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Natural Hazards Commission
Toka Tū Ake

Annual Report

2025/26

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Introduction and overview



From the Board

On behalf of the Board, we are pleased to present the annual report of the Natural Hazards Commission Toka Tū Ake (NHC) for the year ended 30 June 2026. This report sets out NHC's performance through the four pillars of its strategy: Resilience, Readiness, Risk financing, and Recovery.

NHC's core purpose as an organisation is to reduce the impact of natural hazards on people, property and communities. It does this by helping New Zealanders understand and reduce the risks they are exposed to, ensuring the Natural Hazards Insurance scheme is financially and operationally ready in advance of the next major event, and supporting homeowners to recover from a natural hazard event when it strikes.

It has been a successful year overall for NHC, including posting a net surplus of $376 million for the year. This reduced the negative equity position for NHC to close to zero as of 30 June 2026, which is pleasing.

Storms and floods in early 2026 tested the quality of our readiness planning and preparation in practice. Responding to multiple events at the same time tested the support arrangements and relationships we had built, which stood up very well overall, providing valuable experience that will help us improve further.

We are also seeing encouraging signs that New Zealanders are becoming more aware of natural hazard risk. Our quarterly research found that 62% of those surveyed had taken some action to prepare for a natural hazard event. This matters because the choices people make before an event can materially affect how well they are able to recover afterwards.

June 2026 marked five years since the introduction of the Natural Disaster Response Model (NDRM). Following a review, the Board determined the model is now considered to be working as intended, simplifying and improving the homeowner experience and increasing our ability to respond at scale following a major event. Five years of experience have given us confidence the model is working well and provides a sound foundation for responding at scale, if need be, following a major event.

Trust underpins NHC's ability to fulfil its core role. New Zealanders need to have confidence in NHC's information and advice before an event and in the support available afterwards. This year, NHC's Public Sector Reputation Index score increased from 62 to 69, the highest on record, placing the organisation in the "high reputation" category for the first time.

The Board is proud of this result and all the work by NHC staff to achieve the lift, and of what it says about the growing value New Zealanders place on NHC's work.

Our results this year

NHC achieved or exceeded 24 out of 27 performance targets this year, with three falling just short of target.

We met all the targets set in Resilience and Readiness and well exceeded them in some areas, including use of the Natural Hazards Portal and acceptance of our recommendations in submissions on central and local government policy and plans.

We fell short, however, on the target related to the receipt of levy income, which was assumed would increase a further 1.3% year on year, but increased only 0.7% over the last 12 months.

Homeowners with fire insurance automatically contribute to the Natural Hazards Insurance scheme through the levy included in their insurance premium. Our 2026 plan assumed levy income would increase again this year, primarily because of expected growth in the number and value of residential buildings. Actual growth was, however, approximately half that planned. Variances of this scale – a $6 million variance from a $920 million plan – are not uncommon, and NHC continues to monitor levy income closely.

The other two targets that were not achieved this year related to the timeliness of settlements for remaining Canterbury earthquake-related claims, the primary reason for this being the additional complexity now involved in settling these types of claims.

More specifically, while the Canterbury portfolios are now much smaller, the claims that remain are generally older and significantly more complex. This makes the previous level of timeliness measures increasingly difficult to achieve. While not all the targets were met this year, NHC remains committed to continuing to focus on fair, consistent and enduring outcomes for homeowners.

NHC met all performance measures for the Crown's On-sold Support Programme this year. Every eligible applicant has now received a settlement offer with the overall programme nearing practical completion.

Progress across our strategy

Resilience

Under the Resilience pillar of our strategy, through public awareness campaigns NHC continued to help New Zealanders understand natural hazard risk and take practical action to reduce it. The second generation of the Natural Hazards Portal went live, making property-related natural hazard information clearer and easier to access and use.

Readiness

Under the Readiness pillar, Exercise Kōtuitui brought together NHC, the Insurance Council of New Zealand and nine private insurers to test the robustness of the NDRM against a simulated major earthquake affecting Wellington. The exercise provided confidence in existing arrangements and identified opportunities to improve the collective response further.

Risk financing

Under the Risk financing pillar, NHC secured an additional $2.1 billion of reinsurance capacity, bringing the total programme coverage to a record $12.3 billion. Other sources of potential funding for the scheme following a large natural disaster include the Natural Hazard Fund which now stands at approximately $0.8 billion and a catastrophe bond of $0.2 billion, bringing NHC's total capital resources to $13.3 billion. Separately but related, NHC is ultimately supported by a Crown guarantee to ensure all homeowners receive their entitlements in case of a major natural hazard event. The growth in reinsurance capacity reduces the likely amount of any call on the Crown guarantee in a catastrophic event. However, with the current levy rate below the actuarially calculated rate to meet the long-term costs of the scheme, there is likely to be a requirement to draw on the Crown guarantee for events, or a series of events, with costs above the Natural Hazard Fund balance.

Recovery

Under the Recovery pillar, NHC and its insurer partners continued to respond ably to more severe weather events and associated landslide claims while progressing the settlement of remaining 2023 North Island Weather Events and Canterbury claims.

The claims that remain are among the most complex to address and settle. Resolving them fairly and durably remains important for the homeowners concerned and, equally, for public confidence in the scheme.

In addition, Budget 2026 provided funding for NHC, jointly with the Treasury, to develop a Detailed Business Case for a Public Infrastructure Risk Management Scheme. This will consider establishing a Centralised Broking Model at NHC to bring together risk management across multiple government agencies. The aim is to help the Crown to understand its exposure to potential losses so it can determine the most cost-effective mix of insurance, self-insurance and further investment in resilience measures in a more-informed way.

NHC continues to manage its expense base in a disciplined manner, ensuring it is delivering good value for money. Use of contractors and consultants has remained low and additional capability has been developed to improve visibility of expenditure, enable deeper analysis of spending trends and strengthen reporting.

This has helped to identify savings and support better procurement planning and practices, providing a stronger evidence base for engagement with stakeholders and suppliers, ultimately helping to deliver greater value for the organisation and, in turn, the Crown.

Overall, operational expenses of $90 million for the year were $4 million below budget.

Looking ahead

The good progress made this year takes us another step closer to our aspiration of being recognised as a world-class public insurance scheme that reduces the impact of natural hazards on people, property and communities.

This work spans very different time horizons. NHC must not only be ready for the next major event but equally also continue to resolve the consequences of past events, and at the same time help New Zealand reduce its overall natural hazard risk profile. The results set out in this report demonstrate strong progress across each of those areas of responsibility.

On behalf of the Board, thank you to Chief Executive Tina Mitchell and all our staff for their unwavering dedication and commitment to making a positive difference for our primary stakeholders, insured homeowners and New Zealanders more broadly.

We also acknowledge NDRM Insurers and the many other organisations that work tirelessly alongside NHC to support achieving better outcomes for homeowners and communities right across New Zealand.

