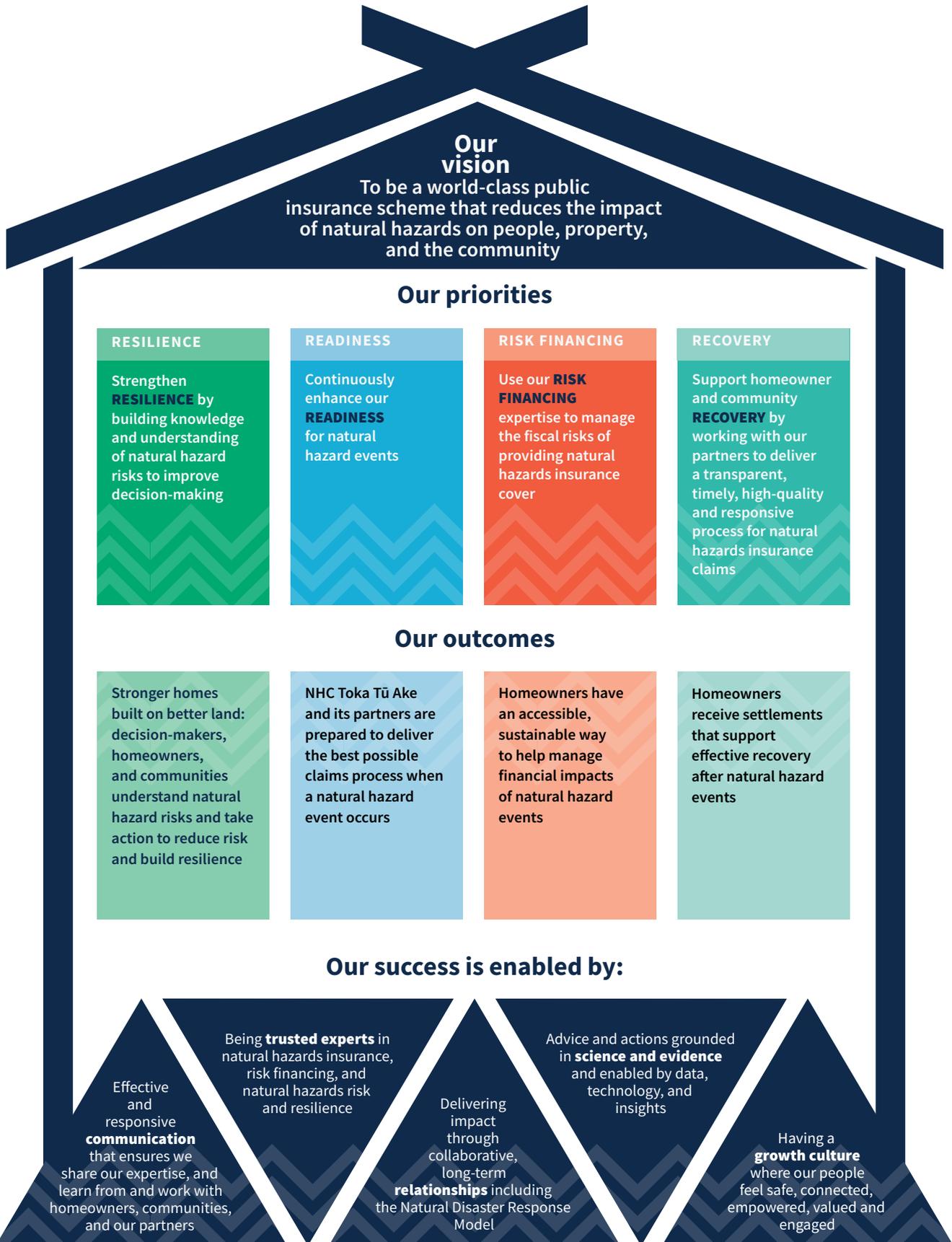
Our organisational vision is to be a world-class public insurance scheme that reduces the impact of natural hazards on people, property, and the community.

Alongside our Statement of Intent, our *Statement of Performance Expectations 2024–2025* establishes the priorities for the 2024/25 financial year and measures to assess our performance. These measures are grouped under four output classes that reflect our work to help New Zealanders prepare for and recover from natural hazard events:

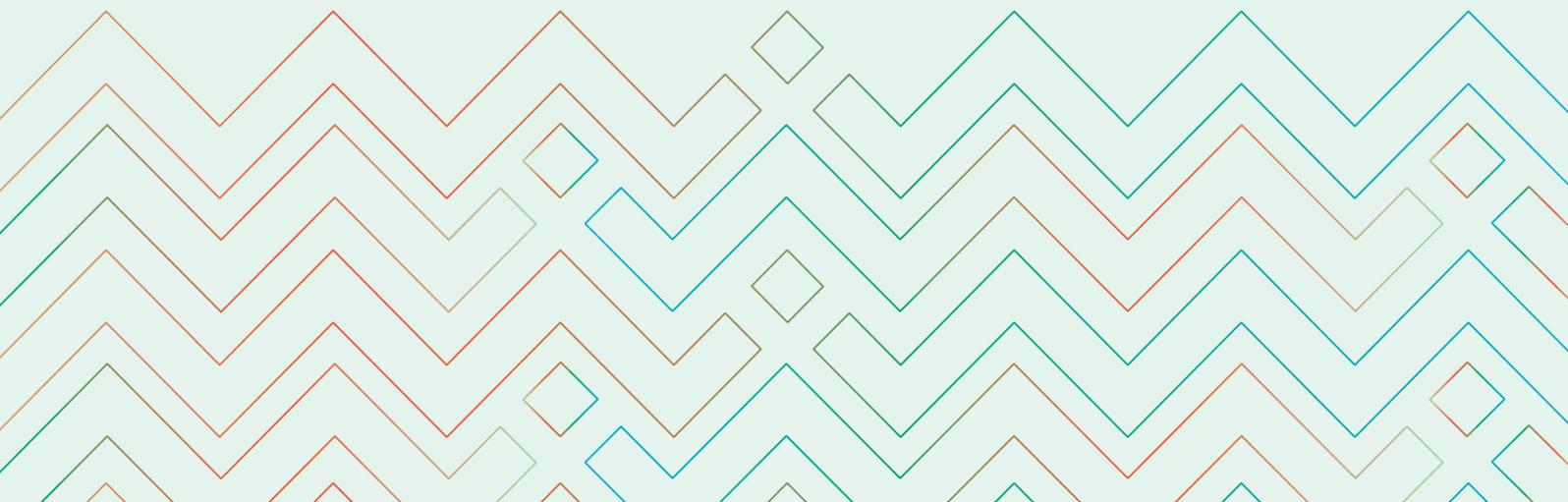
- Resilience
- Readiness
- Risk financing
- Recovery

This report describes our performance for the 2024/25 financial year against the measures in these output classes and the strategic framework shown on the following page.

By using a consistent strategic framework over time, we can track how the output classes support us to achieve our strategic intentions and outcomes and, ultimately, deliver on our vision.



Progress on our strategic intentions



Here we describe our strategic intentions as outlined in our *Statement of Intent 2024–2028* (SOI) and how we have worked towards these intentions this year, the second of our SOI period. These strategic intentions are summarised in our strategic framework shown on page 23 and focus on each of our four Rs.

Resilience

We strengthen resilience by building knowledge and understanding of natural hazard risks to improve decision-making. A core strategic outcome for this output class is that we improve the resilience of New Zealanders to natural hazards by collaborating and sharing information about natural hazards with them and other agencies in our sector. We do this by being a leader in natural hazard risk reduction based on credible research, data, education and strong stakeholder relationships.

To progress towards this outcome we fund research, modelling and public education that helps reduce the impact of natural hazards on people, property and the community. This focus on risk reduction, linked to the natural hazards we cover, helps New Zealand build resilience and secure reinsurance in global markets. Areas we have prioritised to achieve this are:

- building a strong evidence base for informed decision-making (see page 30)
- translating research into policy and practice (see page 31)
- updating our loss modelling (see page 32)
- making an impact through practical public education (see page 32).

Readiness

We continually enhance our readiness for natural hazard events. Our strategic outcome for readiness is to ensure we and our Natural Disaster Response Model (NDRM) insurers have the right capability and capacity to support New Zealanders when a natural hazard event strikes. We do this by identifying opportunities to improve the NDRM, collaborating with NDRM insurers to deliver these improvements, taking part in natural hazard event exercises, and enhancing our technology infrastructure and business continuity planning.

As a part of New Zealand’s insurance system, we play a critical role in helping people recover from natural hazard events. But our ability to respond swiftly, support others, and recover well depends on the preparation we have done before the event occurs. Areas we have prioritised to achieve this are:

- developing a new *Readiness Strategy* (see page 34)
- testing the NDRM (see page 34)
- learning from the 2023 North Island Weather Events (see page 35).

Risk financing

We use our risk financing expertise to manage the fiscal risks of providing Natural Hazards Insurance cover. This is so financial resources are available to meet people's natural hazard insurance claims when they fall due. We do this through managing the Natural Hazard Fund and securing support from international reinsurers.

To increase the financial sustainability of the Natural Hazards Insurance scheme, we balance investment in reinsurance capacity, investment in the organisation, and rebuilding the Natural Hazard Fund. In addition, we work with the Treasury to understand the Crown's risk appetite.

Another important aspect of our work is understanding the likelihood of a future need to call on the Crown guarantee that provides funding for claims if needed. Areas we have prioritised to achieve this are:

- maintaining a strong risk transfer programme (see page 37)
- ensuring the scheme is sustainable for years to come (see page 37)
- managing the Natural Hazard Fund (see page 37).

Recovery

We support homeowner and community recovery after a natural hazard event occurs by working with our partners to deliver a transparent,

timely, high-quality and responsive process for Natural Hazards Insurance claims and by complying with our Code of Insured Persons' Rights.

Areas we have prioritised to achieve this are:

- continuing to focus on Canterbury homeowners (see page 41)
- resolving claims from other natural hazard events (see page 42).

Summary of our performance this year

Overall assessment of operations and performance

This year has been a successful one for us overall. We have achieved or exceeded 37 of the 39 measures in our *Statement of Performance Expectations 2024–2025* (SoPE).

Our performance for specific strategic priorities is detailed on the following pages.

Strategic priority	Pages in this annual report
Resilience	29–30
Readiness	33–34
Risk financing	35–36
Recovery	38–41

The two measures we did not achieve are both in output class 4, Recovery.

The timeliness of Natural Disaster Response Model (NDRM) claims (measure 4.2.1) is behind target in one performance dimension. Of the four performance dimensions in this measure, we are behind in one by 3%, which is to settle 80% of claims within 12 months. This result was affected by the tail of claims from the 2023 North Island Weather Events (NIWE) that were already over 12 months old before this year coupled with the comparatively low volume of new claims that have come in this year.

The result for measure 4.3.1 — Homeowner satisfaction for NIWE claims — is 33%, well below our target of $\geq 60\%$. The main driver of dissatisfaction is the perception that settlement entitlements under the Act are sometimes insufficient to complete repairs. Our work through the NIWE implementation plan is focused on supporting a better claim experience for homeowners, including helping homeowners to understand their cover.

Implementing the Government's priorities

This Annual Report shows our performance against our SoPE for 2024/25, which is informed by the Letter of Expectations from our Minister. The main areas of expectation are reflected in our recovery and risk financing outputs and our financial management of the organisation and scheme.

We have taken a leading role in supporting New Zealanders to build resilience to the natural hazards we face through funding research, modelling and public education.

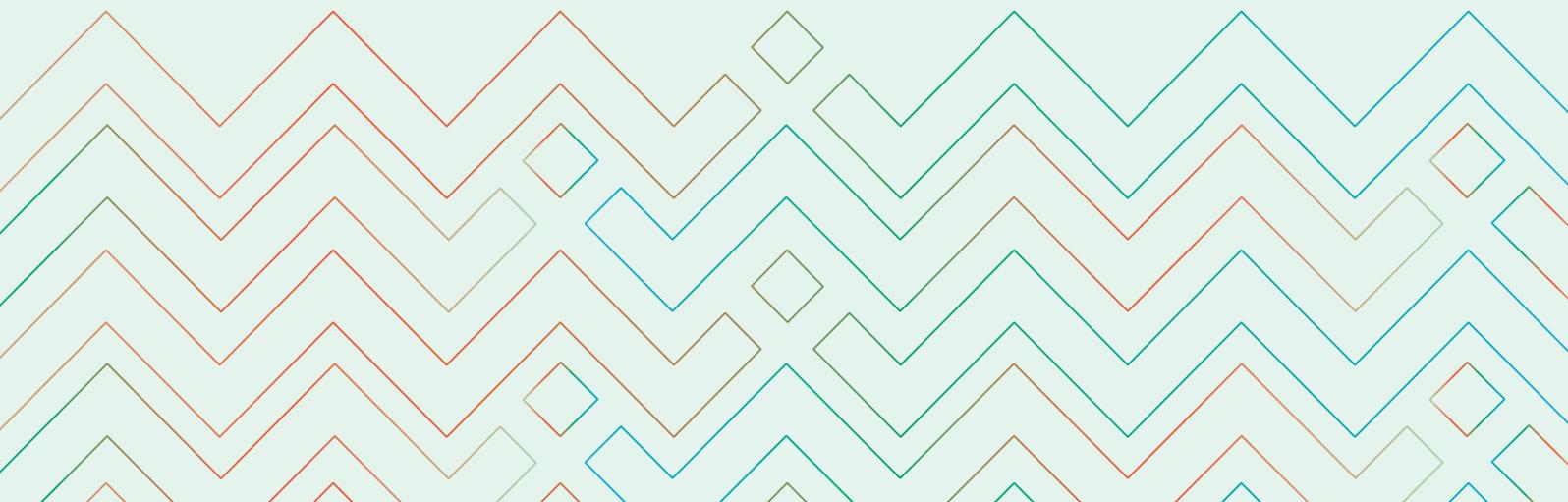
We have managed the NDRM effectively and started implementing operational changes in response to lessons learned from the 2023 North Island Weather Events. We have also been monitoring the implementation of the dispute resolution scheme introduced in the NHI Act. As we learn from the cases considered by the dispute resolution scheme, we will consider ways in which the dispute resolution process can be improved, engaging with insurers, homeowners and other interested stakeholders as part of this.

We have also continued making efforts to resolve all reopened Canterbury and Southern Response claims. We are effectively managing the remaining applications to the Government's On-sold Support Programme in line with projections on costs and timeframes.

We worked with the Treasury on the Crown's first Funding and Risk Management Statement during 2023/24 and have embedded it into our funding and financing decisions this year.

The Government outlined its ongoing expectations of statutory Crown entities in an Enduring Letter of Expectations from the Minister of Finance in April 2024. We have integrated these into how we conduct our core functions, including how we continue to build our organisational capability to meet our strategic priorities.

Our performance in 2024/25



This section provides our performance results against the targets specified in our *Statement of Performance Expectations 2024–2025* and how we achieved them.

The levy payments we have received during the year funded all the outputs detailed below except those relating to the On-sold Support Programme.

Resilience

● Achieved ● Not Achieved

Output 1: A resilience programme that informs, enables and influences for improved analysis and public understanding of natural hazards risk

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
1.1 Number of Natural Hazards Portal users, and percentage of those seeking further information (via the PDF download function or Natural Hazards Portal-driven OIA requests)	49,305	>40,000 >15%	● 83,948 ● 16%
1.2 Number of downloads of our publicly available research and resilience documents	4,313	>1,200	● 5,649
1.3 Number of formal submissions made on central and local government policy and plans, and percentage of recommendations that are partially or fully accepted or acted on	11 New measure	>5 >20%	● 17 ● 49%
1.4 Percentage of homeowners surveyed who say they have acted on any of the six key preparedness actions promoted by NHC Toka Tū Ake	61%	>57%	● 61%

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
1.5 Progress on delivering our loss modelling strategy via agreed roadmap milestones	New measure	Achieved	● Achieved
1.6 A research Benefits Management Framework is finalised and implemented, enabling the ability to track the short, medium, and long-term impacts and benefits of research	New measure	Achieved	● Achieved

How we achieved our results

Building a strong evidence base for informed decision-making

Our \$10 million annual investment into research helps build an evidence base that we and others use to make risk-informed decisions. We fund research across a wide range of topics — from engineering and geophysics to social sciences — that contributes to improving our understanding of and preparedness for natural hazards. In 2024/25, we supported around 85 projects covering themes of resilient buildings, smarter land use, quantifying hazards and impacts, and supporting people and decisions.

A few notable examples of our research projects include:

- the discovery that the largest volcanic eruption in our history at

Taupō was likely caused by deep ocean water under the Hikurangi Subduction Zone, providing scientists with a vital explanation for why this is one of the most volatile volcanic regions in the world

- research showing citizen science seismometers can help improve earthquake monitoring by supporting preparedness for and understanding of the risks of future shakes
- funding GNS researchers to work with the Takapūwāhia community in Porirua to develop bespoke hazard maps of the region, which helped the community make important decisions about where to place critical infrastructure in future. This will help reduce the chance of future property damage from disasters.

Investing in capability-building that ensures we have a strong team of natural hazard scientists and researchers able to continue this work is also an important part of our research programme. We have allocated funding for projects led by early-career researchers, and we support postgraduate students conducting research into natural hazards. For example, one of the 55 postgraduate projects we have funded this year examines how research is used to shape emergency management and risk-reduction policy.

Every year, we recognise a promising early-career seismic engineer through the Ivan Skinner Award. This year, the award went to Dr Maxim Millen, a researcher at the University of Canterbury and a Technical Director at Tonkin + Taylor, who is bridging the gap between academia and practice.

We also sponsored 10 conferences, workshops and other events that encouraged knowledge sharing and connection with end users and stakeholders.

One of the requirements under the NHI Act is to ensure all our research funding provides potential benefit to insured homeowners and/or will help to reduce the future cost of providing Natural Hazards Insurance cover. To support this, we have reinforced requirements for applicants to our research fund to articulate the benefit of their research. We are also strengthening how we track and report on the short-, medium- and long-term benefits of our research investment.

Translating research into policy and practice

An important flow-on from our research investment is the work we do to promote and advocate for risk- and resilience-informed decision-making in policy, planning and practice.