Special acknowledgement and thanks to Hon Ruth Dyson, who retired from the NHC Board and her role as Deputy Chair in April 2026. Ruth's experience, perspective and passion for the important role the NHC scheme plays in supporting New Zealand's homeowners, local communities and society more broadly has set a benchmark for others to aspire to.

We would also like to acknowledge the valuable contribution to our work of the National Reference Group, a forum where diverse community perspectives are shared with us constructively and thoughtfully. Our thanks go to Robyn Wallace for her leadership and contribution as Chair of the Group over the past several years. We have greatly appreciated the time, energy and expert leadership she has invested in the role.



Chris Black
Board Chair



Alastair Hercus
Deputy Board Chair

From the Chief Executive

Ehara taku toa i te toa takitahi, engari he toa takitini.
My success is not mine alone, it is the success of the collective.

Everything we achieve at the Natural Hazards Commission Toka Tū Ake relies on people working together.

That starts with our teams across NHC, who bring different skills and perspectives to complex problems. It extends to: the insurers that manage claims on our behalf and our overseas reinsurance partners; the organisations we work alongside when an event occurs; the researchers and professional bodies whose work we fund and support; and the councils, regulators and government agencies whose decisions help shape New Zealand's resilience.

The collective effect of these relationships reaches across all our work. This year provides many examples of what they make possible.

Marking the fifth anniversary of our partnership with insurers

Over the past 5 years, we have learnt a great deal from homeowners, our insurer partners and our own experience of operating the Natural Disaster Response Model. We have used that learning to keep improving how the model works.

The 2023 North Island Weather Events were its most significant test to date. Following an independent review of how our insurance cover and response was delivered, we developed a programme of 26 actions in response to the findings and recommendations. Twenty-two of those actions have now been completed.

The improvements are intended to make the claims experience simpler and more responsive for homeowners. They include a new approach to assessing and proactively paying for silt and debris damage, additional methods for valuing land damage, and more efficient geotechnical assessments. Developing these approaches has also strengthened collaboration across the insurance sector. We expect the changes to support better recovery outcomes in future and reduce costs to the scheme.

This fifth anniversary is an opportunity to recognise the contribution made by people across NHC. Virtually everyone in our organisation has played some part in making the model work and improving it over time. I want to acknowledge their commitment, as well as that of our insurer partners and the Insurance Council of New Zealand. Together, we have built a strong foundation and a shared commitment to keep making the model better for homeowners.

Partnering with other organisations for success in resilience

Partnership continues to be central to our resilience work, where specialist knowledge, local experience and public purpose need to come together.

Our work with Auckland University of Technology and the Tuia te Wairoa Branch of the Māori Women's Welfare League has helped us better understand the barriers Māori face in accessing home insurance. The research has provided important insights that we are beginning to address through our refreshed Te Ao Māori Strategy.

We are also working with others to make natural hazard information more accessible and meaningful to New Zealanders of all ages. With Te Papa, we developed the Tectonic Trail, an interactive and whānau-friendly series of events.

We also worked with MTG Hawke's Bay to develop Shockwave, a new earthquake exhibit and shake house that is proving popular with locals and visitors.

We have long faced the challenge of explaining natural hazard risk and insurance cover in ways that feel relevant to people's lives. Working with Auckland Council gave us the opportunity to use properties they acquired following Cyclone Gabrielle to tell real stories about real damage. Drawing on the expertise and voices of our own people, we produced a series of clear and relatable videos about natural hazard risk, insurance cover and the claims process.

A significant milestone was the completion of the National Liquefaction Model, funded by NHC and developed by Tonkin + Taylor. Liquefaction was a major contributor to building damage and, consequently, losses from the Canterbury earthquake sequence, accounting for a significant proportion of the total financial loss. The new model gives New Zealand its first nationally consistent and publicly accessible view of liquefaction risk. It will support better estimates of potential losses from future earthquakes and better-informed decisions about managing that risk.

These are just some of the relationships that support our resilience work. Each brings together different knowledge, perspectives and experience to achieve something that none of us could deliver as effectively alone.

A strong and capable organisation

Our ability to deliver for New Zealanders ultimately depends on the capability, commitment and wellbeing of our people.

Employee engagement remains high by public sector standards, and this is something I am particularly proud of. It reflects the environment our people have helped to create: one where they can thrive, enjoy their work and live our values while delivering high-quality outcomes for New Zealanders.

We have also made important progress towards becoming a more data-enabled organisation, including through the responsible use of artificial intelligence. We recognise both the potential benefits and the risks of this rapidly developing technology. Our focus is on using it appropriately to improve data collection and analysis, support sound decision-making and increase operational efficiency.

These changes are as much about people and culture as they are about technology. We are building the capability to use information more effectively while maintaining appropriate oversight, care and accountability.

Relationships are key

The examples in this report show what collective effort can achieve. They also reinforce that strong relationships require ongoing investment, trust and a willingness to listen and learn.

We will continue to build those relationships, make practical improvements based on experience, and bring together the knowledge needed to reduce the impact of natural hazards on people, property and communities.

I would like to thank everyone across NHC for their hard work and commitment over the past year. I also thank the many organisations and individuals who have shared their knowledge, challenged our thinking and worked alongside us.

In particular, I acknowledge our insurer partners for their collaboration and commitment over the past 5 years. What we have built together matters. Our task now is to keep improving it for the New Zealanders who will depend on it in the future.



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 2026. Ka whakatakoto tēnei pūrongo i ngā tutukinga o NHC mā roto i ngā pou e whā o tana rautaki: te Manawaroa, te Noho Rite, te Pūtea whakahaere tūraru me te Whakaora.

Ko te kaupapa matua hei whakahaere mā NHC ko te whakaiti i te pānga kino o ngā pūmate ā-taiao ki te tangata, ngā rawa me ngā hapori. Ka tutuki mā te āwhina kia mārama ngā tāngata o Aotearoa, me te whakaiti hoki i ngā mōrea ka pā ki a rātou, e whakarite ana kia rite ā-ahumoni, ā-whakahaerenga hoki te kaupapa Inihua Pūmate ā-Taiao i mua i te tūponotanga o tētahi tūāhuatanga nui, me te tautoko i ngā kaipupuri whare ki te whakaora mai i tētahi tūāhuatanga pūmate ā-taiao ina pā mai tētahi.

He tau whai hua nui mā NHC, tae atu ki te whakaatu i tētahi pūtea hemihemi more o te $376 miriona mō te tau. Nā tēnei i whakaiti i te tūtanga tōraro a NHC kia tata ki te kore i te 30 o Hune 2026, ā, he mea pai tonu tēnei.

I te pane o te 2026 i whakamātau ngā āwhā me ngā waipuke i te kounga o tā mātou whakamahere me te whakarite i te noho rite. Mā te urupare ki ngā tūāhuatanga maha i te wā kotahi i whakamātauhia ai ngā whakaritenga tautoko me ngā hononga i hangaia e mātou, otirā i tū pakari, i whakarato hoki i ngā wheako hei āwhina i a mātou ki te whakapai ake i a mātou anō.

Kei te kite hoki mātou i ngā tohu pai e whakaatu ana kei te piki haere te mōhio o te iwi o Aotearoa ki ngā mōrea pūmate ā-taiao. I kitea i tā mātou rangahau ā-hauwhā tau i oti i te 62% o te hunga i rangahaua, i whāia tētahi mahi hei whakarite mō tētahi tūāhuatanga pūmate ā-taiao. He mea nui tērā i te mea ka pā ngā kōwhiringa a te tangata i mua i tētahi tūāhuatanga ki te pai o tana whakaoranga i muri ake.

I te Hune 2026, ka hipa te rima tau mai i te whakaurunga o te Tauira Urupare Aituā ā-Taiao. I muri i tētahi arotake, i whakatauhia e te Poari e hāngai ana te mahi a te tauira ki tērā i takunetia i te wā i whakatūria. Nā ngā wheako i roto i te rima tau i whakapono ai mātou kei te pai te mahi a te tauira, e whakarato ana hoki i te tūāpapa pakari hei urupare ki ngā tūāhuatanga nui, mēnā ka hiahia, i muri i tētahi tūāhuatanga.

Ko te whakapono te tūāpapa e āhei ai a NHC ki te whakatutuki i tana tūranga matua. Me whakapono ngā tāngata o Aotearoa ki ngā mōhiohio me ngā tohutohu a NHC i mua i tētahi tūāhuatanga, ki ngā tautoko hoki e wātea ana ā muri ake. I tēnei tau, i piki te kaute o te Tauine Aroā ki te Rāngai Tūmatanui a te NHC mai i te 62 ki te 69, koinei te pikinga ā-tau nui rawa kua hopukina, otirā ko te wā tuatahi i eke te whakahaere ki te wāhanga "aroā pai rawa". E whakahī ana te Poari i tēnei, i ngā mahi hoki o ngā kaimahi a NHC ki te whakatutuki i tēnei pikinga, e whakahī ana hoki i te pikinga haere o te uara o ngā mahi a NHC ki te iwi o Aotearoa.

Ā mātou hua i tēnei tau

I tutuki, i pahika rānei i te NHC ngā whāinga mahi 24 o te 27 i tēnei tau, otirā e toru i tata tutuki.

I tutuki i a mātou ngā whāinga katoa i whakaritea mō te Manawaroa me te Noho Rite, ā, i pahika ētahi i ētahi wāhanga, tae atu ki te whakamahinga o te Tomokanga Pūmate ā-Taiao me te whakaaetanga ki ā mātou tūtohinga kei ngā tāpaetanga mō ngā kaupapahere me ngā mahere a te kāwanatanga ā-motu, ā-rohe hoki.

Heoi anō, kāore i tutuki i a mātou te whāinga e pā ana ki te whiwhinga o ngā moni utu motuhake, i whakaarotia ai ka piki mā te 1.3% anō i ia tau, engari i piki mā te 0.7% kē i te 12 marama kua hipa. Ko ngā kaipupuri whare whai inihua ahi ka utu aunoa i te kaupapa Inihua Pūmate ā-Taiao mā tētahi utu motuhake i whakaurua ki ō rātou utu inihua. Ko te whakaaro o tā mātou mahere pūtea 2026 ka piki anō ngā moniwhiwhi mai i ngā utu motuhake i tēnei tau, mātua rā nā te pikinga i matapaetia o te maha me te wāriu o ngā whare noho. Heoi anō, he āhua haurua te pikinga tūturu o tērā i matapaetia. Ko ngā rerekētanga o tēnei tauine – he $6 miriona te rerekētanga i te mahere pūtea $920 miriona – ehara i te mea ka kore e kitea, ā, kei te āta aroturuki tonu a NHC i ngā moni whiwhi mai i ngā utu motuhake.

Ko ngā whāinga e rua kāore i tutuki i tēnei tau e hāngai ana ki te roa o te wā o te whakataunga o ngā kerēme rū whenua o Waitaha e toe tonu ana, ko te take matua i pēnei ai ko ngā āhuatanga tuatini kua uru ki te whakataunga o ēnei momo kerēme.

Ko te take whāiti, ahakoa he iti ake ngā kōpaki o Waitaha, nō mua rā anō ngā kerēme e toe ana, ā, he tuatini rawa. Nā tēnei i uaua haere ai te whakatutuki i taua paerewa tonu o te wā. Ahakoa kāore i tutuki ngā whāinga katoa i tēnei tau, e ū tonu ana a NHC ki te aro ki ngā putanga tōkeke, reretahi, mauroa hoki mā ngā kaipupuri whare.

I tutuki i a NHC ngā paerewa tutukinga mō te Kaupapa Tautoko Whare-Hoko i tēnei tau. Kua whiwhi ia kaitono i tētahi tāpaetanga whakatau, otirā kua tata oti te kaupapa whānui.

Ngā kokenga puta noa i tā mātou rautaki

Te Manawaroa

I raro i te pou Manawaroa o tā mātou rautaki, i āwhina tonu a NHC i ngā tāngata o Aotearoa kia mārama ki ngā mōrea pūmate ā-taiao me te whai i ngā mahi hei whakaiti i te mōrea mā roto i ngā whakatairanga tūoho tūmatanui. I tuwhera te Tomokanga Pūmate ā-Taiao reanga tuarua, kia mārama ake ai ngā mōhiohio pūmate ā-taiao e hāngai ana ki ngā rawa, kia māmā ake ai hoki te āhei atu me te whakamahi.

Noho Rite

I raro i te pou Noho Rite, nā te mahi Whaihanga Kōtuitui te NHC, Te Kāhui Inihua o Aotearoa me ngā kaiinihua tūmataiti e iwa i whakahuihui ki te whakamātau i te pakari o te Tauira Urupare Aituā ā-Taiao atu ki tētahi rū whenua nui whaihanga ka pā ki Te Whanganui-a-Tara. I whakarato taua mahi i te māia i roto i ngā whakaritenga onāianei me te tautohu i ngā arawātea ki te whakapai ake anō i te urupare tōpū.