We have strong ties with industry bodies, which we leverage to promote risk-informed land use planning and engineering practice. This year, we again partnered with the New Zealand Planning Institute to deliver two courses focused on supporting planners to understand and address natural hazard risk in their work.

We also continued our partnerships with technical societies representing New Zealand's engineers and geotechnicians. In 2024/25, we collaborated on the launch of Design.Resilience.NZ, an online hub that makes it easier for builders, architects and engineers to find guidance documents on how to build above Building Code minimums.

We actively encourage policies that reduce or manage natural hazard risks to communities and homes and that take a resilient, sustainable approach to development. We regularly submit on central government policy changes and local and regional plan changes that have the potential to increase communities' exposure to natural hazard risk. This year, we submitted on 17 policies and plan changes, backed by robust natural hazard risk science, mapping and data.

We also participated in developing national policies on natural hazards and climate adaptation, including the Climate Adaptation Framework and discussions on managed retreat. We have supported the Ministry for the Environment in developing the *National Policy Statement on Natural Hazards* and the *National Adaptation Plan*, and we have ongoing conversations with government agencies on how to improve the quality, transparency and use of natural hazard risk data.

One of our hallmark projects is the Natural Hazards Portal, which recently celebrated its two-year anniversary. Since its launch in August 2023, over 132,000 people have visited the Portal for insurance claims information showing how natural hazards may have impacted their current or potential new homes. To date, over 26,000 people have downloaded claims information.

Updating our loss modelling

We incorporated the 2022 update to the National Seismic Hazard Model into our loss modelling platform. Fragility models are also being updated and included in the platform to incorporate fresh knowledge into our view of natural hazard risk. For the first time, they incorporate New Zealand-specific evidence for estimated damage and loss in the event of an earthquake.

Making an impact through practical public education

Our public education programme saw important messages on natural hazard risk and preparedness delivered to New Zealanders.

We saw in survey results that more people are taking steps to protect their properties from natural hazards with 61% (average across all quarters of the year) of homeowners saying they have taken action on at least one of six steps to prevent damage to their home and protect people from harm. More generally, we are seeing record-high levels of New Zealanders who say they have taken any kind of action that they believe will reduce natural hazard damage to their home or land.

Our campaign activity saw 40 million impressions of our content, generating 9.5 million views of our videos and 195,000 visitors to our website. Our ongoing campaigns include *Quake Safe* aimed at homeowners in higher seismic risk areas and *Home Safe Home?* aimed at homebuyers. We also completed a Know Your Cover video campaign aimed at increasing homeowners' understanding of their Natural Hazards Insurance cover.

Our museum and local education sponsorships saw more than 10,000 rangatahi and tamariki take part in school education programmes and 32 public talks and roadshows delivered to communities. Our *Rūaumoko: Restless Land* touring exhibit, developed in partnership with Te Papa, was solidly booked by local museums and community centres for all of 2025 and through to August 2026. A new partnership with MTG Hawke's Bay Tai Ahuriri saw a new earthquake house experience created that shows the impacts of the 1931 earthquake, New Zealand's deadliest natural disaster.

A partnership with BRANZ and the Ministry of Business, Innovation and Employment has seen us improve builders’ knowledge with two new professional development modules released that focus on seismic resilience.

Readiness

● Achieved ● Not Achieved

Output 2: Ensuring capacity and readiness for an event

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
2.1 Document and present to the Board an implementation plan based on the lessons learned from previous events (including the 2023 North Island Weather Events) and scenario response strategies, to enable improved efficiency and effectiveness	New measure	Achieved	● Achieved
2.2 NHC Toka Tū Ake is satisfied NDRM insurers have effective surge plans to support the NDRM to respond to a natural hazard event resulting in up to 100,000 homeowner claims under the natural hazards scheme	Achieved	100%	● Achieved
2.3 NHC Toka Tū Ake participates in a maximum of two natural hazards exercises with stakeholders and insurer partners to test the natural hazards scheme's preparedness for a significant natural hazard event	1	100%	● Achieved

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
2.4 New Zealanders have increasing trust and confidence in NHC Toka Tū Ake	60 in Public Sector Reputation Index	Our Public Sector Reputation Index score is 59 points or over	● 62

How we achieved our results

Developing a new Readiness Strategy

We have recently developed a 5-year strategy for building readiness across our core functions. This new *Readiness Strategy* sets out how we will prepare for, respond to and recover from natural hazard events, and signals our increased focus on improving our readiness.

Testing the NDRM

We have continued to examine our claims model and our operational capabilities to ensure we are ready for the next event. As most claims are handled by our NDRM insurers, we are working closely with them, including through the North Island Weather Events implementation plan (see the next page), to ensure the model is fit for purpose and well equipped to respond.

We continue to test our processes and approach to significant events to ensure we understand how they might work in practice and to identify any improvements. We are testing approaches with insurers for certain scenarios following natural hazard events.

We have completed our first NDRM response exercise with insurers and their assessment providers, which identified improvements to ensure we are better positioned for the next event. We also participated in the three-day Rū Whenua exercise, which was led by the National Emergency Management Agency and based on a magnitude 8 Mw Alpine Fault earthquake.

Learning from the 2023 North Island Weather Events

We are also learning from experiences during the North Island Weather Events (NIWE) in early 2023. The North Island Weather Events implementation plan was published in October 2024 and sets out five focus areas:

1. Improving homeowner understanding of NHCover
2. Improving our understanding of homeowner needs during the claims journey
3. Improving claim processes and support functions
4. Identifying new approaches for complex events
5. Refining and clarifying NDRM roles and responsibilities

Work is well underway to complete the actions outlined in this plan. This includes completing the first two phases of our Know Your Cover campaign to improve homeowners' awareness and understanding of their Natural Hazards Insurance cover. We are working to refine the third phase of the campaign by testing messages, engaging with insurers and other stakeholders, and gathering data and insights to understand what information will make the biggest difference to homeowners first.

Work is also underway to work with insurers to develop new approaches that can be used to improve claims settlement timeframes for some types of natural hazards damage.

Risk financing

● Achieved ● Not Achieved

Output 3.1: Maintain a reinsurance programme that supports our delivery of affordable residential natural disaster insurance protection

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
3.1.1 Reinsurance protection for 2025–2026 is obtained on terms that assure continuity of coverage for all hazards under the NHI Act, at rates that are lower than the Crown's ceded cost of capital	Achieved	By 1 June 2025	● Achieved

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
3.1.2 An annual review of the risk financing strategy is completed	Achieved	Achieved	● Achieved

Output 3.2: Managing the Natural Hazard Fund

3.2.1 The percentage of levies collected compared to the annual budget	100%	100%	● 100%
3.2.2 The Natural Hazard Fund is managed in accordance with parameters outlined in the Funding and Risk Management Statement	100%	100%	● Achieved

Output 3.3: Funding and Risk Management Statement

3.3.1 Develop an investment strategy and framework based on the parameters provided in the Crown's Funding and Risk Management Statement by 30 June 2025	New measure	Achieved	● Achieved
----------------------------------------------------------------------------------------------------------------------------------------------------------	-------------	----------	------------

How we achieved our results

We achieved these results through the four levers of risk financing – the Natural Hazards Insurance levy, risk transfer, managing the Natural Hazard Fund (the Fund), and the Crown guarantee.

Maintaining a strong risk transfer programme

We continue to buy reinsurance to protect the Natural Hazards Insurance scheme and the Crown's balance sheet from severe losses. Underpinned by deep, long-standing relationships with our risk financing counterparties, this year we succeeded in increasing the capacity of the programme for the 12 months from 1 June 2025 by \$1.15 billion. All up, our total reinsurance programme, including the 2023 catastrophe bond, now totals just over \$10.3 billion.

We continue to have a strong focus on ensuring our risk transfer programme is effective and efficient in transferring financial risk from the scheme to international markets. We work closely with our reinsurance broker to ensure our programme is placed on appropriate commercial terms, which involves negotiation with global reinsurers. We monitor and measure the efficiency of the programme by comparing the overall cost of the programme with the Crown's cost of capital.

Ensuring the scheme is sustainable for years to come

The Natural Hazards Insurance Act 2023 and the Funding and Risk Management Statement (FRMS) provide the framework for our risk financing. The first FRMS was issued by the Government in July 2024 and sets out:

- how the costs and risks of the scheme are shared between the Crown and levy-payers
- the financial parameters of the scheme, including the levy rate and a statement of Crown risk appetite that informs the Board's decisions about its risk financing strategy.

Over the course of the year, we have worked with the Treasury on the review of the levy setting and financial settings, as signalled by our Minister in the first FRMS, by providing modelling and analysis.

Managing the Natural Hazard Fund

The first FRMS allowed us to diversify the Fund and provided guidance for the Board on what the new Statement of Investment Policies and Objectives (SIPO) should cover. The SIPO is the governance document that sets out how the Fund will be managed, including the types of assets we can invest in. Successfully developing and delivering a new SIPO by 30 June 2025 was a deliverable in our *Statement of Performance Expectations 2024–2025*.

The new SIPO is a material change from our previous approach. As we look to regrow the Fund, we will diversify our investments, representing a change from our current approach of investing in short-term bank deposits. As a result, we will take a staged approach to implementing the investment strategy over the course of 2025/26. This will allow time to undertake the necessary due diligence on potential investment managers and investment products.

Recovery

● Achieved ● Not Achieved

Output 4.1: Settlement of the 2010–2011 Canterbury earthquake sequence claims

Output 4.1 is specifically focused on serving homeowners with claims from the 2010–2011 Canterbury earthquake sequence, including applications to the Canterbury On-sold Support Programme and claims we are managing on behalf of Southern Response Earthquake Services Limited. The measures address the timeliness and homeowner focus of the claims management service.

The number of claims from the Canterbury events is gradually reducing as more time passes since the events occurred. Timeliness measures for Canterbury claims were re-evaluated in our *Statement of Performance Expectations 2024–2025* to reflect the lower volume of claims and the different treatment required for them now.

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
---------------------	---------------------	----------------	----------------------------------------

Timeliness

4.1.1 Percentage of reopened claims settled from the date that they were reopened	New measure	85% within 6 months	● 89%
		90% within 12 months	● 95%
		95% within 18 months	● 99%
		99% within 24 months	● 99%

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
4.1.2 The On-sold ex gratia package is administered in accordance with the On-sold Canterbury Properties Services Agreement	100%	100%	● 100%
4.1.3 Pre-settlement: the percentage decrease in the number of On-sold applications in the pre-settlement phase	New measure	30%	● 80%
4.1.4 Post-settlement: the percentage increase in number of On-sold applications closed/completed in the financial year	New measure	25%	● 30%
4.1.5 Reopened Southern Response claims that are resolved within 12 months of the reopened date	New measure	80%	● 87%

Homeowner focus

4.1.6 Surveyed homeowners are satisfied with their overall claims experience	71%	≥60%	● 73%
4.1.7 Timeliness of complaints resolution: complaints are resolved within two months, unless an alternative timeframe is agreed with the homeowner	100%	95%	● 99%
4.1.8 NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within six months	5%	≤5%	● 2%

Output 4.2: Claims relating to natural hazard events (excluding Canterbury)

This measure covers all claims other than those that resulted from the Canterbury earthquake sequence and the 2023 North Island Weather Events.

Performance measure	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
Timeliness			
4.2.1 Percentage of claims settled from the date of claims lodgement	New measure	80% within 12 months	● 77%
		90% within 24 months	● 98%
		95% within 36 months	● 100%
		98% within 48 months	● 100%
Homeowner focus			
4.2.2 Surveyed homeowners are satisfied with their overall claims experience	52%	≥60%	● 68%
4.2.3 Complaints are resolved within two months or within such longer period as the complainant and private insurer agree	96%	90%	● 94%
4.2.4 NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within six months	1%	≤3%	● 1%
Quantity			
4.2.5 The ratio of claims handling expense to settlement cost for the period is less than the ratio set by the Board	Achieved	Achieved	● Achieved

Output 4.3: Claims relating to North Island Weather Events: January–February 2023

In 2023/24, we introduced independent performance measures for the response to the impacts of severe weather events in the North Island, including the Auckland Anniversary Weekend floods in January 2023 and Cyclone Gabrielle in February 2023. We retained several of these measures for 2024/25 to reflect that claims for this event continue to be lodged and the ongoing complexity in settling claims involving significant land damage.

Performance measures	2023/24 performance	2024/25 target	2024/25 performance as at 30 June 2025
4.3.1 Surveyed homeowners are satisfied with their overall claims experience	46%	≥60%	● 33%
4.3.2 Complaints are resolved within two months or within such longer period as the complainant and private insurer agree	97%	90%	● 96%
4.3.3 NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within six months	0.8%	≤5%	● 1%

How we achieved these results

Continuing to focus on Canterbury homeowners

We remain focused on finalising reopened Canterbury claims. This year, we achieved all performance targets within our measure related to timeliness.

Our settlements are also enduring, with a reopen rate well under our 5% reopen threshold. While we focus on achieving timely and enduring settlements, we remain strongly focused on the overall claims experience we provide to our homeowners and this is evident in our strong result for homeowner satisfaction.

In 2024/25, we introduced two new measures to advance the On-sold programme with the aim of reducing applications in the pre-settlement phase and increasing the number of applications in the post-settlement phase. We achieved our targets for both measures with an 80% reduction in applications in the pre-settlement phase from 363 to 73 and a 30% increase achieved in the post-settlement phase from 783 to 1017.

We also continue to manage homeowners' private insurance Canterbury claims on behalf of Southern Response Earthquake Services Limited. We settled 87% of claims within 12 months of the reopened date, above our target of 80%.

All this work is aimed at making sure we deliver settlements that support homeowner and community recovery.

Resolving claims from other natural hazard events

Working with insurers through the Natural Disaster Response Model means that the vast majority of homeowners have a central point of contact to manage their NHCover and private insurance.

We did not achieve our timeliness target for measure 4.2.1. This measure is made up of four performance dimensions. With a result of 77% this year, we did not achieve our target for the first performance dimension of the measure, which was to settle 80% of claims within 12 months of lodgement.

The target was achieved against the three other dimensions of this measure.

Of the claims resolved this year, around 66% included land damage. These generally take more time to settle than building-only claims as they require more assessment steps and different technical expertise.

The land claims also included aged claims (12 months or older) from the 2023 North Island Weather Events (NIWE). The complexity and age characteristics of these, combined with a low volume of new claims this year, have also affected this target.

We have also not met our homeowner satisfaction measure for the outstanding NIWE claims. Feedback from surveyed homeowners indicates that a negative homeowner experience is driven by the perception that settlement entitlements under the Act are insufficient to complete repairs. Another factor affecting the homeowner claim experience is the length of time it has taken to settle these claims.

We are using the insights gained from homeowner surveys and the deliverables and changes we are seeking through the *North Island Weather Events implementation plan* to improve the overall claim experience for homeowners. This includes changing how we communicate with homeowners and the wider goal of introducing further efficiencies with our assessment and claims processes.

Organisational health and capability

Commitment to our people

Our People Purpose is: “Our ‘growth culture’, where our people feel safe, connected, empowered, valued, and engaged, is grounded in a shared commitment to help each other grow and get better to make a difference to the lives of New Zealanders.”

Our People Purpose is supported by three priorities of culture, capability and performance, and people operational excellence. The work programme that supports the People Strategy is structured to support these priorities. This year has been focused on supporting the shift in our organisation’s role under the NHI Act and our refreshed strategic direction, as well as continuing to build on work in progress to enable efficient service delivery.

Priorities delivered during this period include:

- refreshing the organisational values (see page 48), ensuring they support our vision, strategy and culture
- developing a performance framework that sets out an approach that provides clear performance expectations aligned to organisational priorities, helps people get better at their work, and provides support for career development

- developing and implementing a framework, policy and training to mitigate psychosocial harm to our frontline people from frequent and/or vexatious communications and unreasonable behaviour
- starting the process to replace the Human Resources Information System (HRIS) and payroll system, including initial discovery and pre-implementation assurance that the right requirements have been defined, and identifying the best-fit system design and vendor to deliver on requirements.

Next year will be focused on implementing the new HRIS, and embedding and improving processes, programmes and systems.

Engagement of our people

The annual engagement survey response rate of 94.4% is a slight but not statistically significant decrease of 0.8% on last year. The overall engagement score of 79% was a significant increase of 4% on last year's result.

Overall, the results indicate a generally positive sentiment across the organisation. Our people take pride in their impact on New Zealand. The results show a strong alignment between personal values and organisational priorities, particularly feeling supported in career development and feeling comfortable seeking feedback.

Aligning with previous years, satisfaction with flexible working continues to be the top-scoring question with a slight increase in positive responses from 91% to 92%. This demonstrates the continued focus on supporting employees' needs while still focusing on organisational delivery.

Questions with the greatest increase in scores on 2024 were "NHC has a positive reputation with our customers" up from 63% to 72% and "We are regularly asked for feedback on how to improve NHC" up from 66% to 73%.

Health, safety, security and wellbeing

We believe that being a great employer is about more than meeting legal obligations. It means genuinely caring for the health, safety, security and overall wellbeing of our people and those we work with.

Our focus is on creating a positive and resilient work environment where everyone can thrive, while meeting the requirements of the Health and Safety at Work Act 2015, associated regulations, WorkSafe New Zealand guidelines, and approved codes of practice.

To support this, we continue to strengthen our health, safety, security and wellbeing capability through:

- empowered competence such that our people are capable and confident in managing critical risks while contributing to a safe and healthy workplace
- compliance best practice underpinning our operating environment, and health and safety management systems that align with approved codes of practice and regulatory expectations
- critical risk and control awareness, ensuring any potential hazards and threats to our people are well understood, visible and effectively managed as our work and work environment evolve
- continuous improvement through robust monitoring and assurance to understand our performance while enhancing system-level processes that benefit our people.

Recognising the importance of mental and emotional wellbeing, we have taken a holistic approach to psychosocial safety, including strengthening support processes, training and wellbeing resources, particularly for our front-facing and field teams.

A comprehensive and independent SafePlus health and safety performance assessment was undertaken to evaluate our health and safety management system. This included interviews with Board members, executive leaders, operational managers, health and safety representatives and workers, observations of work, and a review of documented processes.