Pūtea Tūraru

I raro i te pou Pūtea tūraru, i whiwhi te NHC i te $2.1 piriona anō o te raukaha inihua anō, e eke ai te whakamarutanga o te kaupapa ki te $12.3 piriona. Ko ētahi atu puna pūtea pea mō te kaupapa i muri i tētahi aituā ā-taiao nui ko te Pūtea Pūmate ā-Taiao, he āhua $0.8 piriona te nui, me tētahi monihere aituā o te $0.2 piriona, ā, hui katoa he $13.3 piriona te nui o ngā rawa pūrawa a NHC. Ahakoa he mea motuhake, he take hāngai tonu te pūtea taurangi a te Karauna e tautoko ana i a NHC ki te whakarite kia whiwhi ngā kaipupuri whare i ā rātou whiwhinga ina pā tētahi tūāhuatanga pūmate ā-taiao nui. Nā te pikinga o te raukaha inihua anō i whakaiti ai i te nui o ngā tono ki te pūtea taurangi a te Karauna ina pā tētahi aituā nui. Engari, i te mea kei raro te pāpātanga utu motuhake onāianei i te pāpātanga i tatauria e ngā mātanga hei whakatutuki i ngā whakapaunga wā roa o te kaupapa, ka herea pea ki te tono ki te pūtea taurangi a te Karauna mō ngā tūāhuatanga, ngā huinga tūāhuatanga rānei he nui ake ngā whakapaunga moni i te tapeke o te Pūtea Pūmate ā-Taiao.

Whakarauora

I raro i te pou Whakarauora, i tika tonu te urupare a NHC me ōna hoa inihua ki ngā tūāhuatanga huarere taikaha me ngā kerēme horo whenua hāngai i te wā e koke whakamua ana te whakataunga o ngā kerēme mō

ngā Tūāhuatanga Huarere o Te Ika-a-Māui, me ngā kerēme o Waitaha. Ko ngā kerēme e toe tonu ana ngā mea uaua rawa te urupare atu me te whakatau. He mea nui tonu kia tōkeke, kia pūmau hoki te whakatau i ērā kerēme mā ngā kaipupuri whare, otirā kia whakapono te hunga tūmatanui ki te kaupapa.

Hei āpiti ake, i whakaratohia e te Mahere Pūtea 2026 he pūtea mā te NHC, e mahi tahi ana ki Te Tai Ōhanga, hei hanga i tētahi Take Pakihi Ngaio mō tētahi Kaupapa Whakahaere Tūraru Tūāhanga Tūmatanui. Ka whai whakaaro ki te whakatū i tētahi Tauira Whakarite Inihua Matua i NHC hei whakakotahi i te whakahaerenga tūraru puta noa i ngā tari kāwanatanga maha. Ko te whāinga ko te āwhina i te Karauna kia mōhio ki tōna ake whakaraerae ki ngā tūpono moni ngaro kia whai mōhio ake ai tana whakatau i te huinga whai hua ā-utu o te inihua, te inihua whaiaro me te haumi ake ki ngā tikanga manawaroa.

Kei te āta whakahaere tonu te NHC i āna whakapaunga moni, me te whakarite e whai hua ana āna whakapaunga moni. He iti tonu te whakamahinga o ngā kaikirimana me ngā mātanga hāpai, ā, kua whakatipuria he āheinga anō hei whakapai ake i te mārama ki ngā whakapaunga moni, kia hohonu ake te tātari i ngā ia whakapau moni me te whakakaha i ngā mahi pūrongo. He mea āwhina tēnei ki te tautohu i ngā ara whakaiti whakapaunga, me te tautoko i te whakamahere me ngā tikanga o te whakahaere hokonga, te whakarato i tētahi papa taunakitanga mō te whai wāhi atu ki te hunga whaipānga me ngā kaiwhakarato, i te mutunga iho e āwhina ana ki te tuku uara nui ake ki te whakahaere, ā, kā mutu, ki te Karauna. I te tirohanga whānui, ko ngā whakapaunga ā-whakahaere he $90 miriona mō te tau, he $4 miriona tēnei i raro i te whāinga.

He tirohanga whakamua

Nā te pai o te ahu whakamua i tēnei tau i tata ake mātou ki te whakatutuki i tō mātou wawata kia mōhiotia mātou hei kaupapa inihua tūmatanui pai rawa o te ao e whakaiti ana i te pānga kino o ngā pūmate ā-taiao ki te tangata, ngā rawa me ngā hapori.

Ka hora tēnei tū mahi i ngā angawā tino rerekē. Me kaua noa iho te NHC e noho rite mō te tūāhuatanga nui ka pā mai, engari me whakatau haere tonu i ngā pānga o ngā tūāhuatanga o mua, ā, i taua wā tonu ka āwhina i a Aotearoa ki te whakaiti i tōna kāhua tūraru pūmate ā-taiao whānui. E whakaatu ana ngā kitenga i whakawhārikihia ki tēnei pūrongo i ngā kokenga pakari puta noa i ia o ērā haepapa.

E mihi ana te Poari ki te Tumu Whakarae a Tina Mitchell me ā mātou kaimahi katoa mō tā rātou manawanui, ngākau titikaha hoki ki te whakarite i ngā painga mō ā mātou kiripānga matua, ngā kaipupuri whare whai inihua me ngā tāngata hoki o Aotearoa. E mihi ana hoki mātou ki ō mātou hoa inihua NDRM me ngā whakahaere maha e whakapau kaha ana i te taha o NHC ki te tautoko ki te whakarite i ngā hua pai ake mā ngā kaipupuri whare me ngā hapori puta noa i Aotearoa.

E mihi nui ana ki a Hōnore Ruth Dyson, i tāoki i te Poari NHC me tana tūranga hei Heamana Tuarua i te Āperira 2026. E whakatauria ana e ngā wheako, ngā tirohanga, me te ngākau nui o Ruth ki te tūranga hira o te kaupapa NHC ki te tautoko i ngā kaipupuri whare o Aotearoa, ngā hapori ā-rohe me te porihanga whānui, te paerewa hei whai mā ētahi atu.

E hiahia ana hoki ki te mihi ki te Rōpū Tohutoro ā-Motu me tō rātou takoha nui ki ā mātou mahi, he wānanga e tuku ana i ngā tirohanga ā-hapori kanorau ki a mātou i runga i te whakaaro whaihua me te whakaaro nui. E mihi ana mātou ki a Robyn Wallace mō tana hautūtanga me āna mahi hei Heamana o te Rōpū i ngā tau maha kua pahure. E whakawhetai ana mātou ki tana whakapau wā, whakapau kaha, me tana hautūtanga mātanga i roto i te tūranga nei.



Chris Black
Upoko Poari



Alastair Hercus
Upoko Poari Tuarua

Nā Te Tumu Whakarae

Ehara taku toa i te toa takitahi, engari he toa takitini.

My success is not mine alone, it is the success of the collective.

Ko ngā mea katoa i tutuki i a mātou i Toka Tū Ake ka whirinaki ki te mahi tahi o te tangata.

Ka tīmata tēnei i ō mātou kāhui puta noa i NHC, he pūkenga, he tirohanga hoki tō tēnā, tō tēnā hei whakatika i ngā raruraru tuatini. Ka toro tēnei ki ngā kaiinihua e whakahaere ana i ngā kerēme mā mātou me o mātou hoa inihua anō; ngā whakahaere e mahi tahi nei mātou ina pā mai tētahi tūāhuatanga; ngā kairangahau me ngā hinonga ngaio nā mātou ngā pūtea me ngā tautoko mō ā rātou mahi; me ngā kaunihera, ngā kaiwhakarite ture me ngā tari kāwanatanga nā rātou ngā whakatau e āwhina ana ki te hoahoa i te manawaroa o Aotearoa.

Hui katoa, ka whai pānga ēnei hononga puta noa i ā mātou mahi katoa. He nui ngā tauira i tēnei tau o ngā āheinga ka puta i ā rātou mahi.

E tohu ana i te huringa tau tuarima o tō mātou hononga ki ngā kaiinihua

I ngā tau e 5 kua pahure, he nui ngā mea kua ākona e mātou mai i ngā kaipupuri whare, ō mātou hoa inihua me tō mātou ake wheako o te whakahaere i te Tauira Urupare Aituā ā-Taiao. Kua whakatinanahia aua akoranga ki te whakapai haere i te mahi o te tauira.

Ko ngā Tūāhuatanga Huarere o Te Ika-a-Māui i te 2023 te whakamātautau nui tae noa ki tēnei wā. I muri i tētahi arotake o te āhua o te kawe i tā mātou whakamaru ā-inihua me te urupare, i whakaritea e mātou he hōtaka o ngā mahi e 26 hei urupare ki ngā kitenga me ngā tūtohunga. Kua oti te rua tekau mā rua o ērā mahi ināianei.

Ko te tūmanako, mā ērā whakapainga e māmā ake ai, e aronui ake ai te wheako o te tuku kerēme mā ngā kaipupuri whare. Kei roto i ērā ko tētahi tikanga hou ki te aromatawai me te utu wawe i te tūkinotanga o te parahua me te para, he tikanga anō mō te whakarite i te wāriu o ngā tūkinotanga ki te whenua, me ngā aromatawai whenua. Nā te whakaritenga o ēnei tikanga i pakari ai hoki te mahi ngātahi puta noa i te rāngai inihua. Ko te tūmanako ka tautoko ēnei i ngā hua whakarauora pai ake ā muri ake, me te whakaiti i ngā whakapaunga moni o te kaupapa.

He arawātea tēnei huringa tau tuarima ki te whakamana i ngā mahi a ngā tāngata puta noa i te NHC. Kua whai wāhi te katoa i roto i tō mātou whakahaere ki te whakatinana i te tauira me te whakapai ake i roto i te wā. E hiahia ana hoki ki te mihi i tō rātou manawanui, me tērā o ō mātou hoa inihua me Te Kāhui Inihua o Aotearoa. Kua hanga tahi mātou i te tūāpapa pakari, ā, e ū tahi ana ki te whakapai ake haere mā ngā kaipupuri whare.

Te tūhono ki ētahi atu whakahaere kia angitu ai te manawaroa

He mea matua tonu ngā hononga rangapū ki ā mātou mahi mō te manawaroa, arā me hono tahi ngā pūkenga, ngā mōhiotanga ā-rohe me te painga tūmatanui.

I āwhina ā mātou mahi i te taha o Te Wānanga Aronui o Tāmaki Makau Rau me te Peka o Tuia te Wairoa o Te Rōpū Wāhine Māori Toko i te Ora kia mārama pai ake ki ngā tauārai o te āhei a te Māori ki te inihua whare. I puta i taua rangahau ētahi kitenga hira, ā, kua tīmata tā mātou whakatika i ērā mā roto i tā mātou Rautaki o Te Ao Māori hou.

E mahi tahi ana hoki mātou ki ētahi atu ki te whakarite e wātea ake ana, e whai tikanga ana hoki ngā mōhiohio pūmate ā-taiao ki ngā tāngata o Aotearoa ahakoa te pakeke. I te taha o Te Papa, i whakawhanakehia e mātou te Tectonic Trail, arā he raupapatanga tūāhuatanga pāhekoheko e pai ana mā te whānau. I mahi tahi hoki ki a MTG Te Matau-a-Māui ki te hanga i a Shockwave, he whakaaturanga rū whenua hou me tētahi whare rū e pai ana ki te tangata whenua, ki ngā manuhiri hoki.

Kua roa mātou e whai ana ki te whakamārama i te tūraru pūmate ā-taiao me whakamaru ā-inihua mā ngā huarahi e hāngai ana ki te ao o te tangata. Nā te mahi tahi ki Te Kaunihera o Tāmaki Makaurau i whai arawātea mātou ki te whakamahi i ngā whare i riro i a rātou i muri i te Huripari Gabrielle hei tuku i ngā kōrero tūturu mō te tūkinotanga tūturu. Mā te whakamahi i ngā pūkenga me ngā reo o ā mātou ake tāngata, i whakaputaina e mātou he huinga whakaaturanga ataata mārama, hāngai hoki mō te tūraru pūmate ā-taiao, te whakamaru ā-inihua me te tukanga kerēme.

Ko tētahi tohu hira ko te otinga o te Tauira Whenua Waiwai ā-Motu, nā NHC te pūtea tautoko, ā, nā Tonkin + Taylor i whakawhanake. He pānga nui tō te whenua waiwai ki ngā mea i ngaro i ngā rūwhenua i Waitaha, arā e 55% o ngā mea katoa i tūkinotia. Mā te tauira hou nei e kite tuatahi ai te iwi o Aotearoa i te tūraru o te whenua waiwai, otirā he kitenga reretahi ā-motu, e wātea ana hoki ki te hunga tūmatanui. Ka tautoko i ngā matapae pai ake o te nui o ngā mea ka ngaro pea i ngā rū whenua ā muri ake me ngā whakatau whai mōhio ake mō te whakahaere i taua tūraru.

Koinei ētahi noa iho o ngā honoga e tautoko ana i tā mātou mahi mō te manawaroa. Ka kawea mai e tēnā me tēnā he mātauranga, he tirohanga, he wheako rerekē hoki e tutuki ai tētahi kaupapa e kore e taea e te whakahaere kotahi te kawe.

He whakahaere pakari, mātau hoki

Mā te mātau, te manawanui me te oranga o ā mātou tangata e āhei ai mātou ki te whakatutuki i ngā mahi mā te iwi o Aotearoa.

He kaha tonu te whai wāhitanga a ngā kaimahi e ai ki ngā paerewa a te rāngai tūmatanui, ā, e whakahīhī nei ahau i tēnei āhuatanga. E whakaata ana i te taiao i hangaia e ā mātou tāngata: arā he taiao e puāwai ai rātou, he pārekareka ā rātou mahi, ā, e whakatinana ana i ō mātou uara i te wā e whakarato ana i ngā hua pai rawa mā ngā tāngata o Aotearoa.