- leadership and engagement that fosters a culture where our people are engaged, feel safe, and are actively involved in health, safety and wellbeing initiatives

It also included deep dives into three of our critical risks: psychosocial harm; violence, aggression and unacceptable behaviours; and driving or vehicle incidents.

The overall performance assessment levels are Developing, Performing and Leading. All ten indicators must be the same for the next level of performance to be achieved. The 2022 assessment rated our performance level at Developing. As a result of this year's assessment, our rating has moved up to Performing. This is a critical step in raising the capability and maturity of our health and safety management systems.

We are encouraged by our SafePlus performance assessment results and our 2025 staff engagement results, where 78% of our people responded positively to questions relating to psychological wellbeing. This reflects the value of the support in place, the work we have undertaken in health, safety, security and wellbeing, and the importance of continuing to build on it.

Workforce diversity and inclusion

We have continued our targeted focus on diversity and inclusion to ensure we are an attractive workplace to everyone. Activities include participating in Hoods Up for Autism, creating and making available resources for all employees on hidden disabilities, and providing leaders with guidance on leading multicultural teams.

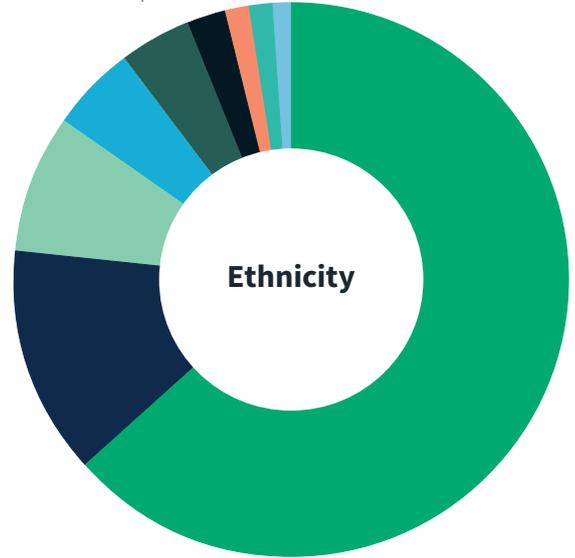
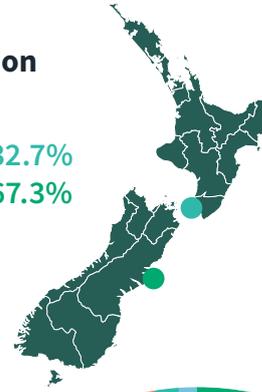
We have successfully completed a third round of TupuToa internships, with one intern recently appointed to a permanent position.

Representation of gender in our leadership tells us that the systems in place to support gender equity in professional development are successful, and we have an organisation that supports this.

Our diversity and inclusion work programme includes initiatives to ensure greater ethnic diversity in our leadership layers in the medium to long term. While we're making positive progress, we acknowledge we still have work to do. We have also focused on spotlighting, with permission, some of our leaders with hidden disabilities, highlighting further diversity within, and support for, our leaders.

Percentage of staff per location

Wellington 32.7%
Christchurch 67.3%

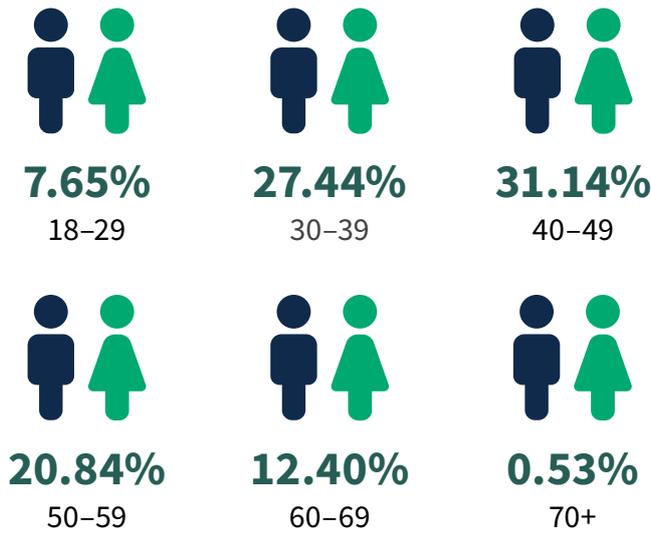


Ethnicity	Percentage
NZ European	62.5%
European	13.7%
Asian	8.4%
Pasifika	4.8%
Māori	4.2%
Indian	2.4%
MELAA*	1.6%
Other	1.3%
Undisclosed	1.1%

*Middle Eastern, Latin American and African

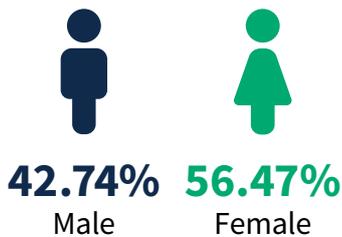


Age range - years



The average age is 44.9 years

Gender



0.26%
Gender diverse

0.53%
Not stated

Leadership demographics

As at 30 June 2025	Male	Female	Not stated	Total
Executive Leadership Team	3	7	0	10
People Leaders	32	41	0	73

As at 30 June 2025	NZ European	Others	Total
ELT	10	0	10
People Leaders	65	8	73

Progress on our *Te Ao Māori Strategy*

In the second year of implementing our *Te Ao Māori Strategy*, we have continued to make meaningful progress against its four strategic priorities, which are to:

- build our own Māori capability and capacity – including learning and understanding our communities and customers
- build enduring, committed, authentic, reciprocal and trusted relationships with Māori – recognising the expertise of tangata whenua and co-developing how best we work together
- ensure Māori have equitable access to our insurance cover, recognising the unique circumstances of Māori and the relationship Māori have with their whenua and kāinga
- incorporate mātauranga Māori into all appropriate aspects of our work.

Strengthening work to support our Crown–Māori commitments

We continue to develop mana whenua relationships in Te Whanganui-a-Tara Wellington and Ōtautahi Christchurch. Our national office relocation allowed us to deepen our connection at the end of 2023/24 with Te Āti Awa in Wellington. Establishing our new Victoria Street office site meaningfully embedded significant local natural hazard narratives across our workplaces.

We have completed initial research, in partnership with Te Herenga Waka – Victoria University of Wellington, to understand legal barriers for Māori in accessing home insurance.

This has enabled us to inform future work across the organisation to address the barriers to access, as well as informing the second social research phase of this work to be completed in 2025/26.

Building our engagement capacity

It is important to us that the work we do reflects the breadth of needs and perspectives of the New Zealanders we serve. Our Crown–Māori relationships are an important part of this, and we have pursued a proof-of-concept approach through our information management work programme to help us understand how best to do this. As an initial project, we engaged through both a direct approach with iwi and working at the technical level with the National Iwi Chairs Forum Iwi Data Leaders' Group.

We are using the learning to inform decisions about how to best invest in cultural capability, where opportunities exist to strengthen what we do through enhanced engagement, and how and when to seek out partners with shared ambition.

Refreshing our strategy

Work has begun to review and refresh our *Te Ao Māori Strategy* priorities and implementation approach. We have made pleasing progress to date and our refresh will reflect where we have been able to apply what we have learnt, demonstrate growth, and best identify and meet need.

Our new organisational values

Our vision is “to be a world-class public insurance scheme that reduces the impact of natural hazards on people, property, and the community”. Natural hazard events have shaped our national history, our organisation’s history, and our name – Natural Hazards Commission Toka Tū Ake.

We know that the best way to prepare for adversity is for communities to come together and share knowledge and resources in support of each other. Our values embody this spirit and the behaviours we are committed to demonstrating to deliver on our vision. They guide us in the work we do and the way we do it.

We have recently refreshed our values through engaging all our people in their development. Our new values are as follows.



Connection – hononga

We care for each other, work as a team, share information, collaborate for the best outcomes, and harness our collective strength.



Confidence – māia

We deliver on our promises, are clear on our purpose, stay informed and prepared, believe in each other, and celebrate our successes.



Curiosity – māhirahira

We ask questions, think critically, value diverse perspectives, stay up to date, and seek ways to learn and grow.

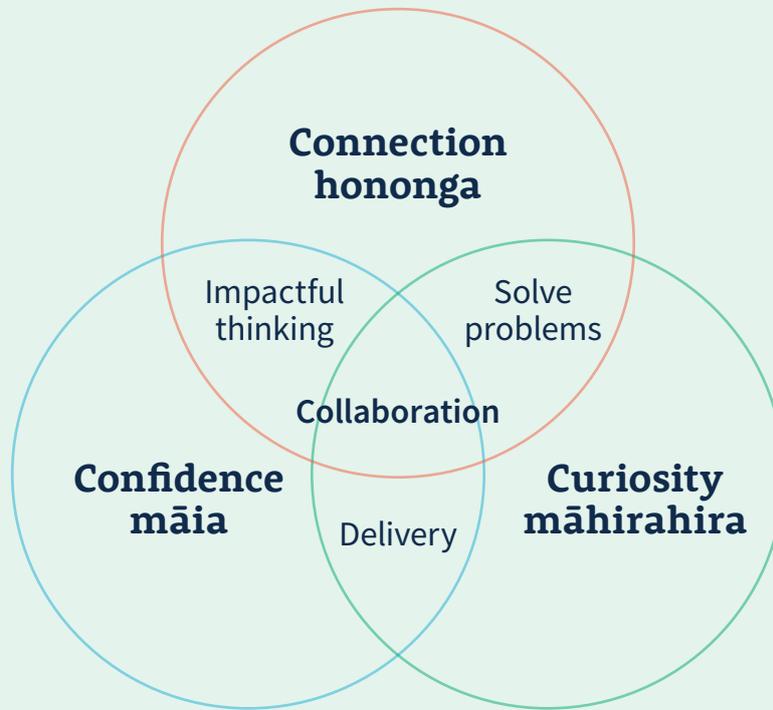
Our story and our values reflect our history, and the people of Aotearoa New Zealand who have lived alongside the perils of our land for hundreds of years. To help express our values, we have drawn from the legend of Māui. Māui is a prominent figure in both Māori and Polynesian history, embodying the values of connection, confidence and curiosity.

Our values icons draw inspiration from the hook, or matau, of Māui and our te ao Māori expressions of

our values are described through this hook – the kōreke (connections), kāniwha (confidence), and noni/matau (curiosity).

The kōreke is where the line of thread passes through the hook, the kāniwha are the teeth that adorn the body of the hook, and the matau is the endpiece of the hook. These three components bring the stories of our values to life in a way that is uniquely ours for all New Zealanders.

The values work together to inform how we do our work.



Becoming a data-enabled organisation

We simplified and modernised our digital environment through a major transformation programme completed in June 2022. The programme involved changes to all parts of the organisation to enable our transition to the NDRM operating model. This required updates to policies, processes and operating models, with new systems and capabilities implemented to support the change.

Following this transformation, the Board approved the NHC Toka Tū Ake Data and Digital Strategy in May 2023.

It sets out our vision of being a data-enabled organisation, putting data at the centre of high-quality decision-making, and operational efficiency and effectiveness.

Achieving this vision relies on our ability to protect our data and information, manage data and information effectively, and use data, insights and digital tools intelligently to achieve our strategic priorities. This year, we have been enhancing our data and digital maturity and capabilities to support this vision.

Delivering value from data and analytics

This year, we strengthened our ability to generate actionable insights from data and support evidence-based decision-making. A milestone was establishing our geospatial practice, improving access to the location-based insights we need to achieve our strategic priorities.

We also began trials of artificial intelligence (AI). These trials are helping us assess the potential benefits and efficiencies AI can offer, while highlighting the challenges, risks and implementation considerations associated with its use. They are contributing to a stronger organisational understanding and capability in this rapidly evolving area.

Enhancements to the Natural Hazards Portal are underway to expand public access to more detailed hazard and risk information. In parallel, we developed a Data and Analytics Roadmap to guide future investment, strengthen organisational capability, and ensure our efforts remain aligned with our strategic priorities.

Maturing our information management and cybersecurity practices

The security, accessibility and quality of our data and information are crucial to delivering our strategy, managing risk, and ensuring compliance. We have maintained an ongoing focus on maturing our information management and cybersecurity practices.

We regularly assess our progress with reference to the US National Institute of Standards and Technology's Cybersecurity Framework and the Information Management Maturity Assessment issued by Te Rua Mahara o te Kāwanatanga Archives New Zealand. These have demonstrated the steady improvement in our information management and cybersecurity practices.

Strengthening our digital platforms

We continue to invest in a modern, secure and scalable digital environment. Our recent focus has been on enhancing the resilience, flexibility and scalability of our systems. This has included retiring applications that are no longer in use. Removing these systems has reduced costs, strengthened security, and improved operational efficiency.

Planned enhancements are also well underway and we are strengthening the way we manage staff access to our systems by improving strategies, policies and processes.

Embedding a data-enabled culture

To realise the full value of our investments in data and technology, we are focused on building a data-enabled culture, one in which our people are confident and equipped to use data and digital tools to generate insights, influence decisions and deliver impact.

Data governance plays a crucial role in this growth. We have used Microsoft Purview to help us manage, protect and govern our data across our various platforms and environments. It has allowed us to assign ownership and responsibilities for important datasets to particular people, identify and resolve the cause of any errors, and provide better information about the data we hold and where it is sourced from. This has improved access to, and the security and quality of, our data.

Our 2025 engagement survey shows that 71% of our people feel they have the right technology to support their work — an increase of 5% from 2024. Their use of self-service reports and analytical tools reflects this growth, with over 300 staff accessing Power BI reports each month, an increase of 4% from the previous year, and over 120 reports in regular use.

These outcomes reflect our deliberate investment in building data literacy and capability. Since May 2024, we have delivered more than 100 training events — including group sessions, one-on-one coaching, and community-of-practice forums — tailored to support a wide range of roles and skill levels.

Our Carbon Neutral Government Programme

We are committed to meeting the requirements of the Carbon Neutral Government Programme (CNGP). Our greenhouse gas emissions data and calculations are independently verified by Toitū Envirocare. We are proudly a Toitū carbonreduce organisation, which means we are measuring, managing and reducing our emissions according to Toitū requirements.

In line with CNGP guidance, we have set a target to reduce our emissions by 21% by 2025 and 42% by 2030, using 2019/20 as a baseline. As at 30 June 2024, we had reduced our baseline emissions by 42%.

Over the past year, we have successfully maintained our reductions from last year. This means we have officially achieved our first target and are well on track for achieving the second.

Emissions by category (tonnes of CO₂ equivalents)

Category	Base year 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Category 1: Direct emissions	31	18	10	5	1	1
Category 2: Indirect emissions from imported energy	58	15	13	15	19	23
Category 3: Indirect emissions from transportation	316	206	152	307	208	197
Category 4: Indirect emissions from products used by organisation	24	21	20	26	23	24
Total gross emissions	429	260	195	353	251	245

Staff commute emissions

Category	Base year 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25*
Staff Commute Emissions	Not measured	235	236	236	249	263

* Improved methodology accounting for annual leave, public holidays and sick leave was applied, resulting in approximately 15% lower reported emissions.

Staff emissions from commuting to and from work outside work hours have been included in this year’s reporting because we have identified them as a sizeable part of our emissions profile following staff surveys. On advice from our auditors, Toitū Envirocare and the Ministry for the Environment, we have decided to report on staff commute emissions separately from our other emissions because staff commuting represents a segment of emissions we have less direct influence over than other emissions sources.

Emissions by source (tonnes of CO₂ equivalents)

Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Air Travel	297	162	86	261	177	166
Mileage Claims	8	10	42	7	7	4
Working From Home	-	16	17	14	13	14
Wastewater	12	15	15	16	16	18
Electricity	59	15	13	15	19	23
Fleet (Petrol)	30	18	10	5	1	1
Accommodation	8	12	5	16	5	9
Waste	5	2	2	5	3	2
Water Supply	1	1	1	1	1	2
Electricity Transmission Loss	6	1	1	2	1	2
Taxis	1	5	1	4	<1	3
Recycling	-	1	1	3	1	<1
Rental Cars	1	1	<1	4	5	<1
Fleet (Diesel)	1	1	<1	<1	1	<1
Total	429	260	195	353	251	245

Emissions intensity

Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Full-time equivalent staff	394	307	314	316	354	379
Emissions per FTE (tonnes of CO ₂ equivalents)	1.09	0.85	0.62	1.11	0.71	0.65

Governance and leadership

The Board is our governing body

The NHC Toka Tū Ake Board has the authority to exercise the powers and perform the functions of NHC Toka Tū Ake. The Board is accountable to the responsible Minister.

All decisions relating to our operations are made by, or under the authority of, the Board according to the NHI Act and the Crown Entities Act 2004.

The Board is also responsible for:

- setting the strategic direction for the organisation
- ensuring resources and objectives are aligned
- monitoring financial, organisational and management performance
- appointing the Chief Executive
- ensuring, through the activities of management, that we comply with our legal obligations.

The Board gives effect to government policy through the Statement of Intent and the Statement of Performance Expectations under which the Minister and the Board agree on specific deliverables.

The Board is also guided by an annual Letter of Expectations that sets out the Minister's expectations for us, and an enduring Letter of Expectations for statutory Crown entities set by the Minister for the Public Service.

The Board Chair is Chris Black, and the Deputy Chair is Hon Ruth Dyson. The Board members are:

- Alastair Hercus
- Andrea Brunner
- Erica Seville
- Fiona Wilson
- Scott Lewis
- Ziena Jalil (left the Board on 30 June 2025).

The profiles of the Board members are on our website at www.naturalhazards.govt.nz/about-nhc/our-people/commissioners/

Board committees

There were three Board committees during 2024/25:

- **The Audit and Risk Committee** supports the Board in overseeing risk and assurance activities. Alastair Hercus is the Chair. Other members of the committee are Ruth Dyson, Fiona Wilson and Scott Lewis. Board Chair Chris Black attends meetings ex officio.
- **The People, Culture and Governance Board Committee** supports the Board in delivering its responsibilities for people, culture, remuneration, and health, safety, security and wellbeing. Erica Seville is the Chair. Other members of the committee are Ziena Jalil (who left the Board and its subcommittees on 30 June 2025) and Andrea Brunner. Board Chair Chris Black attends meetings ex officio.