He kokenga hira hoki tā mātou ahunga whakamua kia tū hei whakahaere whakamahi raraunga, tae atu ki te whakamahinga tika o te atamai hangahanga. E mōhio ana mātou he painga, he mōrearea hoki tō tēnei hangarau e tere whanake haere ana. E aro ana mātou ki te whakamahi tika hei whakapai ake i te kohinga me te tātaritanga o ngā raraunga, te tautoko i ngā whakataunga tika me te whakapiki i te whāomotanga o ngā whakahaere.

Ahakoa e hāngai ana ēnei panonitanga ki te hangarau, e hāngai ana hoki ki te tangata me te ahurea. E whakawhānui ana mātou i te āheinga ki te whakamahi mōhiohio kia whai hua ake, me te ū tonu ki ngā tirotirohanga, te whakaaro nui me te papanga tika.

He mea nui ngā hononga

E whakaatu ana ngā tauira i roto i tēnei pūrongo i ngā hua o te mahi tahi. E whakaū ana hoki me kaha tonu te manawanui, te whakapono, me te ngākau tuwhera ki te whakarongo me te ako e pakari ai ngā hononga.

Ka whakatipu hoki mātou i aua hononga, ka whakarite whakapainga whai take e ai ki ngā wheako, me te whakakotahi i te mātauranga e hiahia ana hei whakaiti i te pānga kino o ngā pūmate ā-taiao ki te tangata, ngā rawa, me ngā hapori.

E mihi ana ki ngā tāngata katoa puta noa i te NHC mō tō rātou puku mahi me te manawanui i te tau kua hipa. E mihi ana hoki ki ngā whakahaere maha me ngā tāngata i tuku i ō rātou mātauranga, i whakawhānui i ō mātou whakaaro, i mahi tahi hoki ki a mātou.

Otirā, e mihi ana ki ō mātou hoa inihua mō tā rātou mahi tahi me te manawanui i te 5 tau kua hipa. He hira ngā mea i hangaia tahi e mātou. Ko tā mātou mahi ināianei he ū tonu ki te whakapai ake mā ngā tāngata o Aotearoa ka whirinaki mai ā muri ake.



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 2026 fairly reflect our financial position and operations.

Signed on behalf of the Board:



Chris Black
Board Chair

Godfrey Boyce
Commissioner

The year at a glance (as at 30 June 2026)

Finances

Under the Natural Hazards Insurance Act 2023, we manage the Natural Hazard Fund (the Fund) on behalf of the Crown.

We held cash and investments in the Fund to meet future costs:
$771 million

Amounts paid into and out of the Fund during the year, as reported in the Statement of cash flows, included[1]:

We received funding from these sources:

- Levies from insured homeowners **$919 million**
- Reinsurance payments **$21 million**
- Investment income **$18 million**

We paid out funding for these purposes:

- Claims **$160 million**
- Reinsurance **$444 million**
- Operating expenses **$87 million**

1 These amounts may differ from figures reported elsewhere in the Annual Report that are based on revenue and expenses recognised in the Statement of comprehensive revenue and expense, as different recognition requirements apply. Certain cash flows are included or excluded to reflect the activities reported through the Fund.

Measures

Resilience targets achieved: 6/6

Readiness targets achieved: 4/4

Risk financing targets achieved: 3/4

Recovery targets achieved: 11/13

Highlights

- Funding and supporting the development of New Zealand's first National Liquefaction Model that gives a consistent picture of liquefaction risk and potential loss across the country.
- Updating the Natural Hazards Portal with significant usability improvements and a trial of regional natural hazard maps to show risk and previous property claims all in one place.
- Delivering Exercise Kōtuitui to test coordination across New Zealand's insurance system following a large earthquake in Wellington, a highly valuable learning experience for us and NDRM Insurers.
- Securing an additional $2.1 billion of reinsurance, bringing the total programme to a record $12.3 billion of cover.
- Introducing a new version of the Natural Disaster Response Model for insurers with smaller residential portfolios. As with larger insurers, homeowners with policies from these smaller insurers will benefit from the insurer being their central point of contact for the whole claim, while we manage the natural hazards portion of their claim in the background.

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 effects, including helping to share relevant information, knowledge and expertise
- supporting the Minister responsible for NHC
- 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 2025/26* established the priorities for the 2025/26 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 2025/26 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.

Our vision

To be a world-class public insurance scheme that reduces the impact of natural hazards on people, property, and the community

Our priorities

RESILIENCE

Strengthen **RESILIENCE** by building knowledge and understanding of natural hazard risks to improve decision-making

READINESS

Continuously enhance our **READINESS** for natural hazard events

RISK FINANCING

Use our **RISK FINANCING** expertise to manage the fiscal risks of providing natural hazards insurance cover

RECOVERY

Support homeowner and community **RECOVERY** by working with our partners to deliver a transparent, timely, high-quality and responsive process for natural hazards insurance claims

Our outcomes

Stronger homes built on better land: decision-makers, homeowners, and communities understand natural hazard risks and take action to reduce risk and build resilience

NHC Toka Tū Ake and its partners are prepared to deliver the best possible claims process when a natural hazard event occurs

Homeowners have an accessible, sustainable way to help manage financial impacts of natural hazard events

Homeowners receive settlements that support effective recovery after natural hazard events

Our success is enabled by:

Effective and responsive **communication** that ensures we share our expertise, and learn from and work with homeowners, communities, and our partners

Being **trusted experts** in natural hazards insurance, risk financing, and natural hazards risk and resilience

Delivering impact through collaborative, long-term **relationships** including the Natural Disaster Response Model

Advice and actions grounded in **science and evidence** and enabled by data, technology, and insights

Having a **growth culture** where our people feel safe, connected, empowered, valued and engaged

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 third of our SOI period.

These strategic intentions are summarised in our strategic framework shown on page 23 and focus on each of our four strategic pillars.

Resilience

We strengthen resilience by building knowledge and understanding of natural hazard risk, so that people and organisations can make informed decisions on managing risk.

The core objective is to improve the resilience of New Zealanders to natural hazards by collaborating and sharing information about natural hazards with communities and other agencies based on credible research, data, education and strong stakeholder relationships.

We contribute to this by investing in research and modelling, improving access to natural hazard risk information, and helping New Zealanders understand the risks they face and the actions they can take to make their homes safer. This work supports decisions that can reduce the impact of natural hazards on people, property and communities, while also strengthening our understanding of the risks covered by the Natural Hazards Insurance scheme.

Areas we have prioritised are:

- funding research and modelling with practical application to support good decision-making on natural hazard risk and making this work visible to stakeholders and the public (see page 34)
- updating the Natural Hazards Portal with enhancements that make it more user-friendly for homeowners and buyers and including a trial of hazard maps for Bay of Plenty (see page 38)
- reducing future natural hazard risk through work that supports more resilient buildings, smarter land-use decisions and better use of natural hazard risk information (see page 38)
- delivering public education campaigns and strengthening partnerships to help New Zealanders take practical action to prepare their households for natural hazard events with messages tailored to different audiences and natural hazard risks (see page 39).

Readiness

Our ability to respond effectively and support recovery after a natural hazard event depends on the preparation we do beforehand. We work with NDRM Insurers and other partners to improve the model, test our arrangements, strengthen our organisational readiness, and maintain the technology and business continuity arrangements needed to respond to a major event.

Areas we have prioritised are:

- completing the remaining actions in the *North Island Weather Events implementation plan* to deliver a better experience and improved outcomes for homeowners (see page 43)
- undertaking Exercise Kōtuitui with NDRM Insurers, the Insurance Council of New Zealand and the National Emergency Management Agency to test our readiness to respond to a large earthquake in Wellington (see page 42)
- building public trust and confidence in us and our work (see page 3).

Risk financing

We use our risk financing expertise to manage the fiscal risks of providing Natural Hazards Insurance cover. This ensures financial resources are available to meet people's Natural Hazards 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 are:

- developing and publishing our Risk Financing Strategy to guide how we manage the financial risks of the Natural Hazards Insurance scheme (see page 46)
- expanding our reinsurance programme to support our ability to pay claims after a large event and protect the Crown's balance sheet (see page 46)
- implementing our *Statement of Investment Policy and Objectives* that guides how we invest the Natural Hazard Fund (see page 47).

Recovery

We support homeowner and community recovery after a natural hazard event 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 are:

- ensuring the NDRM is working as intended when it was established, so that it is fit for purpose and ready to scale up in a large event (see page 51)
- introducing a new version of the NDRM for insurers with smaller residential portfolios, so we can offer the benefit of the joint approach with insurers to as many homeowners as possible (see page 51)
- managing the remaining applications in the Crown's On-sold programme to progress repairs as quickly as possible and get homeowners back into their repaired homes (see page 50)
- settling the remaining claims from the Canterbury earthquake sequence and achieving high-quality and enduring outcomes for homeowners (see page 50).

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 24 of the 27 measures in our *Statement of Performance Expectations 2025/26* (SPE).

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

Strategic priority	Pages in this annual report
Resilience	31-40
Readiness	41-44
Risk financing	45-47
Recovery	48-52

Measures we did not meet or partially met

- **3.2.1 The percentage of levies collected compared to the annual budget**
  We forecast a 1.3% growth in levies. The actual growth in levies was approximately half the forecast level.

- **4.1.1 Percentage of reopened claims settled from the date that they were reopened**
  We achieved the target to settle 90% of reopened claims within 12 months but did not achieve the targets of 85% within 6 months, 98% within 18 months and 99% within 24 months. This reflects the complexity and small number of remaining Canterbury claims.
- **4.1.5 Southern Response MOU claims are resolved within 12 months of the date they are confirmed as over cap**
  We did not meet this target. This reflects the continued focus on resolving older and more complex claims, where settlement often requires coordination across multiple parties and can take longer to complete.

Implementing the Government's priorities

This Annual Report shows our performance against our SPE for 2025/26, which is informed by the Letter of Expectations from our Minister (at the time, Associate Minister of Finance Hon David Seymour). The main areas of expectation are reflected in our Risk financing (pages 45-47) and Recovery (pages 48-52) outputs and our financial management of the organisation and scheme (financial statements are on pages 71-111).

Our Minister set four specific expectations of us for this year:

- We have actively administered the Canterbury On-sold Programme and effectively moved applicants through the programme, delivering equitable resolutions to remaining applicants. We are well on the way to completing the Programme.
- We also continue to expedite the satisfactory resolution of remaining claims from the Canterbury earthquake sequence, including working collaboratively with Southern Response Earthquake Services, and claim numbers are progressively decreasing.
- We have progressed the implementation of our *Statement of Investment Policy and Objectives* while considering the wider risk financing strategy and expectations for Crown Financial Institutions.
- We have made greater-than-expected progress on the actions in the *North Island Weather Events implementation plan* with its conclusion on track for the end of October 2026.

The Letter of Expectations also outlined the Minister's expectation that we continue to play our part in delivering the Government's fiscal sustainability programme and maintaining a culture of fiscal discipline, including that we:

- focus resources, and minimise and control costs, including contractor and consultant spend
- deliver improved performance to represent a value-for-money investment for the Crown as the owner

- set ambitious targets and develop robust performance measures.

We have managed our expenses in a disciplined way to ensure we deliver good value for money. Our use of contractors and consultants has remained low. We have developed additional capability to improve the visibility of our expenditure, enable deeper analysis of spending trends and strengthen our reporting. This has helped to identify savings, and support better procurement planning and practices, providing a stronger evidence base for engagement with stakeholders and suppliers, ultimately helping to deliver greater value for the organisation and, in turn, the Crown.

Our performance framework is evolving to place even greater emphasis on the outcomes we seek and the impact we make.

We are reviewing our performance measures and targets as part of developing a new Statement of Intent, with the intention of improving their robustness and ambition.

The Minister expects all Crown Financial Institutions to continue to:

- operate in a manner that is fit for purpose, delivering on their legislated purpose, and balancing risk and return to assure investment performance is meeting long-term policy objectives and obligations
- actively consider their role within the Crown, understanding how their operations impact broader Crown risk
- proactively work with the Treasury and collaborate with other Crown Financial Institutions to build resilience in the New Zealand economy
- apply the responsible investment framework and take a sustainable finance approach to operations.

We have embedded these two sets of expectations in our operations over the last several years.

The Minister also noted his expectation that our Board operates according to high professional and ethical standards in line with the Treasury's Owner's Expectations document, which they have.

The Government's ongoing expectations of statutory Crown entities are outlined in an Enduring Letter of Expectations from the Minister of Finance and the Minister for the Public Service. They are to:

- drive greater value from public funds and assets
- have a full understanding of cost drivers and performance against outcomes
- incorporate strong evidence and evaluation practices into a continuous improvement approach
- ensure accountability and performance
- maintain trust and confidence.

We have integrated these expectations into how we conduct our core functions, including how we continue to build our organisational capability to meet our strategic priorities.

Our performance in 2025/26



This section provides our performance results against the targets specified in our *Statement of Performance Expectations 2025/26* and how we achieved them.