- The **Loss Modelling and Risk Financing Committee** supports the Board in delivering its responsibilities for loss modelling and risk financing. Scott Lewis is the Chair. Other members of the committee are Ruth Dyson,

Alastair Hercus, Erica Seville and Fiona Wilson. Board Chair Chris Black attends meetings ex officio.

The tables below set out the committees, members and their attendance for 2024/25.

Board	Board meetings (11 meetings)
Chris Black (Board Chair)	10
Ruth Dyson (Board Deputy Chair)	11
Alastair Hercus	11
Erica Seville	10
Fiona Wilson	11
Scott Lewis	11
Ziena Jalil	10
Andrea Brunner	9

Audit and Risk Committee	Board meetings (6 meetings)
Alastair Hercus (Chair)	6
Ruth Dyson	6
Fiona Wilson	6
Scott Lewis	6
Chris Black (ex officio)	3

People, Culture and Governance Board Committee	Board meetings (4 meetings)
Erica Seville (Chair)	4
Ziena Jalil	4
Andrea Brunner	4
Chris Black (ex officio)	4

Loss Modelling and Risk Financing Committee	Board meetings (5 meetings)
Scott Lewis (Chair)	5
Ruth Dyson	5
Alastair Hercus	4
Erica Seville	5
Fiona Wilson	5
Chris Black (ex officio)	2

The Executive Leadership Team leads our organisation

The Executive Leadership Team's roles are to:

- provide advice to the Board to help them exercise their duties
- implement the strategic direction set by the Board
- define organisational and business strategies and policies
- build organisational capability
- manage the organisation's performance.

The Chief Executive is accountable to the Board and reports to the Board Chair.

Together, the Chief Executive and other members of the Executive Leadership Team are responsible for the four essential functions we deliver for New Zealanders – Readiness, Resilience, Risk financing, and Recovery – along with our supporting functions of strategy, finance, people and culture, data, performance, and reporting.

The members of the Executive Leadership Team for 2024/25 are:

- Tina Mitchell, Chief Executive
- Hamish Wall, Chief Performance and Improvement Officer
- Pip Andrews, Head of On-solds
- Michala Beacham, Chief Strategy Officer (from August 2024, previously Director, Natural Hazards Insurance Act Implementation)
- Chris Chainey, Chief Financial Officer
- Zoe Morley, Director, Office of the Chief Executive
- Rob Hodgson, Chief Data Officer
- Dr Jo Horrocks, Chief Resilience and Research Officer
- Catherine Taylor, Chief People Officer
- Kate Tod, Chief Readiness and Recovery Officer.

In addition to our Board and Executive Leadership Team, we have a range of other internal and external governance forums to oversee the core parts of the work programme we deliver under our Statement of Intent.

Managing risk

Our risk management activities are based on the ISO 31000 Risk Management Standard.

We view risk management as a critical business discipline that reduces uncertainty and informs decision-making while achieving statutory functions and objectives.

Our Board, management and staff are guided by the principles that risk management is:

- customised and proportionate to our requirements
- reliant on appropriate and timely involvement of stakeholders
- approached in a structured and comprehensive way

- an integral part of all our organisational activities
- able to anticipate, detect, acknowledge and respond to changes
- considerate of any limitations on available information
- influenced by human and cultural factors
- continually improved through learning and experience.

Our risk management roles and responsibilities follow the internationally accepted ‘three lines of defence’ model. This gives our people primary responsibility for identifying and managing risks within their teams and ensuring risk management is an integral part of all their business activities.

We have an assurance programme that covers all aspects of our activities, including the NDRM. Management engages regularly with our Board and the Audit and Risk Committee to identify risks, and the appropriate controls and actions required.

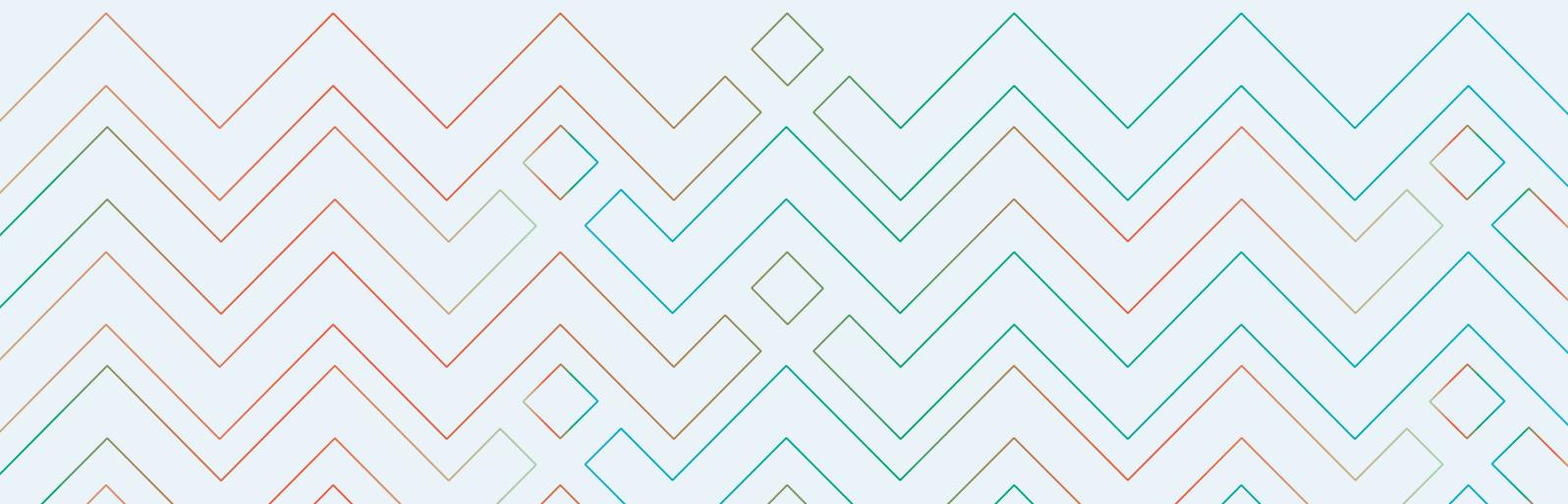
The internal risk and assurance team advises the Audit and Risk Committee and management on our current and emerging risk landscape, relative to the Board-approved risk appetite.

We are committed to implementing our risk management framework and have an open and receptive approach to managing risk. This ensures risk management is integrated into normal business processes and aligned to our strategic goals.

Our risk management activities include:

- promoting an organisational culture that encourages transparent identification and open discussion of threats and opportunities
- applying a consistent approach using an agreed and widely understood method and language
- facilitating an appropriate level of monitoring, reporting and escalation to inform decision-making
- balancing cost and effectiveness, ensuring that improvements in controls are viable and cost-effective given the expected benefits or outcomes, and focus on what matters most
- providing assurance that risks are adequately managed and that we can plan for, rather than react to, dynamic risk and iterative responses to change that are tailored to our needs
- facilitating continual improvement of the organisation
- incorporating audit and compliance disciplines as part of sound risk management.

Financial statements





**Shape the future
with confidence**

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF THE NATURAL HAZARDS COMMISSION TOKA TŪ AKE'S ANNUAL FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of the Natural Hazards Commission Toka Tū Ake (the Commission). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out, on his behalf, the audit of:

- the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information on pages 63 to 109; and
- the statement of performance for the year ended 30 June 2025 on pages 29 to 42.

Opinion

In our opinion:

- The annual financial statements of the Commission:
 - fairly present, in all material respects:
 - its financial position as at 30 June 2025,
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance fairly presents, in all material respects, the Commission's service performance for the year ended 30 June 2025. In particular, the statement of performance:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Commission for each class of reportable outputs, in accordance with generally accepted accounting practice in New Zealand; and
 - fairly presents, in all material respects, for each class of reportable outputs:
 - the actual performance of the Commission;
 - the actual revenue earned; and
 - output expenses incurred,

as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Commission's statement of performance expectations for the financial year; and

- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 25 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Without modifying our opinion, we draw attention to the following disclosures in the financial statements.

Deficiency Funding between the Crown and the Commission

Note 1 on pages 68 to 69 indicates that at 30 June 2025, the Commission's total liabilities exceeded its total assets, after accounting for reinsurance. The Crown, in terms of its obligation under Section 112 of the Natural Hazards Insurance Act 2023, must make payments into the Natural Hazards Fund if the assets of the Fund are not sufficient to pay the amounts forecast to be due and payable out of the Fund in any upcoming 12-month period. The Crown has not provided any funds as grants or advances in the 2024/25 financial year.

Uncertainties associated with the outstanding claims liability

Note 4 on pages 72 to 86 describes the inherent uncertainties involved in estimating the outstanding claims liability and the related reinsurance receivable and how these have been affected by the Canterbury Earthquake Sequence.

Responsibilities of the Board of Commissioners for the financial statements and the statement of performance

The Board of Commissioners responsible on behalf of the Commission for preparing:

- annual financial statements that fairly present the Commission's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- a statement of performance that:
 - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Commission's for each class of reportable outputs, in accordance with generally accepted accounting practice in New Zealand;
 - fairly presents, for each class of reportable outputs:
 - the actual performance of the Commission;
 - the actual revenue earned; and

- the output expenses incurred as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Commission's statement of performance expectations for the financial year; and
- o complies with generally accepted accounting practice in New Zealand.

The Board of Commissioners are responsible for such internal control as they determine is necessary to enable them to prepare financial statements, and a statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, and a statement of performance, the Board of Commissioners are responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern.

The Board of Commissioner's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements, and the statement of performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the financial statements, and the statement of performance.

For the budget information reported in the financial statements, and the statement of performance, our procedures were limited to checking that the information agreed to the Commission's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements, and the statement of performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Commissioners.
- We evaluate whether the statement of performance:
 - o provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Commission. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and

- fairly presents the actual performance of the Commission for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Commissioners.
- We evaluate the overall presentation, structure and content of the financial statements, and the statement of performance, including the disclosures, and whether the financial statements, and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Commissioners is responsible for the other information. The other information comprises the information included on pages 3 to 57, but does not include the financial statements, and the statement of performance, and our auditor's report thereon.

Our opinion on the financial statements, and the statement of performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, and the statement of performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, and the statement of performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Commission in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Commission.



David Borrie
Ernst & Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

Statement of comprehensive revenue and expense

For the year ended 30 June 2025

	Note	Actual 2025 \$(000)	Unaudited budget 2025 \$(000)	Restated Actual 2024 \$(000)
Levy revenue				
Levies	5	908,034	903,886	853,457
Outward reinsurance premium expense		(446,168)	(467,890)	(413,985)
Net levy revenue		461,866	435,996	439,472
Underwriting movements				
Reinsurance recoveries	8	20,585	4,055	24,913
Claims (expense)/reduction	9	(99,614)	13,400	(74,411)
Movement in unexpired risk liability	17	(33,890)	-	(92,318)
Total underwriting movements		(112,919)	17,455	(141,816)
Surplus from insurance activities		348,947	453,451	297,656
Other operating revenue				
Other revenue		7,784	8,104	9,825
Total other operating revenue		7,784	8,104	9,825
Other operating expense				
Resilience		(29,849)	(38,416)	(29,118)
Readiness		(24,824)	(28,113)	(23,301)
Risk financing		(8,197)	(9,263)	(7,160)
Recovery		(19,267)	(22,302)	(24,352)
Other expenses		(7,215)	(7,704)	(8,004)
Total other operating expense	10	(89,352)	(105,798)	(91,935)
Investment activities				
Investment revenue	11	11,243	16,967	10,021
Interest on cash balances		8,371	-	10,199
Total revenue from investment activities		19,614	16,967	20,220
Crown underwriting fee	21	-	-	(10,000)
Net surplus		286,993	372,724	225,766
Total comprehensive revenue for the year		286,993	372,724	225,766

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2025

	Note	Actual 2025 \$(000)	Unaudited budget 2025 \$(000)	Restated Actual 2024 \$(000)
Equity				
Crown contribution	20	1,500,000	1,500,000	1,500,000
Retained earnings				
Opening balance at 1 July (deficit) as previously reported		-	(2,079,107)	(2,352,830)
Adjustment on correction of error (Note 2)		-	-	(72,998)
Opening balance at 1 July (deficit) restated		(2,200,062)	-	-
Total comprehensive revenue for the year		286,993	372,724	225,766
Closing balance at 30 June (deficit)		(1,913,069)	(1,706,383)	(2,200,062)
Closing balance as at 30 June		(413,069)	(206,383)	(700,062)

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2025

	Note	Actual 2025 \$(000)	Unaudited budget 2025 \$(000)	Restated Actual 2024 \$(000)
Equity				
Crown contribution	20	1,500,000	1,500,000	1,500,000
Retained earnings		(1,913,069)	(1,706,383)	(2,200,062)
Total equity		(413,069)	(206,383)	(700,062)
Assets				
Cash and cash equivalents		311,126	125,423	142,814
Levies receivable		206,399	170,288	178,689
Other receivables and prepayments	7	2,477	31,179	34,928
Outward reinsurance expense asset		72,467	89,417	72,800
Outstanding reinsurance recoveries	8	121,153	88,178	137,066
Investments		241,760	170,000	136,419
Property, plant and equipment	12	4,049	4,526	4,242
Intangible assets	13	2,811	2,896	6,310
Total assets		962,242	681,907	713,268
Liabilities				
Trade and other payables	14	(45,535)	(24,857)	(30,006)
Short-term liabilities	15	(4,186)	(3,776)	(3,749)
Revenue in advance	6	(2,909)	-	-
On-sold agreement liability	6	(49,885)	-	-
Outstanding claims liability	4	(668,645)	(398,607)	(820,223)
Unearned levy liability	5	(465,179)	(461,050)	(454,270)
Unexpired risk liability	17	(138,972)	-	(105,082)
Total liabilities		(1,375,311)	(888,290)	(1,413,330)
Net liabilities¹		(413,069)	(206,383)	(700,062)

1 In accordance with section 112 of the NHI Act, the Crown is obligated to make payments into the Natural Hazard Fund should NHC Toka Tū Ake's assets be insufficient to meet its forecasted liabilities over any forthcoming 12-month period. This ensures that NHC Toka Tū Ake can meet its obligations as they fall due. For further information on the going-concern basis of these financial statements, refer to Note 1 and Note 20.

Statement of cash flows

For the year ended 30 June 2025

	Note	Actual 2025 \$(000)	Unaudited budget 2025 \$(000)	Actual 2024 \$(000)
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Levies		917,525	910,962	871,184
On-sold agreement receipts		168,993	114,474	107,473
Reinsurance recoveries		36,499	34,347	54,730
Interest		19,770	16,967	19,576
Other revenue		2,852	1,741	8,779
<i>Cash was applied to:</i>				
Outward reinsurance		(444,622)	(479,737)	(414,227)
Claims settlements and handling costs		(246,637)	(381,381)	(515,637)
On-sold agreement settlement and handling costs		(91,918)	(107,817)	(102,831)
Employees and other operating expenses		(70,383)	(89,498)	(72,804)
Net GST		(6,749)	(4,107)	(6,688)
Research grants		(6,020)	(7,040)	(5,196)
GeoNet operating expenses		(4,000)	(4,000)	(4,000)
SRES agreement handling costs		(874)	-	(1,205)
Crown underwriting fee		-	-	(10,000)
Net cash inflow/(outflow) from operating activities		274,436	4,911	(70,846)
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Sale of investments		464,500	-	439,500
<i>Cash was applied to:</i>				
Purchase of investments		(570,000)	-	(414,500)
Purchase of property, plant and equipment	12	(617)	(1,050)	(3,502)
Net cash (outflow)/inflow from investing activities		(106,117)	(1,050)	21,498
Cash flows from financing activities				
<i>Cash was applied to:</i>				
Interest on finance lease liabilities		-	-	(1)
Payment of finance lease expense		(7)	(12)	(26)
Net cash outflow from financing activities		(7)	(12)	(27)
Net increase/(decrease) in cash and cash equivalents		168,312	3,849	(49,375)
Add opening cash and cash equivalents		142,814	121,572	192,189
Closing cash and cash equivalents²		311,126	125,423	142,814

2 Cash and cash equivalents is composed of cash held at bank.

The accompanying notes form part of these financial statements.

Statement of cash flows (continued)

For the year ended 30 June 2025

Reconciliation of surplus for the year to net cash inflow/(outflow) from operating activities.

	Actual 2025 \$(000)	Unaudited budget 2025 \$(000)	Restated Actual 2024 \$(000)
Surplus for the year	286,993	372,724	225,766
Add non-cash items:			
Depreciation and amortisation	4,229	4,371	4,057
Loss/gain on disposal	80	-	12
Provisions	27	-	56
Deferred lease incentive	21	(100)	(100)
Movement in unexpired risk liability	33,890	-	92,318
Movement in lease liabilities	25	-	(8)
Total non-cash items	38,272	4,271	96,335
Less items classified as financing activities			
Interest expense and amortisation of lease liability	-	-	1
Total items classified as financing activities	-	-	1
Add/(less) movements in statement of financial position items:			
Levies receivable	(27,709)	(4,169)	(16,691)
Other receivables and prepayments	32,875	(18,281)	(2,933)
Reinsurance recoveries	15,914	30,291	30,387
Trade and other payables	15,530	4,643	1,656
Short-term liabilities	437	427	567
Revenue in advance	2,909	-	-
On-sold agreement liability	49,885	-	-
Outstanding claims liability	(151,578)	(396,240)	(440,353)
Unearned levy liability	10,908	11,245	34,419
Net movements in working capital items	(50,829)	(372,084)	(392,948)
Net cash inflow/(outflow) from operating activities	274,436	4,911	(70,846)

The accompanying notes form part of these financial statements.



Notes to the financial statements

1. Accounting policies

Reporting entity

These financial statements as at 30 June 2025 are prepared for the legal entity, Toka Tū Ake Natural Hazards Commission (NHC Toka Tū Ake). Legislation governing the operations at 30 June 2025 includes the Crown Entities Act 2004 and the Natural Hazards Insurance Act 2023 (NHI Act).

Our objectives include providing residential insurance against natural hazard damage, collecting the Natural Hazards Insurance Levy and arranging reinsurance, managing the Natural Hazard Fund, and facilitating research and education into natural hazards and their impacts.

These financial statements are for the year ended 30 June 2025 and were approved by the Board on 25 September 2025.

Basis of preparation

The financial statements of NHC Toka Tū Ake have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Financial Reporting Act 2013. They comply with generally accepted accounting practice in New Zealand (NZ GAAP). NHC Toka Tū Ake is designated as a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The financial statements have been prepared on a going-concern basis. Actuarial estimates of claims liabilities indicate that total liabilities exceed its assets after accounting for reinsurance as at 30 June 2025. At 30 June 2025, the Crown and NHC Toka Tū Ake had a Deficiency Funding Deed in place to meet the Crown's obligation under section 112 of the NHI Act to ensure NHC Toka Tū Ake could meet its liabilities as they fall due. This means the Crown must make payments into the Natural Hazard Fund if there are insufficient funds to pay forecasted obligations in an upcoming 12-month period.

The financial statements have been prepared on a historical-cost basis modified by the measurement of insurance liabilities and reinsurance recoveries at present value of expected future receipts/payments and investments at fair value.

The financial statements are presented in New Zealand dollars and all values are in thousands (\$000).

The unaudited budget figures are from the *Statement of Performance Expectations 2024–2025* approved by the Board in June 2024. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. Refer to Note 24 for variance to budget commentary.

The accompanying notes form part of these financial statements. Where an accounting policy is specific to a note, the policy is described in the note to which it relates.

Taxation

NHC Toka Tū Ake is exempt from income tax under section CW38 of the Income Tax Act 2007.

NHC Toka Tū Ake pays transactional taxes such as Goods and Services Tax (GST), Fringe Benefit Tax and Non-Resident Withholding Tax. All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable, it is recognised as part of the related asset or expense.

Related party disclosures

NHC Toka Tū Ake is a wholly owned entity of the Crown. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client relationship under normal terms and conditions for such transactions.

Standards issued and not yet effective and not early adopted

The public sector version of PBE IFRS 17 Insurance Contracts was issued in June 2023 and is effective for periods beginning on or after 1 January 2026, replacing PBE IFRS 4 Insurance Contracts. NHC Toka Tū Ake will adopt PBE IFRS 17 for the year ending 30 June 2027 and will apply the standard retrospectively, with

restatement of comparatives for the year ending 30 June 2026. Early adoption of the standard is not intended.

PBE IFRS 17 introduces new requirements for the recognition, measurement, presentation, and disclosure of insurance contracts. A project has been established to manage the transition to the new standard. As part of this project, NHC Toka Tū Ake is developing accounting policies, including assessments of scope, evaluation of measurement impacts, and identification of changes required to financial statements and reporting systems. Due to the complexity of the standard, these policies are still in development and have not yet been finalised or approved. Consequently, the financial impact of adopting the new standard has not yet been determined. The presentation of the financial statements is expected to change, including new line items and additional disclosures.

Accounting judgements, estimates and assumptions

NHC Toka Tū Ake makes judgements, estimates and assumptions in respect of certain key assets, liabilities, revenue and expenses. Judgements, estimates and assumptions are continually re-evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. Note 4 outlines the key judgements, estimates and assumptions applied in measuring insurance liabilities and reinsurance recoveries.

2. Restatement of prior period error

During the year ended 30 June 2025, NHC identified an omission in the treatment of insurance costs within the valuation of insurance liabilities. These omitted costs relate to engineering assessments, expert reports and other claim-specific professional services that are directly attributable to the settlement of claims, as well as payments of unclaimed damage and discretionary settlement costs.

These omitted costs meet the definition of insurance cashflows under PBE IFRS 4 – Insurance Contracts and should have been included in the central estimate of the outstanding claims liability, representing what NHC is estimated to pay beyond the balance date.

They had been included within actual payments. The omission occurred

in historical financial periods and has been adjusted through the opening position of these financial statements as at 1 July 2023. The additional provisioning for these costs is consistent across the 2023, 2024 and 2025 year-ends as a result of cash payments over this period being approximately offset by the provision being strengthened over the same period.

This omission constitutes a prior period error under PBE IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors, as reliable data to support the estimation of these costs was available in prior reporting periods. The error has been corrected retrospectively in the 30 June 2025 financial statements.

The correction has been applied by restating each of the affected financial statement line items for prior periods, as shown below.

\$(000)	30 June 2024	As at 1 July 2023
Increasing/(decreasing) impact on equity		
Outstanding reinsurance recoveries	374	3,068
Total assets	374	3,068
Outstanding claims liability	(78,927)	(76,066)
Total liabilities	(78,927)	(76,066)
Net impact on equity	(78,553)	(72,998)

\$(000)	30 June 2024
Increasing/(decreasing) impact on total comprehensive revenue/(expense)	
Reinsurance and other recoveries	(2,694)
Claims expense/(reduction)	(2,861)
Total underwriting costs	(5,555)
Surplus/(deficit) from insurance activities	(5,555)
Net surplus	(5,555)
Net impact on total comprehensive revenue/(expense)	(5,555)

3. Natural Hazard Fund

Effective 1 July 2024, the NHI Act came into force, replacing the Earthquake Commission Act 1993 (EQC Act). The Act modernises the legislative framework and sets NHC Toka Tū Ake’s primary objective as reducing the impact of natural hazards on people, property, and the community.

Under section 108 of the NHI Act, the former Natural Disaster Fund continues in existence as the Natural Hazard Fund (NHF). The purpose of the NHF is to ensure sufficient resources are available to meet claims settlement costs and other expenses as outlined in section 111 of the NHI Act.

NHC Toka Tū Ake is responsible for administering the NHF in accordance with the NHI Act, including protecting the value of the NHF through prudent investment of its assets. NHCover levies collected as part of home insurance premiums are deposited into the NHF.

The NHF is used to meet NHC Toka Tū Ake’s statutory obligations under the Act, including:

- settling claims
- covering expenses and capital expenditure incurred in performing functions under paragraphs (a) to (d), (f) and (g) of section 129 of the NHI Act
- other activities in performance of our functions where NHC Toka Tū Ake reasonably believes it will benefit insured persons or reduce the future cost of providing natural hazard cover.

In accordance with the NHI Act, NHC Toka Tū Ake is required to maintain the financial records of the Natural Hazard Fund separately from its own financial records. Financial activities not governed by the NHI Act and therefore not part of the Fund include the On-sold agency agreement, the Southern Response agency agreement, and other nominal activities (Note 6).

\$(000)	2025
Surplus from insurance activities	348,948
Other operating revenue	6
Operating expense	(82,137)
Investment activities	18,182
Net surplus/(deficit)	284,999
Total comprehensive revenue/(expense) for the period	284,999

4. Insurance liabilities

NHC Toka Tū Ake provides cover to all New Zealand homeowners who have a valid contract of fire insurance for the following hazards: earthquake, landslide, volcanic activity, hydrothermal activity, tsunami, flood and storm damage to residential land, and fires resulting from these events. Because of New Zealand's high level of insurance penetration, and the mandatory nature of NHCover, NHC Toka Tū Ake has a balanced, diversified portfolio covering the vast majority of New Zealand homes. NHC Toka Tū Ake has an extensive reinsurance programme to protect the portfolio, and an uncapped guarantee from the Crown, if retained funds and reinsurance are inadequate.

At balance date, NHC Toka Tū Ake recognises a liability in respect of outstanding claims, including amounts in relation to claims reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER) and costs, including claims handling expenses. NHC Toka Tū Ake also assesses the adequacy of the unearned premium liability and calculates any resulting additional unexpired risk liability. NHC Toka Tū Ake engages independent professional actuaries to undertake a valuation of outstanding claims and an assessment of the unexpired risk liability on a 6-monthly basis.

When an event occurs, NHC Toka Tū Ake will initially look to estimate the cost using loss modelling (where the

peril is modelled, currently only for earthquakes) and expert scientific advice, based on geological and geographical information. As time progresses, NHC Toka Tū Ake and the actuaries gather additional information as patterns start to emerge in the cost of claims as customers receive their entitlement under the relevant Act and use this to calibrate their models. In the case of the 2010–2011 Canterbury earthquake sequence, court judgments and policy decisions by the Government over time have also affected the nature and value of claims paid. The actuaries take this additional information into account at each valuation to refine their calculations, which may increase or decrease the estimate of the overall cost of an event. The total costs for any single event will not be fully known until the final claim has been settled.

Actuarial valuation as at 30 June 2025

The most recent actuarial valuation report was prepared by Craig Lough and Jeremy Holmes of Melville Jessup Weaver (MJW), who are both Fellows of the New Zealand Society of Actuaries. Their report was commissioned to provide estimates of the outstanding claims liability, reinsurance and other recoveries, and premium liabilities, including the unexpired risk liability. MJW also performed actuarial valuations of the outstanding claims liability for the financial years from 30 June 2011 to 30 June 2024. The effective date of the valuation report is 30 June 2025.

The actuaries considered that, overall, the information and data supplied to them was adequate and sufficient for the purpose of the valuation. The outstanding claims liability, comprising all unpaid claims and claims handling expenses related to claims incurred prior to the end of the reporting period, was valued in accordance with New Zealand Society of Actuaries Professional Standard No.30 – Valuations of General Insurance Claims, and PBE IFRS 4 – Insurance Contracts.

To determine the outstanding claims liability, the actuaries needed to develop a range of assumptions about the eventual cost of currently open claims and the incidence of reopened claims in the future. To do this, they have analysed past payment and settlement patterns in NHC Toka Tū Ake claims data, including how these have changed over time, and discussed with management and claims staff how these patterns are evolving and the drivers of changes. The final claims assumptions adopted are determined by the actuaries using their professional judgement. Management provides information on current and short-term claims handling expenses, which the actuaries then project out in line with the expected level of claims in force in future periods.

The actuaries projected the ultimate claims costs then deducted the payments made in relation to those claims on or before 30 June 2025 to arrive at the outstanding claims liability. The calculations are performed by event and claim type (land claims

or dwelling claims and claims handling expenses). As at 30 June 2025 four separate models were used, one to estimate the Canterbury earthquake sequence liabilities, another to model Kaikōura liabilities, one to estimate liabilities from the North Island Weather Events and a final model for all other claims (known as ‘BAU’).

The actuaries have used a payments per claim finalised approach to estimate the outstanding claims liabilities for the Canterbury earthquake sequence. All costs are attributed or apportioned to one of five identified earthquakes or groups of earthquakes, as the NHC Toka Tū Ake cap reinstates for each event. NHC Toka Tū Ake has been able to claim against its reinsurance for the Darfield and Lyttleton events. A direct allocation to each earthquake was not always possible, as properties may not have been assessed between events. A number of mathematical approximations have been developed over time to allocate costs when the actual event cause is unclear.

The model for Canterbury claims allows for some claims to close without a payment being made.

For the North Island Weather Events, the models project the remaining number of claims yet to be reported, the finalisation pattern for current and future claims and the average cost per claim finalised. The projection of the claim numbers is split between land claims and building claims. The average claim size projections, as well as settlements and fees, are also split between land and building claims.

The outstanding claims liability is recognised at balance date as the central estimate of the present value of the expected future payments for claims incurred to balance date, plus an additional risk margin to allow for the inherent uncertainty in the central estimate. The expected future payments include those in relation to claims reported but not yet paid, incurred but not reported (IBNR), incurred but not enough reported (IBNER) and claims handling costs.

The risk margin is set to achieve a desired probability of sufficiency, based on the actuarial modelling. The NHC Toka Tū Ake Board has chosen to adopt a risk margin of 85% (2024: 85%) probability of sufficiency (i.e. there is an 85% probability that the net provision will ultimately prove to be adequate to meet the liabilities from events that have occurred as at 30 June 2025, and a 15% chance that it will be insufficient).

As at 30 June 2025, 30 open litigation cases (2024: 31) were in process. As at 30 June 2025, the number of Canterbury litigation cases is 23 (2024: 18). The expectation of costs from disputes and litigation under the EQC Act has been considered by the actuaries in deriving the outstanding claims liability as at 30 June 2025. These claims are treated the same as other currently open claims and no additional provision has been made for these cases.

There are two representative actions proceeding through the Court process. NHC Toka Tū Ake is defending both. Consistent with how NHC Toka Tū Ake accounts for other litigation, it

considers the number of potential or registered claimants and the estimated cost of the claim. These factors are then considered in combination with the possibility that the action will proceed and if it proceeds, the possibility that the claim will be successful. The provision is not an indication that NHC Toka Tū Ake believes these claims have any merit.

Changes to the Earthquake Commission Act affecting the outstanding claims liability

At the time of the first Canterbury earthquake, the EQC Act required claims to be notified within 1 month of an event. This was amended to 3 months in 2011. Therefore, the key area of estimation risk for the Canterbury and Kaikōura events is future development in the cost of existing claims ('reopened claims') rather than the future notification of further claims. The volatility of the reopened claim stream is partially mitigated by the maximum settlement amounts that generally applied for each of the Canterbury and Kaikōura events of \$20,000 for contents and \$100,000 excluding GST for dwellings. Claims in relation to residential land are subject to a variable monetary limit and are, therefore, subject to greater uncertainty.

In February 2019, the EQC Amendment Bill was passed, which extended the timeframe for lodging a claim from 3 months to 2 years from that date forward. This has been taken into consideration by MJW in estimating the IBNR element of the outstanding claims liability.

From 1 July 2019, the EQC Amendment Bill also saw the removal of the \$20,000 EQCover for contents and the cap on residential building cover increase from \$100,000 excluding GST to \$150,000 excluding GST. From 1 October 2022 the cap on residential building cover increased from \$150,000 excluding GST to \$300,000 excluding GST. Both cap increases come into effect across a year at the homeowner's next policy renewal date.

Valuation results – outstanding claims liability and risk margin

On a net of reinsurance basis, the outstanding claims liability including risk margin has decreased to \$548 million as at 30 June 2025 (2024: \$687 million). This decrease is largely due to payments made for claims from the North Island Weather Events that occurred in January and February 2023, along with emerging experience that contributed to a reduction in the risk margin. This reduction is offset by increases in the estimated outstanding costs of the Canterbury earthquake sequence, primarily owing to a revision of the reopened claims provision, and a higher risk margin.

As the total value of current and future claims cannot be known with certainty, the amounts recorded in the financial statements for claims liabilities and reinsurance recoveries are almost certain to be different from the liabilities and associated receivables that eventuate. The level of uncertainty is reflected in the overall value of the risk margin as a proportion of the

net outstanding claims liability (the liability after accounting for reinsurance recoveries and discounting). This has increased to 34% in 2025, from 29% in 2024. The increase is primarily due to a higher risk margin for the Canterbury earthquake sequence, which is largely offset by a decrease for the North Island Weather Events, reflecting reduced uncertainty with most claims now settled and tracking within expected levels. In absolute terms, the 2025 risk margin decreased to \$138 million from \$155 million in 2024. The specific issues related to each part of the liability are discussed in more detail in the related sections below.

Progress with the 2010–2011 Canterbury earthquake sequence

During the 2025 financial year, NHC Toka Tū Ake continued to settle reopened claims arising from the Canterbury earthquake sequence. Although it is now more than 14 years since the Canterbury earthquake sequence began, there remains a level of uncertainty associated with the valuation of the outstanding claims liability. Because of the ongoing contribution from reinsurance, numbers for the Canterbury earthquake sequence in this note are presented either on a gross basis, reflecting the movement in the outstanding claims liability, or on a net basis that includes any recoveries from reinsurance and reflects the effect on the Statement of Comprehensive Revenue and Expense.

The central estimate of the gross ultimate cost of the 2010–2011 Canterbury earthquake sequence increased by \$113 million to \$12,630 million in the 2025 financial year. This was driven by a \$108 million increase in the estimated total buildings claims costs, a \$2 million increase in claims handling expenses and a \$3 million increase in the estimated land claims costs. Expected reinsurance recoveries have increased by \$11 million. After allowing for reinsurance and other movements, the net effect across the year is an increase in the net ultimate claims including claims handling expense (CHE) of \$102 million.

Key components of the outstanding claims liabilities for the Canterbury earthquake sequence are discussed in more detail in the next sections.

Canterbury buildings claims liability

The focus of the Canterbury programme is on the enduring settlement of reopened claims.

There are a number of reasons why a claim may be reopened for investigation, including missed damage, or managed repairs that have not met the required standard. As at 30 June 2025 there were approximately 730 reopened claims outstanding, including administrative reopens³ and claims being triaged (excluding claims being managed under the Crown’s On-sold programme).

During the 2025 financial year, NHC Toka Tū Ake increased the gross central

estimate ultimate expense for building claims by \$108 million.

The main elements driving the change in the liability are:

- increases in the assumed number of future reopened claims and the duration over which they will occur, based on current and past trends, analysis of certain reopen cohorts, and discussions with management and claims handling staff
- greater-than-expected payments during the year.

One further insurer has approached NHC Toka Tū Ake about the wash-up of claims costs for settled Canterbury claims, following the finalisation agreements with the four largest private insurers in 2021. The provision for this has not changed since 30 June 2024.

Canterbury land claims liability

The series of earthquakes Canterbury experienced from September 2010 caused several types of land damage. The central estimate of the gross ultimate land claims costs increased by \$3 million to \$609 million in the 2025 financial year. As at 30 June 2025, the estimated gross outstanding claims liability is \$30 million.

Reinsurance recoveries

NHC Toka Tū Ake continues to draw on reinsurance for the 2010 Darfield event. The expected reinsurance recoveries have increased by \$11 million to \$2,466 million as at 30 June 2025.

³ An administrative reopened claim is one that is reopened, for example, because a customer requests information about the claim. These claims are not actively managed by the claims team and are therefore not included in the operational reopened claim count.

The reinsurance recovery has been estimated by considering currently open claims, the modelled scenarios for future reopened claims, reinsurable claims handling expenses, and the structure and amount of the remaining reinsurance cover. The estimated value of reinsurance recoveries is calculated by applying the parameters of the reinsurance programme to the stochastically modelled gross ultimate claims scenarios relating to the 2010 Darfield event. The sensitivity analysis below takes into account the remaining reinsurance cover for the 2010 Darfield event and calculates the effect on the Outstanding Claims Liability net of reinsurance recoveries. The assumptions for the Canterbury earthquake sequence below are also applicable to the outstanding reinsurance recoveries within the Statement of Financial Position.

In approximately 61% of modelled scenarios, NHC Toka Tū Ake will reach the limit of the available reinsurance.

Claims on NHC Toka Tū Ake reinsurance may be subject to audit by reinsurers prior to payment. No further reinsurance recoveries are available for the 2011 Lyttelton event.

Canterbury claims handling expenses liability

In working to resolve the outstanding Canterbury earthquake sequence claims, NHC Toka Tū Ake incurs claims handling expenses, such as personnel and professional expertise costs. As at 30 June 2025, NHC Toka Tū Ake has revised its estimate of the total

claims handling expenses that may be required to settle ongoing reopened claims. The change in the modelling methodology, increase in the expected timeframe and number of reopening claims have resulted in an increase of \$2 million to the gross ultimate claims handling expenses (\$2 million on a net of reinsurance basis), with the ultimate claims handling expenses now estimated to be \$1,850 million, an increase from \$1,848 million at 30 June 2024. As at 30 June 2025, \$1,762 million has been paid. During the year, NHC Toka Tū Ake spent \$22 million on claims handling expenses and the provision for claims handling costs has therefore decreased by \$20 million to \$88 million as at 30 June 2025.

Summary of key assumptions for future payments arising from the Canterbury earthquake sequence

The Canterbury earthquake sequence claims models use stochastic processes to estimate the range around the central estimate of the ultimate claims cost. As such, each key assumption has a probability distribution. The table below summarises the sensitivity of the estimated outstanding claims liabilities for the Canterbury earthquake sequence to each of the assumptions used in the model. Note that the key sources of uncertainty have been reviewed and only the most relevant have been included in the table on the next page. This means that there is not always a comparative figure for the 2024 valuation.

Item	Base assumption ⁴	Sensitivity	Stressed assumption using 2025 base	Impact ⁵	2024 Comparative
Average claim size (non-zero payment for claim upon closing)	Starting at \$23,000 (2024: \$24,000)	+\$1,000	\$24,000	+\$10m	+\$8m
		-\$1,000	\$22,000	-\$10m	-\$8m
Proportion incurring payment (upon closing)	44% (2024: 44%)	+1%	45%	+\$5m	+\$4m
		-1%	43%	-\$5m	-\$4m
Reopened termination rate	A claim will not reopen once it has been closed for 12 years	+1 year	13 years	+\$20m	n/a
		-1 year	11 years	-\$32m	n/a
Reopen rate ⁶	Dependent on time since last closure, e.g. 10.3% reopen during first month after closing	+10%	20.3% reopen during first month after closing	+\$48m	+\$38m
		-10%	0.3% reopen during first month after closing	-\$42m	-\$34m
Closure rate	Dependent on time since last reopen, e.g. 43% during first month after reopening	+10%	53% during first month after reopening	-\$10m	-\$8m
		-10%	33% during first month after reopening	+\$13m	+\$10m
Future inflation rate	Starting at 2.7% increasing to 3.0% (2024: Starting at 4.0% decreasing to 3.0%)	+1%	starting at 3.7% increasing to 4.0%	+\$10m	+\$8m
		-1%	starting at 1.7% increasing to 2.0%	-\$9m	-\$7m
		+5%	starting at 7.7% increasing to 8.0%	+\$53m	+\$42m

4 All assumptions are based on recent experience.

5 Impact on outstanding claims liabilities, net liabilities and comprehensive revenue and expense.

6 Capped at a minimum of 0%.

2023 North Island Weather Events

During the first quarter of the 2023 calendar year, there were two significant weather events in the North Island. The first event began on Friday 27 January 2023 and primarily affected Auckland properties. This is referred to as the Auckland Anniversary Floods. The second event was Cyclone Gabrielle which predominantly affected the east coast areas of Gisborne and Hawke's Bay. This event occurred around 12 February 2023. These events are collectively referred to as the North Island Weather Events within these financial statements.

The NHC Toka Tū Ake loss modelling platform, PRUE, provides useful event loss estimates for earthquakes but does not currently have loss models for weather events, so there was significant initial uncertainty about the ultimate claims liability, in particular the cost of claims and the extent to which land damage had caused building damage. There remains some uncertainty about the ultimate number of claims and costs arising from these events and a small provision for reopened claims has been made.

The central estimate of the ultimate cost of the North Island Weather Events decreased by \$51 million, from \$408 million as at 30 June 2024 to \$357 million as at 30 June 2025. To date, payments of \$305 million (including claims handling expenses) have been made, leaving an outstanding central estimate claims expense of \$52 million.

The primary factor contributing to the reduction is a decrease in the assumed average claims cost, as costs to date and claims reserves are tracking below previous assumptions, alongside fewer outstanding claims and a corresponding reduction in the risk margin. The event has progressed sufficiently for the actuaries to be comfortable releasing part of the provision. The expected number of land claims has increased slightly, while expected building claims have decreased.

Summary of assumptions for future payments arising from the North Island Weather Events

Item	Base assumption	Sensitivity	Stressed assumption	Impact ⁷	
				Auckland Anniversary Floods	2024 Comparative
Average claim size	Starting at \$24,000 (2024: \$25,000) for land claims and \$20,000 (2024: 28,000) for building claims	+\$5,000	\$29,000 for land claims and \$25,000 for building claims	+\$45m	+\$43m
		-\$5,000	\$19,000 for land claims and \$15,000 for building claims	-\$45m	-\$43m
Average fee size	Starting at \$10,000 (2024: \$9,000) for land claims and \$3,000 (2024: \$2,000) for building claims	+\$1,000	\$11,000 for land claims and \$4,000 for building claims	+\$9m	+\$9m
		-\$1,000	\$9,000 for land claims and \$2,000 for building claims	-\$9m	-\$9m
Reopen rate ⁹	3%	+5% ⁸	8%	+\$14m	+\$7m
		-5%	0%	-\$8m	-\$7m
Future inflation ⁹	Starting at 1.2% (2024: 1.2%) per quarter decreasing to 0.5% (2024: 0.7%) per quarter	+1%	Starting at 2.2% per quarter decreasing to 1.5% per quarter	+\$0m	+\$1m
		-1%	Starting at 0.2% per quarter decreasing to 0% per quarter	+\$3m	+\$1m

7 Impact on outstanding claims liabilities, net liabilities and comprehensive revenue and expense.

8 Sensitivity of +/-5% means +/-5 percentage points from the base assumption of 3%, capped at a minimum of 0%.

9 Capped at a minimum of 0%.

Item	Base assumption	Sensitivity	Stressed assumption	Impact ¹⁰	
				Cyclone Gabrielle	2024 Comparative
Average claim size	Starting at \$17,000 (2024: \$23,000) for land claims and \$21,000 (2024: \$35,000) for building claims	+\$5,000	\$22,000 for land claims and \$26,000 for building claims	+\$38m	+\$37m
		-\$5,000	\$12,000 for land claims and \$16,000 for building claims	-\$38m	-\$37m
Average fee size	Starting at \$8,000 (2024: \$7,000) for land claims and \$2,000 (2024: \$2,000) for building claims	+\$1,000	\$9,000 for land claims and \$3,000 for building claims	+\$8m	+\$7m
		-\$1,000	\$7,000 for land claims and \$1,000 for building claims	-\$8m	-\$7m
Reopen rate ¹²	3%	+5% ¹¹	8%	+\$9m	+\$6m
		-5%	0%	-\$5m	-\$7m
Future inflation ¹²	Starting at 1.2% (2024: 1.2%) per quarter decreasing to 0.5% (2024: 0.7%) per quarter	+1%	Starting at 2.2% per quarter decreasing to 1.5% per quarter	+\$0m	+\$1m
		-1%	Starting at 0.2% per quarter decreasing to 0% per quarter	+\$2m	+\$0m

10 Impact on outstanding claims liabilities, net liabilities and comprehensive revenue and expense.

11 Sensitivity of +/-5% means +/-5 percentage points from the base assumption of 3%, capped at a minimum of 0%.

12 Capped at a minimum of 0%.

Economic assumptions used in the actuarial valuation

The following are the key economic assumptions the actuaries have used in determining the outstanding claims liability:

	2025	2024
Claims inflation rate per annum	2.7% short term increasing to 3.0% longer term	4.0% short term decreasing to 3.0% longer term
Discount rate per annum	3.18% to 5.88%	4.25% to 5.36%

A number of assumptions are made relating to the timing of payments and claims handling expenses. These can be summarised in the following two measures, which are the results of calculations over the entire claims portfolio:

	2025	2024
Weighted average term to settlement	2.00 years	1.23 years
Claims handling expenses as a percentage of claims paid	15.3%	15.4%

Processes used to determine economic assumptions

Claims inflation rates: The claims inflation rates were determined by considering the residential component of the capital goods pricing index, the labour inflation index and the historical relationships of these indices with the consumer price index. Consumer price inflation projections from a range of economists were then used to project capital goods and labour inflation.

Discount rate: Projected cash flows are discounted for the time value of money using the Treasury's published discount rates as at 30 June 2025 and 30 June 2024.

Demand surge: Demand surge percentage is based on information from material and labour cost indices, discussions with NHC Toka Tū Ake executives and industry expectations.

Claims handling expenses are allocated by event groups and estimated on a per-claim basis using per-claim assumptions derived from an analysis of expenses. Risk margins are also applied to claims handling expenses.

Sensitivity of economic assumptions

The sensitivity analysis below shows the potential effect of changes in the key economic assumptions on the value of the net outstanding claims liability and on Statement of Comprehensive Revenue and Expense. For example, increasing the claims discount rate by 1.0% results in a decrease to the claims liability of \$11 million.

Assumption	Movements in variable	Impact on net outstanding claims liability	
		2025 \$(m)	2024 \$(m)
Discount rate	+1.0%	-10.9	-11.4
	-1.0%	+11.2	+12.0

Outstanding claims liability \$(000)	2025	Restated 2024
Central estimate of outstanding claims liability	(496,052)	(628,092)
Claims handling expenses	(91,955)	(115,477)
Risk margin	(138,258)	(155,225)
Gross outstanding claims liability	(726,265)	(898,794)
Discounting	57,621	78,571
Discounted outstanding claims liability	(668,644)	(820,223)
Outstanding claims liability	(668,644)	(820,223)
Current	(222,681)	(298,126)
Non-current	(445,963)	(522,097)
	(668,644)	(820,223)
Outstanding claims liability at 1 July	(820,223)	(1,260,576)
Claims expense	(99,614)	(74,411)
Claims payments	246,637	515,637
Claims handling expense in trade and other payables	4,555	(873)
Outstanding claims liability at 30 June	(668,645)	(820,223)

The outstanding claims liability, net of reinsurance, within the Statement of Financial Position is \$547 million (2024: \$684 million). This is different from the \$548 million (2024: \$687 million) reported within the actuarial valuation above owing to the timing of reinsurance receipts at year-end.

Claims development table

The following table shows the development of claim cost estimates in relation to the 2010–2011 Canterbury earthquake sequence (presented across

the 2011 and 2012 event financial years) and the 2023 North Island Weather Events in addition to the costs incurred in other events. The table demonstrates the extent to which the original estimate of gross of reinsurance ultimate claims payments in the event financial year has subsequently developed and illustrates the variability and inherent uncertainty in estimating the central estimate for each event.

There has been no material accumulated outstanding claims liability relative to the current estimate of ultimate claims expense on the years not shown in the table below.

2025 \$(000)	Event Financial Year			
	2023	2012	2011	Total
2010-2011 Canterbury earthquake sequence ultimate claims expense estimate				
At end of incident year	-	(611,000)	(11,711,529)	n/a
One year later	-	(893,567)	(11,594,000)	n/a
Two years later	-	(781,034)	(11,121,971)	n/a
Three years later	-	(442,947)	(10,965,420)	n/a
Four years later	-	(455,293)	(10,805,614)	n/a
Five years later	-	(417,165)	(10,823,437)	n/a
Six years later	-	(435,175)	(10,316,320)	n/a
Seven years later	-	(421,149)	(10,609,302)	n/a
Eight years later	-	(457,557)	(10,986,273)	n/a
Nine years later	-	(459,291)	(11,383,580)	n/a
Ten years later	-	(470,831)	(11,488,944)	n/a
Eleven years later	-	(477,886)	(11,771,346)	n/a
Twelve years later	-	(484,819)	(11,884,308)	n/a
Thirteen years later	-	(489,966)	(12,031,670)	n/a
Fourteen years later	-	n/a	(12,139,924)	n/a
Current estimate of ultimate claims expense	-	(489,966)	(12,139,924)	(12,629,890)
Cumulative payments	-	463,057	11,663,636	12,126,693
Outstanding claims liability (undiscounted)	-	(26,909)	(476,288)	(503,197)
Discount	-	3,106	53,166	56,272
Risk margin				(109,041)
Sub-total				(555,966)
2023 North Island Weather Events ultimate claims expense estimate				
At end of incident year	(486,036)	-	-	n/a
One year later	(408,038)	-	-	n/a
Two years later	(357,057)	-	-	n/a
Current estimate of ultimate claims expense	(357,057)	-	-	(357,057)
Cumulative payments	304,625	-	-	304,625
Outstanding claims liability (undiscounted)	(52,432)	-	-	(52,432)
Discount	826	-	-	826
Risk margin				(20,729)
Sub-total				(72,335)
Other events				
Other claims				(31,856)
Other risk margin				(8,488)
Outstanding claims liability				(668,645)

Restated 2024 \$(000)	Event Financial Year			
	2023	2012	2011	Total
2010–2011 Canterbury earthquake sequence ultimate claims expense estimate				
At end of incident year	-	(611,000)	(11,711,529)	n/a
One year later	-	(893,567)	(11,594,000)	n/a
Two years later	-	(781,034)	(11,121,971)	n/a
Three years later	-	(442,947)	(10,965,420)	n/a
Four years later	-	(455,293)	(10,805,614)	n/a
Five years later	-	(417,165)	(10,823,437)	n/a
Six years later	-	(435,175)	(10,316,320)	n/a
Seven years later	-	(421,149)	(10,609,302)	n/a
Eight years later	-	(457,557)	(10,986,273)	n/a
Nine years later	-	(459,291)	(11,383,580)	n/a
Ten years later	-	(470,831)	(11,488,944)	n/a
Eleven years later	-	(477,886)	(11,771,346)	n/a
Twelve years later	-	(484,819)	(11,884,308)	n/a
Thirteen years later	-	n/a	(12,031,670)	n/a
Current estimate of ultimate claims expense	-	(484,819)	(12,031,670)	(12,516,489)
Cumulative payments	-	455,747	11,532,972	11,988,719
Outstanding claims liability (undiscounted)	-	(29,072)	(498,698)	(527,770)
Discount	-	3,475	59,511	62,986
Risk margin				(89,999)
Sub-total				(554,783)
2023 North Island Weather Events ultimate claims expense estimate				
At end of incident year	(486,036)	-	-	n/a
One year later	(408,038)	-	-	n/a
Current estimate of ultimate claims expense	(408,038)	-	-	(408,038)
Cumulative payments	245,735	-	-	245,735
Outstanding claims liability (undiscounted)	(162,303)	-	-	(162,303)
Discount	12,641	-	-	12,641
Risk margin				(53,553)
Sub-total				(203,215)
Other events				
Other claims				(50,553)
Other risk margin				(11,673)
Outstanding claims liability				(820,223)

Settlement of outstanding claims liability

The table below reflects how NHC Toka Tū Ake expects the outstanding claims liability to be settled.

\$(000)	2025			Restated 2024		
	Current	Non-current	Total	Current	Non-current	Total
Outstanding claims liability – central estimate	195,527	334,860	530,387	234,709	430,289	664,998
Risk margin	27,155	111,103	138,258	63,417	91,808	155,225
Total outstanding claims liability	222,682	445,963	668,645	298,126	522,097	820,223

5. Levies and unearned levy liability

Levy income represents levies collected and paid to NHC Toka Tū Ake by insurance companies, brokers and individuals with EQCover and NHCover. Effective 1 July 2024, the NHI Act removed discretionary premium discounts for collecting agencies. Levy income is classified as exchange transactions.

Levy income is recognised using the 24th method to approximate the contract period over which the levies are earned. The underlying assumption of the 24th method is that all levies booked during a particular month can be approximated by an annual policy that incepts during the middle of the month. Levies receivable are reported in the Statement of Financial Position. Levies not earned at balance date are recorded in the Statement of Financial Position as unearned levy liability.

\$(000)	2025	2024
Gross written levies	918,942	909,928
Less discount to collecting agencies	-	(22,052)
	918,942	887,876
Movement in unearned levy liability	(10,908)	(34,419)
Total levies	908,034	853,457
Unearned levy liability at 1 July	(454,270)	(419,852)
Unearned levies received in the year	(465,179)	(454,270)
Levies now recognised	454,270	419,852
Unearned levy liability at 30 June	(465,179)	(454,270)

6. Advance funding

NHC Toka Tū Ake facilitates ex gratia Government payments for eligible On-sold over-cap properties in Canterbury on behalf of the Crown and manages Southern Response’s remaining customers on behalf of Southern Response Earthquake Services (SRES). The On-sold agreement liability represents the funding received in advance for the ex gratia Government payments.

These arrangements are reimbursed in full, with an overhead margin for the Southern Response agreement of \$0.6 million (2024: \$0.5 million). From 1 July 2024 these arrangements began receiving funding in advance rather than in arrears.

Recognised revenue is recorded as other revenue in the Statement of Comprehensive Revenue and Expense. The cash flows associated with these agreements are shown gross within the Statement of Cash Flows.

\$(000)	2025
Revenue in advance	
Opening balance as at 1 July	-
Funds received in advance	(10,567)
Revenue recognised during the year	7,658
Closing balance at 30 June	(2,909)
On-sold agreement liability	
Opening balance as at 1 July	-
Funds received in the year	(135,792)
Ex gratia payments made during the year	85,907
Closing balance at 30 June	(49,885)

7. Other receivables and prepayments

Other receivables are recognised at face value less an allowance for expected credit losses (ECL). Other receivables are written off when they are deemed uncollectable. The decrease in other receivables is because the reimbursement of the Government On-sold and SRES agreements (Note 6) is now received in advance.

\$(000)	2025	2024
Other receivables	160	25,865
Less: provision for impairment	-	(3)
Prepayments	2,317	2,379
GST receivable	-	6,687
Total other receivables and prepayments	2,477	34,928

8. Outstanding reinsurance recoveries

Outstanding reinsurance recoveries are the expected reimbursement of claims settlements and claims handling costs that NHC Toka Tū Ake can recover under its reinsurance contracts.

Outstanding reinsurance recoveries received or receivable on paid claims, reported claims not yet paid, claims incurred but not reported (IBNR), and claims incurred but not enough reported (IBNER) are recognised

as revenue in the Statement of Comprehensive Revenue and Expense. They are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims. There are differences between the reinsurance recoveries within the actuarial valuation and the Statement of Financial Position due to how reinsurance receipts are deemed to have been recovered.

The amounts that form part of the Statement of Comprehensive Revenue and Expense are represented below:

\$(000)	2025	Restated 2024
Gross reinsurance recoveries	11,145	22,886
Impact of discounting	9,440	2,027
Total discounted reinsurance recoveries	20,585	24,913

The below represents amounts that form part of the Statement of Financial Position:

\$(000)	2025	Restated 2024
Gross reinsurance receivable	132,673	158,028
Discounting	(11,520)	(20,962)
Discounted outstanding reinsurance recoveries	121,153	137,066
Current	42,839	68,604
Non-current	78,314	68,462
	121,153	137,066
Outstanding reinsurance recoveries at 1 July	137,066	166,883
Recognised in the year	20,585	24,913
Received during the year	(36,498)	(54,730)
Outstanding reinsurance recoveries at 30 June	121,153	137,066

The reinsurance recoveries relate to the Canterbury earthquakes included within the outstanding claims liability in Note 4, which occurred in the 2010–2011 financial years.

At 30 June 2025, the ultimate expected reinsurance recoveries increased by \$11 million to \$4,944 million.

Cash flow projections for reinsurance recoveries are discounted for the

time value of money. The discount is reassessed at the end of each financial year to account for changes to interest rates, payment patterns and settlement periods. At 30 June 2025, the discount for the outstanding reinsurance recoveries was decreased by \$9 million to \$12 million. The assumptions used in estimating the recoveries can be found in Note 4.

9. Claims expense

Claims expense represents payments for claims, claims handling costs, the movement in the liability for outstanding claims and the associated risk margin.

Current year claims expense comprises amounts paid (or estimates of amounts payable) in relation to natural hazard damage sustained during the current financial year. Prior years' claims expense relates to amounts paid (or estimates of amounts payable) where the damage occurred in previous financial years. Changes to prior years' claims expense occurs when the actual or estimated settlement values of claims changed during the current financial year.

\$(000)	2025			Restated 2024		
	Current year	Prior years	Total	Current year	Prior years	Total
Gross claims expense – undiscounted	(9,905)	(68,759)	(78,664)	(38,246)	(21,487)	(59,733)
Discounting – on total outstanding claims	423	(21,373)	(20,950)	2,245	(16,923)	(14,678)
Gross claims expense – discounted	(9,482)	(90,132)	(99,614)	(36,001)	(38,410)	(74,411)

Claims handling expenses are costs incurred by NHC Toka Tū Ake in relation to the processing and administration of claims received. The following tables show the costs related to the 2010–2011 Canterbury earthquake sequence and the 2023 North Island Weather Events.

\$(000)	2025	2024
2010–2011 Canterbury earthquake sequence claim handling expenses		
Employee remuneration and benefits	(12,435)	(11,888)
Engineers and consultants	(4,651)	(3,389)
Claims administrators and contractors	(1,779)	(4,190)
Other costs	(1,611)	(1,558)
Call centres and claims management – third party	(849)	(840)
Office rental	(522)	(399)
Superannuation contribution costs	(373)	(356)
Fees paid to the auditor		
Audit fees (refer Note 10.1)	(155)	(162)
Travel and accommodation	(116)	(134)
Bad debts	-	(56)
Total Canterbury claims handling expenses	(22,491)	(22,972)
2023 North Island Weather Events claim handling expenses		
Claims assessment fees	(16,861)	(59,226)
Engineers and consultants	(164)	(419)
Fees paid to the auditor		
Audit fees (refer Note 10.1)	(42)	(44)
Travel and accommodation	-	(13)
Total North Island Weather Events claim handling expenses	(17,067)	(59,702)

10. Operating expenses

The operating expenses of NHC Toka Tū Ake are allocated across resilience, readiness, risk financing and recovery. Expenditure is allocated to these functions by directly attributing costs where possible.

Indirect costs are apportioned based on the average number of full-time equivalents employed during the financial year and are allocated between resilience, readiness, risk financing and recovery.

\$(000)	2025	2024
Costs grouped by expense type		
Employee remuneration and benefits	(30,493)	(26,172)
Outsourced service providers ¹³	(10,020)	(11,121)
Technology costs	(9,095)	(9,000)
Project costs ¹⁴	(7,446)	(11,367)
On-sold agreement expenses	(6,220)	(6,799)
Grants for research	(6,020)	(5,196)
Other administration costs	(4,031)	(3,719)
GeoNet operating costs	(4,000)	(4,000)
Amortisation of intangibles	(3,499)	(3,407)
Consultants and contractors	(3,037)	(5,746)
Sponsorship	(1,414)	(1,334)
Southern Response agreement expenses	(874)	(1,205)
Superannuation contribution costs	(866)	(752)
Advertising and publicity	(803)	(811)
Depreciation	(729)	(650)
Commissioners' fees	(378)	(413)
Fees paid to the auditor		
Audit of the financial statements (refer Note 10.1)	(350)	(247)
Gain/loss on disposals	(80)	(12)
Bad debts	3	16
Total operating expenses	(89,352)	(91,935)

13 Outsourced service provider costs relate to outsourced IT functionality as well as third-party agency costs.

14 Project costs include continued maintenance and enhancement of our technology platforms, together with costs associated with updating our systems and processes to align with the requirements of the NHI Act and Natural Disaster Response Model.

10.1 Auditor's remuneration

Total audit fees include payments to EY for the following:

\$(000)	2025	2024
Audit of the financial statements	(459)	(476)
Audit related services PBE IFRS 17 transition (assurance engagement)	(88)	-
Total fees paid to auditors	(547)	(476)

There were no non-assurance services provided by EY during the financial year.

11. Investments

Investment revenue is generated from interest on term deposits for periods of greater than 3 months.

\$(000)	2025	2024
Interest income	11,243	10,021
Total investment revenue	11,243	10,021

Investments are managed on a fair value basis to align with the measurement of insurance contract liabilities under PBE IFRS 4. Accordingly, investments are designated at fair value through surplus or deficit, with changes in fair value recognised in the Statement of Comprehensive Revenue and Expense. At 30 June 2025, investments are solely term deposits held (2024: term deposits).

The investments are classified as Level 2 in the fair value hierarchy owing to the use of observable inputs other than quoted prices in active markets. The fair value is determined using observable market data, being the interest rates for the deposits entered into.

12. Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to NHC Toka Tū Ake and the cost of the item can be measured reliably. If an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset.

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to NHC Toka Tū Ake and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs.

Depreciation

Depreciation is charged on a straight-line basis, over its estimated useful life. The estimated useful lives of different classes of property, plant and equipment are reviewed annually and are as follows:

- Furniture and equipment: 10 years
- Leasehold improvements: 6–9 years
- Computer hardware: 3–10 years

2025 \$(000)	Furniture and equipment	Leasehold improvements	Computer hardware	Work in progress	Total
Cost					
At 1 July	907	855	3,082	2,924	7,768
Additions	2	40	575	-	617
Disposals	(193)	(785)	(827)	-	(1,805)
Transfers	267	2,579	78	(2,924)	-
At 30 June	983	2,689	2,908	-	6,580
Accumulated depreciation					
At 1 July	(306)	(793)	(2,427)	-	(3,526)
Depreciation charge	(121)	(287)	(321)	-	(729)
Disposals	126	782	816	-	1,724
At 30 June	(301)	(298)	(1,932)	-	(2,531)
Carrying amounts at 30 June 2025	682	2,391	976	-	4,049

2024 \$(000)	Furniture and equipment	Leasehold improvements	Computer hardware	Work in progress	Total
Cost					
At 1 July	876	1,101	2,959	8	4,944
Additions	32	43	503	2,924	3,502
Disposals	(1)	(289)	(388)	-	(678)
Transfers	-	-	8	(8)	-
At 30 June	907	855	3,082	2,924	7,768
Accumulated depreciation					
At 1 July	(210)	(889)	(2,443)	-	(3,542)
Depreciation charge	(89)	(189)	(372)	-	(650)
Disposals	-	285	381	-	666
Transfers	(7)	-	7	-	-
At 30 June	(306)	(793)	(2,427)	-	(3,526)
Carrying amounts at 30 June 2024	601	62	655	2,924	4,242

13. Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment losses.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific knowledge or understanding, is recognised in the Statement of Comprehensive Revenue and Expense when incurred. NHC Toka Tū Ake does not undertake development of new products or processes other than software referred to below.

Software acquisition and development

Software development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and NHC Toka Tū Ake has control of the use of the asset and intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Statement of Comprehensive Revenue and Expense when incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to NHC Toka Tū Ake and the cost of the item can be measured reliably.

The costs of day-to-day servicing of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs.

Amortisation

Intangible assets are amortised on a straight-line basis, over their estimated useful life. The estimated useful lives of different classes of intangible assets are reviewed annually and are as follows:

- Software: 3–5 years

Impairment of intangible assets

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in the Statement of Comprehensive Revenue and Expense.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is amortised replacement cost for an asset where the future economic benefits or service potential of the asset:

- are not primarily dependent on the asset's ability to generate net cash inflows; or

- NHC Toka Tū Ake would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

2025 \$(000)	Software	Total
Cost		
At 1 July	16,997	16,997
Additions	-	-
Disposals	-	-
At 30 June	16,997	16,997
Accumulated amortisation		
At 1 July	(10,687)	(10,687)
Amortisation charge	(3,499)	(3,499)
Disposals	-	-
At 30 June	(14,186)	(14,186)
Carrying amounts at 30 June 2025	2,811	2,811

2024 \$(000)	Software	Total
Cost		
At 1 July	16,997	16,997
Additions	-	-
Disposals	-	-
At 30 June	16,997	16,997
Accumulated amortisation		
At 1 July	(7,280)	(7,280)
Amortisation charge	(3,407)	(3,407)
Disposals	-	-
At 30 June	(10,687)	(10,687)
Carrying amounts at 30 June 2024	6,310	6,310

14. Trade and other payables

Trade and other payables are recognised when NHC Toka Tū Ake becomes obliged to make future payments resulting from the purchase of goods and services. They are initially recognised at fair value and subsequently measured at amortised cost. They are not discounted because of their short-term nature.

\$(000)	2025	2024
Trade payables and accruals	(15,701)	(14,239)
Non Residents Withholding Tax on reinsurance	(16,979)	(15,767)
GST payable	(12,855)	-
Total trade and other payables	(45,535)	(30,006)

15. Short-term liabilities

Short-term liabilities are for wages and salaries (including non-monetary benefits), annual leave and sick leave recognised in surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. The remaining amount relates to a make-good provision for restoring leased premises to their original condition at the end of the lease term and finance lease liability.

\$(000)	2025	2024
Employee entitlements	(3,934)	(3,544)
Make good provision	(230)	(199)
Finance lease liability	(22)	(6)
Total short-term liabilities	(4,186)	(3,749)

16. Financial risks

Credit risk

NHC Toka Tū Ake limits its exposure to very-large-scale natural hazards through the purchase of reinsurance. NHC Toka Tū Ake is exposed to the credit risk of a reinsurer defaulting on its obligations. Note 21 explains how NHC Toka Tū Ake minimises the risk of default. NHC Toka Tū Ake reduces credit risk by placing reinsurance with counterparties who have a credit rating of AAA to A- from Standard and Poor's (i.e. from "extremely strong" to "strong") and limiting its exposure to any one reinsurer or related group of reinsurers. When credit ratings are not available from Standard and Poor's NHC Toka Tū Ake assess the equivalents from AM Best.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

2025 \$(000)	AA+	AA	AA-	A+	A	A-	Other	Total
Cash and cash equivalents	-	-	311,126	-	-	-	-	311,126
Investments	-	50,127	191,633	-	-	-	-	241,760
Levies receivable	291	88,688	68,250	367	27,461	21,177	165	206,399
Reinsurance recoveries	424	22,304	53,331	21,287	12,176	11,631	-	121,153
Other receivables	-	-	-	-	-	-	160	160
Total	715	161,119	624,340	21,654	39,637	32,808	325	880,598

Restated 2024 \$(000)	AA+	AA	AA-	A+	A	A-	Other	Total
Cash and cash equivalents	-	-	142,814	-	-	-	-	142,814
Investments	-	-	136,419	-	-	-	-	136,419
Levies receivable	-	77,719	20,933	35,364	17,413	27,224	36	178,689
Reinsurance recoveries	493	4,989	77,402	26,194	12,391	15,597	-	137,066
Other receivables	-	-	-	-	-	-	25,862	25,862
Total	493	82,708	377,568	61,558	29,804	42,821	25,898	620,850

The Insurance Prudential Supervision Act 2010 (IPSA) repealed the Insurance Companies (Ratings and Inspection) Act 1994 from 7 March 2012. The IPSA does not require NHC Toka Tū Ake to obtain a licence. NHC Toka Tū Ake is therefore not obliged by the current insurance legislation to hold a credit rating.

Liquidity risk

Liquidity risk is the risk of having insufficient liquid funds available to meet claim payments, and trade and other payables as they fall due.

Financial liabilities consist of trade and other payables. It is expected that the majority of trade payables outstanding at balance date will be settled within 12 months (2024: 12 months).

17. Unexpired risk liability

NHC Toka Tū Ake assesses the adequacy of the unearned levy liability by applying the liability adequacy test. This test determines whether unearned levies at balance date are sufficient to cover future claims arising from existing contracts.

The liability adequacy test compares the current estimate of the present value of the expected future cash flows relating to claims arising from the rights and obligations under current insurance contracts (with an additional risk margin included to allow for the inherent uncertainty) to the value of the unearned levy liability. If the value of the unearned levy liability is exceeded, the movement is recognised in the Statement of Comprehensive Revenue and Expense and recorded in the Statement of Financial Position as an unexpired risk liability.

Unexpired risk reserve

Levy liabilities are an estimate of the total value of net liabilities associated with the run-off of the unexpired risks as at 30 June 2025. Levy liabilities comprise several components:

- The net of reinsurance cost of future claims arising from unexpired risks
- The claims handling expenses for the future claims arising from unexpired risks
- The cost of policy administration for the run-off of unexpired risks
- The cost of reinsurance cover for the unexpired risks

The estimate is set at a 75% Probability of Adequacy (PoA) and discounted for the time value of money.

If the levy liabilities exceed the unearned levy reserve (ULR), an additional unexpired risk reserve is required to make up the extent of the shortfall. As at 30 June 2025, the ULR was \$465 million, which is less than the levy liabilities of \$604 million (at 75% PoA). Therefore, an additional unexpired risk reserve of \$138 million is required (2024: \$105 million). The levy liabilities this year were determined by taking into account modelling of potential losses from earthquake, volcanic activity, tsunami and landslip/flood/storm, consistent with the previous year's modelling.

The unexpired risk liability was determined as follows.

\$(000)		
Calculation of deficiency	2025	2024
Cost of future claims from unexpected risks, undiscounted – central estimate	450,729	401,282
Administration and reinsurance costs for unexpired risks	364,849	318,807
Reinsurance recoveries, undiscounted	(186,113)	(135,694)
Net levy liabilities, undiscounted – central estimate	629,465	584,395
Discounting	(25,314)	(25,043)
Net levy liabilities, discounted – central estimate	604,151	559,352
Risk margin	-	-
Net levy liabilities	604,151	559,352
Unearned levy liability	(465,179)	(454,270)
Net deficiency	138,972	105,082
\$(000)	2025	2024
Unexpired risk liability at 1 July	105,082	12,764
Movement for the year	33,890	92,318
Unexpired risk liability at 30 June	138,972	105,082

The risk margin on levy liabilities for 2025 is 0% (2024: 0%). NHC Toka Tū Ake has adopted a 75% probability of adequacy for the levy liability balance. The risk margin for 2025 is \$0 (2024: \$0) because the distribution of potential claims is heavily skewed and, consequently, the central estimate (mean) outcome is greater than the 75th percentile.

Sensitivity analysis

Sensitivity analyses were carried out on economic assumptions, including inflation, discount rates and demand surge.

The result of these analyses produced results that were relatively immaterial compared to the key parameters detailed above. Consequently, this analysis has not been reproduced for this valuation.

18. Commitments

The tables below reflect the committed operating costs that are not included in the Statement of Financial Position.

2025 \$(000)	Reinsurance contracts	Research and sponsorship	IT & data contracts	Building leases	Total
Not later than one year	396,047	9,540	7,817	1,441	414,845
Later than one year but not later than two years	51,833	5,472	6,409	1,441	65,155
Later than two years but not later than five years	30,687	161	7,202	2,596	40,646
Later than five years	-	-	-	2,641	2,641
Total commitment	478,567	15,173	21,428	8,119	523,287

2024 \$(000)	Reinsurance contracts	Research and sponsorship	IT & data contracts	Building leases	Total
Not later than one year	391,264	10,164	7,265	1,504	410,197
Later than one year but not later than two years	20,034	2,776	1,469	1,441	25,720
Later than two years but not later than five years	18,364	1,016	-	1,606	20,986
Later than five years	-	-	-	4,730	4,730
Total commitment	429,662	13,956	8,734	9,281	461,633

19. Involvement with unconsolidated structured entities

In the year ended 30 June 2023, NHC Toka Tū Ake sponsored the establishment of a special purpose reinsurance vehicle (SPRV) in Singapore, Totara Re, which was incorporated on 13 April 2023. The establishment costs have been spread over the life of the catastrophe bond within these financial statements. NHC Toka Tū Ake is considered to sponsor another entity if, in addition to ongoing involvement with the entity, it had a key role in establishing that entity or in bringing together relevant counterparties so the transaction that is the purpose of the entity could occur.

Totara Re is a structured securitisation entity as the use of binding arrangements predetermines the narrow scope of its relevant activities, and voting rights relate only to administrative tasks. The insurance-linked securitisations transfer pre-existing insurance risk to investors in Totara Re, through the issuance of insurance-linked securities to the market. In insurance-linked securitisations, Totara Re assumes the insurance risk from NHC Toka Tū Ake through reinsurance contracts. Totara Re retains the issuance proceeds as collateral, which are invested in investment-grade securities. NHC Toka Tū Ake is not exposed to variability of benefits from the performance of the securitisation vehicle.

Interest earned is returned to the investors based on performance of the investment-grade securities.

The purpose of sponsoring this entity was to transfer natural hazard insurance risk from NHC Toka Tū Ake to Totara Re through a collateralised reinsurance agreement and to expand and diversify its sources for risk capital. On this basis, it is determined that the transfer of risk creates variable returns for the investors in Totara Re rather than NHC Toka Tū Ake and as such control does not sit with NHC Toka Tū Ake.

NHC Toka Tū Ake entered into a four-year reinsurance agreement with Totara Re with the value of \$225 million cover at an initial attachment point of \$2 billion on 1 June 2023. The reinsurance premiums paid to Totara Re cover the risk premium and operating costs of the SPRV and are paid in arrears at the end of the quarter. Totara Re has no ability to enter into any other reinsurance agreements with other parties and is currently limited to the \$225 million cover with NHC Toka Tū Ake.

In April 2025, the Board of NHC Toka Tū Ake agreed to increase the attachment point of the catastrophe bond to

\$2.172 billion from 1 June 2025, following the annual reset of the bond. The increase in the attachment point was driven by increased modelled exposures covered by the reinsurance contract. The increased attachment point has not resulted in any change to the premiums to be paid.

In a natural hazard event, income from the structured entity includes reimbursement for costs incurred by NHC Toka Tū Ake covered by the reinsurance agreement. During the year, there were no qualifying events for which NHC Toka Tū Ake received any income from Totara Re (2024: nil).

There have been no assets transferred to unconsolidated structured entities during the year.

There may be a delay between when a loss occurs and when payment is made under the reinsurance agreement at the end of the contract term. NHC Toka Tū Ake has a Crown Liquidity Facility with the Treasury to manage any potential timing mismatch between a triggering event and when the proceeds from a loss occurrence would be transferred to the Natural Hazard Fund.

The following table shows NHC Toka Tū Ake interests in and maximum exposure to loss from Totara Re:

\$(000)	2025			2024		
	Total assets	Total liabilities	Maximum exposure to loss ¹⁵	Total assets	Total liabilities	Maximum exposure to loss ¹⁵
Insurance-linked securitisations	1,386	1,618	225,000	2,110	1,674	225,000
Total	1,386	1,618	225,000	2,110	1,674	225,000

15 For the purpose of this disclosure, maximum exposure to loss amounts does not consider the risk-reducing effects of collateral or other credit enhancements and has been determined as using the value of the collateralised bond.

20. Equity

Crown contribution

Effective 1 July 2024, under the NHI Act, all share capital of NHC Toka Tū Ake was cancelled in accordance with Schedule 1. The previously recognised share capital of \$1.5 billion (1,500,000,000 ordinary shares of \$1 each) has been reclassified as Crown contribution.

Capital management

NHC Toka Tū Ake must invest the NHF in accordance with the Funding and Risk Management Statement (FRMS), as required under section 115(3)(b) of the NHI Act. The FRMS is issued by the Minister at least once every 5 years under section 136 and outlines the financial settings, the allocation of risk between the Crown and the NHF, and the Crown's long-term funding strategy.

NHC Toka Tū Ake prudently manages reinsurance, revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure it effectively achieves its objectives and purpose, while remaining a going concern.

Solvency

NHC Toka Tū Ake has exposure to liabilities estimated to be in excess of its assets. In the event that assets are insufficient to meet its liabilities, the Crown, under section 112 of the NHI Act, is obliged to provide sufficient funds to meet the shortfall (refer also to Note 1).

21. Insurance risks

NHC Toka Tū Ake must accept exposure to claims for the natural hazards as specified in the NHI Act. The levy level set by the Natural Hazards Insurance Regulations 2024 is 16 cents for every \$100 of sum insured up to a maximum of \$480 per dwelling. The change to the levy level took place from 1 October 2022. Prior to this, the levy level was 20 cents for every \$100 of sum insured up to a maximum of \$300 per dwelling.

Reinsurance programme

NHC Toka Tū Ake limits its exposure to very large-scale natural hazards through the purchase of reinsurance with the objectives of:

- minimising the overall cost to secure mandated protection to New Zealand homeowners
- varying the reinsurance agreement terms and conditions as appropriate should the Crown determine a different risk profile under the Natural Hazards Insurance scheme
- minimising the risk of default among reinsurers by limiting its exposure to any one reinsurer or related group of reinsurers, by applying the following policies:
 - setting a target for the overall programme at placement that achieves a weighted average score of Standard and Poor's (S&P) financial strength rating of A or better

- normally placing reinsurance with organisations that have the following security ratings:
 - S&P: AAA to A- (i.e. from “extremely strong” to “strong”), or
 - AM Best: A++ to A- (i.e. from “superior” to “excellent”)
- for reinsurance contracts supported by Insurance Linked Securities (ILS) vehicles, ensuring that the vehicle is:
 - established in a jurisdiction that provides regulatory safeguards to protect NHC Toka Tū Ake’s financial position, and
 - fully collateralised on inception of the transaction and maintains sufficient capital to meet the obligations of agreements with NHC Toka Tū Ake throughout the duration of the contract
- diligent examination by management of the case for inclusion of a non-complying reinsurer, with the assistance of its reinsurance broker, and obtaining Board approval of any decision to include such reinsurer
- ensuring that any one reinsurer does not hold more than 20% of the total reinsurance programme.

Crown underwriting fee

From 1 July 2024, NHC Toka Tū Ake is no longer required to pay the \$10 million Crown underwriting fee, following the commencement of the NHI Act.

Interest rate risk and credit risk

No direct exposure to interest rate risk results from the financial assets or liabilities arising from insurance or reinsurance contracts. Financial assets and liabilities arising from insurance or reinsurance contracts are stated in the Statement of Financial Position at the amount that best represents the maximum credit risk exposure at balance date. Refer to Note 16 for concentrations of credit risk.

Research and education

NHC Toka Tū Ake seeks to indirectly reduce the extent of claims incurred by NHC Toka Tū Ake through research and public education programmes.

Outward reinsurance premium expense

Premiums paid to reinsurers are recognised by NHC Toka Tū Ake as outward reinsurance premium expense in the Statement of Comprehensive Revenue and Expense from the attachment date over the period of indemnity of the reinsurance contract, in accordance with the expected pattern of the incidence of risk. Prepaid reinsurance premiums are included in outward reinsurance expense asset in the Statement of Financial Position and are paid quarterly in advance of the coverage period. Premiums for reinsurance contracts supported by Insurance Linked Securities (ILS) vehicles are paid quarterly in arrears of the coverage period.

22. Contingencies

There are no contingent assets or liabilities at 30 June 2025.

23. Employee and Board remuneration

The table below contains the total remuneration paid or payable to NHC Toka Tū Ake employees in excess of \$100,000 within a financial year. Total remuneration includes gross salary, wellbeing benefit, employee and employer superannuation contributions.

	2025	2024
\$100,000–\$109,999	21	22
\$110,000–\$119,999	22	17
\$120,000–\$129,999	30	39
\$130,000–\$139,999	53	31
\$140,000–\$149,999	28	26
\$150,000–\$159,999	31	22
\$160,000–\$169,999	17	10
\$170,000–\$179,999	12	12
\$180,000–\$189,999	17	8
\$190,000–\$199,999	5	7
\$200,000–\$209,999	5	3
\$210,000–\$219,999	5	4
\$220,000–\$229,999	6	3
\$230,000–\$239,999	5	3
\$240,000–\$249,999	2	2
\$250,000–\$259,999	1	1
\$260,000–\$269,999	1	1
\$270,000–\$279,999	1	1
\$280,000–\$289,999	-	1
\$290,000–\$299,999	2	1
\$300,000–\$309,999	1	-
\$310,000–\$319,999	1	-
\$320,000–\$329,999	-	2
\$330,000–\$339,999	1	-
\$340,000–\$349,999	1	1
\$350,000–\$359,999	1	-
\$480,000–\$489,999	-	1
\$500,000–\$509,999	1	-
Total	270	218

When remuneration bands are not shown in the table opposite, this represents that no employees were paid within those bands during the current or previous financial year.

In addition to the above, and in accordance with confidential contractual agreements, nine (2024: 10) payments totalling \$342,481 (2024: \$228,717) were made during the year upon cessation of an individual's employment.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the KiwiSaver and the State Sector Retirement Savings Scheme (SSRSS) are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense on an accruals basis.

Employee entitlements

Employee entitlements include salaries and wages, annual leave, long-service leave and other similar benefits which are recognised in the Statement of Comprehensive Revenue and Expense

when they accrue to employees. Employee entitlements to be settled within 12 months are reported at their undiscounted nominal value. The liability for long-service leave is calculated based on the present value of likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach entitlement and contractual entitlements information.

Key management personnel

NHC Toka Tū Ake is a Crown Entity of the New Zealand Government and all significant transactions with the Crown result from ministerial directions given under the NHI Act or section 103 of the Crown Entities Act 2004. Key management personnel for NHC Toka Tū Ake include all Commissioners, the Chief Executive and the Executive Leadership Team. The total remuneration of key management personnel and the number of individuals on a full-time equivalent (FTE) basis receiving remuneration from NHC Toka Tū Ake are:

\$(000)	2025 Remuneration	2025 FTE	2024 Remuneration	2024 FTE
Commissioners	381	8	414	9
Executive Leadership Team	3,216	10	3,112	9
Total	3,597	18	3,526	18

No payments were made upon cessation of employment of key management personnel during the year (2024: nil).

Board remuneration

The total value of remuneration paid or payable to each Commissioner during the year was:

\$(000)	2025	2024	Appointed	Term concluded
C Black	79	79	5 April 2022	
R Dyson	50	50	1 May 2021	
A Hercus	44	44	1 March 2020	
F Wilson	40	40	1 March 2020	
E Seville	44	44	1 July 2018	
S Lewis	44	44	1 March 2020	
A Brunner	40	40	10 May 2023	
Z Jalil	40	40		30 June 2025
A James	-	33		30 April 2024
Total	381	414		

Indemnity and insurance disclosure

NHC Toka Tū Ake has provided a deed of indemnity to each Board member in relation to certain activities undertaken in the performance or intended performance of NHC Toka Tū Ake’s functions.

NHC Toka Tū Ake effected and maintained “Directors’ and Officers’ Liability” and “Professional Indemnity” insurance cover during the financial year, in respect of the liability or costs of any Board member or employee.

24. Major budget variances

The budget figures are those in NHC Toka Tū Ake’s *Statement of Performance Expectations 2024–2025*. The budget was prepared based on the claims valuation at 31 December 2023. The budget figures are consistent with

the accounting policies adopted in preparing the financial statements. The budget figures are unaudited.

Explanations of significant variations from the budgeted figures approved by the Board are as follows.

Statement of Comprehensive Revenue and Expense

Outward reinsurance premium expense

The renewal cost for the confirmed 2024/25 programme was lower than assumed in the budget by \$21.7 million. NHC Toka Tū Ake secured a record level of reinsurance of \$9.2 billion from 1 June 2024 to 31 May 2025. This growth in the scheme demonstrates the continued confidence the international market has in the scheme.

Claims expense

The approved budget change in outstanding claims liability (OCL) was based on the OCL valuation as at 31 December 2023. Claims expense was \$113 million higher than budgeted owing to an increase in the estimated costs to settle claims relating to the Canterbury earthquake sequence offset by reduced risk margin amortisation.

Movement in unexpired risk liability

The unexpired risk liability is the shortfall between the levy revenue that NHC Toka Tū Ake will earn for a future period and the actuarially calculated costs of claims arising over the same future period. This shortfall has increased in the current year because expected claims have increased to reflect exposure and inflation growth with estimated policy administration costs also increasing. These increases have been slightly offset by increased estimated reinsurance recoveries.

Other operating expenses

Lower operating expenses by \$16 million were mainly because of lower project spend, cost control actions taken and lower GeoNet operating costs. Project costs include continued investment in our existing technology platforms, together with costs associated with updating our systems and processes. Other expenses relate to costs incurred managing the On-sold over-cap programme on behalf of the Crown and managing Southern Response's remaining claims, which are both reimbursed to NHC Toka Tū Ake.

Statement of Financial Position

The budget was set when the Crown On-sold programme and SRES agreement were contracted to be reimbursed in arrears. Since 1 July 2024, the monies are now received in advance, which impacts several balance sheet lines. It also meant the introduction of two new liabilities, revenue in advance and on-sold agreement liability.

Cash and cash equivalents

Cash balances are higher than budget by \$186 million largely because of change in funding approach for the Crown On-sold programme and SRES, together with lower reinsurance expense, claim settlements and operating costs.

Levies receivable

The levies receivable balance comprises policies written in May and June that have not yet been received by NHC Toka Tū Ake given the 2-month timeframe for collecting agencies to pass through the funds.

Other receivables and prepayments

Primarily driven by the change in funding approach for the Crown On-sold programme and SRES.

Outward reinsurance expense asset

This prepayment is lower than budget by \$17 million reflecting that the reinsurance programme costs for the 2025/26 cover period were placed at a level below the budgeted expense.

Outstanding reinsurance recoveries

Reinsurance receivables balance is \$33 million higher than budget, mainly because of the increase in the gross ultimate claims cost for the Canterbury earthquake sequence (partially offset by changes in the discounting).

Investments

The Investments balance relates to funds held in bank term deposits to access higher interest returns. Term deposit balances were \$72 million higher than expected at the end of the 2025 financial year.

Outstanding claims liability

The actual outstanding claims liability based on the June 2025 actuarial valuation of claims liability is higher than the budgeted outstanding claims liability which is based on the preliminary claims valuation as at

31 December 2023. The most significant driver of this is the revised estimation of costs associated with reopened Canterbury claims.

Unexpired risk liability

The unexpired risk liability is higher than budget because it was anticipated in the budget that the unearned levy liability would be sufficient to cover the actuarially calculated net premium liabilities.

Statement of Cash Flows

Net cash inflow from operating activities was higher than budget owing to the change in funding approach for the Crown On-sold programme and SRES. NHC Toka Tū Ake also had lower reinsurance programme costs, reduced claim payments with progression of the North Island Weather Events and reductions in operating expenses.

25. Events after balance sheet date

There were no other significant events after balance date that require separate disclosure.

Ministerial Directions

Ministerial Directions to NHC Toka Tū Ake, current as at 30 June 2025, are as follows.

Topic of direction	Description	Date of direction
Damage apportioned to unclaimed events	A direction allowing NHC Toka Tū Ake to make payment in relation to building damage apportioned to events that formed part of the Canterbury earthquake sequence, even where the insured person did not notify NHC Toka Tū Ake of damage for each event in the sequence.	19 December 2012
Amendment to previous direction	A direction amending the direction effective 19 December 2012 such that no excess applies in respect of the unclaimed event.	2 December 2013
Land damage apportioned to unclaimed events	A direction allowing NHC Toka Tū Ake to pay out on land damage apportioned to events that formed part of the Canterbury earthquake sequence, even where the insured person did not notify NHC Toka Tū Ake of damage for each event in the sequence.	20 October 2015
Administering the On-sold programme	A direction to administer the support package established by the Crown for qualifying owners of on-sold properties. The expiry date for this direction was removed on 20 June 2024.	7 October 2019, amended 24 June 2024
Acting as agent for Southern Response Earthquake Services Limited (SRES)	A direction to NHC Toka Tū Ake that NHC Toka Tū Ake may act as agent for SRES for the purposes of administering open insurance claims against SRES in respect of damage arising from the Canterbury earthquake sequence, being claims that exceed, or may exceed, the cap. In performing the additional function under this direction, NHC Toka Tū Ake must act in accordance with the terms and conditions of the agency agreement dated 21 October 2019 between NHC Toka Tū Ake (as varied by agreement between the parties from time to time following consultation with the Minister). The expiry date for this direction was removed on 20 June 2024.	21 October 2019, amended 24 June 2024
Replacing certain storm water and sewerage services and structures under the Canterbury earthquake sequence	A direction to pay the amount of the damage to, or replace or reinstate (at NHC Toka Tū Ake's option), any storm water and sewerage services and structures appurtenant to them that suffered damage as the direct result of one or more of the 2010/11 Canterbury earthquake sequence.	1 December 2021

Directions to support a whole-of-government approach, current as at 30 June 2025 are as follows.

Topic of direction	Description	Date of direction
Carbon Neutral Government Programme	A direction from the Minister of State Services and the Minister of Finance sets out requirements for agencies to implement the Carbon Neutral Government Programme from 27 March 2022.	27 March 2022
New Zealand Business Number	A direction from the Minister of State Services and the Minister of Finance that sets out requirements for agencies to implement the NZBN. NHC Toka Tū Ake records NZBNs as part of new supplier registration. Our finance system has a searchable NZBN field. Existing suppliers have had their NZBNs updated wherever possible.	21 August 2018

NHC Toka Tū Ake is also subject to whole-of-government directions relating to functional leadership requirements for ICT, property and procurement.

**Working
to reduce
the impact
of natural
hazards
on people,
property,
and the
community.**





**Natural Hazards
Commission**
Toka Tū Ake



**Te Kāwanatanga
o Aotearoa**
New Zealand Government