The levy payments we received during the year funded all the outputs detailed below, except those relating to the Government's 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	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
1.1 Annual number of unique Natural Hazards Portal users, and percentage of daily active users seeking further information (via the PDF download function or Natural Hazards Portal-driven OIA requests)	83,948 16%	80,000 15%	● 94,377 ● 18%
1.2 Number of downloads of our publicly available research and resilience documents	5,649	4,500	● 5,693

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
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	17 49%	8 40%	● 13 ● 83%
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%	60%	● 62%
1.5 Progress our loss modelling strategy via agreed roadmap milestones:			
• Evaluate PRUE[2], now including earthquake fragility and vulnerability models, for applicability across different use cases and compare results with vendor models.	Achieved	Achieved	● Achieved
• Implement and evaluate Auckland Volcanic Field models in PRUE[2].	Achieved	Achieved	● Achieved
• Engage with research community to ensure relevant research is identified, potential for loss modelling understood, and where appropriate planned for implementation into modelling.	Achieved	Achieved	● Achieved

2 PRUE is our loss modelling tool. It uses RiskScape, developed by Earth Sciences New Zealand, as its loss modelling engine.

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
1.6 Track the short-, medium- and long-term impacts and benefits of research in line with our Benefits Management Framework, including:			
• Number of published research outputs resulting from research we fund, as part of achieving short-term research and innovation outcomes	60[3]	60	● 82
• Number of postgraduate students supported as part of medium- to long-term capability building in natural hazards expertise	55[3]	55	● 55
• Number of activities supporting the coordination of research and the research community, e.g. conferences and workshops, as part of knowledge transfer and coordination	10[3]	10	● 12
• Number of research and resilience stories published externally, as part of achieving short-term dissemination and knowledge transfer to specialists and the public	60[3]	60	● 72

3 No target was set for this period as this was a new measure. Performance for 2024/25 was calculated using the new measure.

How we achieved our results

Investing in research and capability

Our research programme is increasingly focused on practical science that helps New Zealanders, communities and decision-makers better understand natural hazard risk and make choices that reduce future impacts. We are working more closely with other research funders to align investment, reduce duplication and make better use of the research capability available across New Zealand. The quality and relevance of this work is also strengthening New Zealand's research reputation and helping attract expertise and collaboration locally and overseas.

This year, our investment continued to strengthen New Zealand's evidence base for natural hazard risk. We also worked more closely with research funders and delivery partners to align priorities, reduce duplication and improve translation of research into practice.

In February 2026, we published our *Resilience Highlights Report* at https://www.naturalhazards.govt.nz/our-publications/resilience-and-research-highlights-report-2025/, which summarises our investment in research, advocacy and public education work to help make New Zealand more resilient to natural hazards.

This year, we focused on investing in research, modelling and specialist expertise to address important gaps in New Zealand's understanding of natural hazard risk. Our focus included areas where existing information is limited or inconsistent, helping build a stronger and more consistent evidence base for decisions about natural hazard risk.

We are focused on usability and translation of information, ensuring research informs planning, engineering and insurance decisions. Improved coordination across the research system is increasing its impact. Stronger partnerships with others in our sector, such as the Building Research Association of New Zealand (BRANZ) and the Ministry of Business, Innovation and Employment, are aligning research priorities and accelerating translation of research into practice.

National hazard models we have developed or that are in progress, including for liquefaction and tsunami, are improving risk information.

Liquefaction happens during strong earthquake shaking when soil loses strength and behaves like a liquid, leading to damage to land and buildings. Liquefaction has historically been modelled inconsistently around the country, with each council responsible for its own region.

The new National Liquefaction Model we have funded provides a clearer, more consistent picture of liquefaction susceptibility nationwide to better estimate potential losses from future earthquakes.

Our Biennial Grants programme funds practical research that supports good decision-making on natural hazard risk, and we have funded 13 projects this year. More than $1.2 million was awarded, with each project receiving up to $100,000 over 2 years. Projects include research into Auckland's hidden faults, disaster insurance models for marae-centred communities, and practical retrofits to make homes safer from floods and earthquakes.

We are also making the research we fund more accessible beyond technical audiences through media coverage, published stories and engagement with stakeholders and communities. We are increasing accessibility of natural hazard science beyond technical audiences. Māori-led and community-focused research is broadening the perspectives reflected in resilience research.

The inaugural recipient of the Fleur Templeton Award is focusing on 'living healthily with natural hazards', with a focus on practical application. This award honours the legacy of late science communicator Fleur Templeton and celebrates excellence in communicating natural hazard risk reduction and resilience.

Auckland's hidden faults

Auckland is often seen as geologically quiet, but two studies we funded this year are helping challenge that assumption and improve our understanding of the city's earthquake risk:

- Using advanced machine learning to re-analyse seismic data from the Auckland Volcanic Field: the team detected more than five times as many earthquakes as previously catalogued, revealing that small earthquake sequences do occur in the region, even without volcanic unrest.
- Developing a new method for identifying 'obscured faults' in urban areas – faults that may be hidden beneath volcanic deposits or city infrastructure: using data from over 8,000 boreholes and high-resolution LiDAR, the team mapped 46 possible faults across Auckland, including one that may still be active.

Why it matters: this research helps improve understanding of Auckland's earthquake hazard, providing better evidence for future risk modelling, planning and decisions about the resilience of the city's built environment.



Setting expectations for timber-framed houses

Research we funded explored how homeowners in Auckland, Christchurch and Wellington perceive the seismic performance of timber-framed houses. The research showed that most homeowners expect their houses to perform better than the minimum life-safety standard reflected in the Building Code.

While many homeowners believe strengthening their house will help, few have acted – often because of cost concerns, lack of clear guidance or uncertainty about what to do.

Why it matters: understanding this gap helps identify the need for clearer information and practical guidance to support homeowners to make better-informed decisions about the resilience of their homes.



Supporting risk reduction through resilient buildings and smarter land use

We have continued our focus on reducing future natural hazard risk through work that supports more resilient buildings, smarter land-use decisions, and better use of natural hazard risk information. This included investment in technical guidance and partnerships to improve building resilience, supporting national discussions on natural hazard planning and adaptation, and progressing initiatives that make hazard and risk information more accessible and easier to use in decision-making by government, councils, industry and communities.

We have shifted from focusing solely on data and research to embedding evidence into planning, building and policy decisions. Our continued engagement on national planning is shaping New Zealand's approach to long-term risk exposure. We are focusing on enabling consistent, defensible and forward-looking decisions across the system.

Upgrading the Natural Hazards Portal and developing other tools

Our Natural Hazards Portal is evolving into a national tool for accessible hazard information. The improvements this year include a faster and more intuitive user experience, mobile-first design, and new tools designed to make complex natural hazard information clearer and easier to apply in risk-based decisions.

One of the biggest changes was the introduction of natural hazard maps for the Bay of Plenty region as part of a pilot project. These maps sit alongside historic settled EQCover and NHCover claims data, allowing users to explore hazard exposure and impact data from past events in one place.

We have also introduced scenario pages to the Portal. These are 'what if' stories that draw on science and data to explore how natural hazards could affect people, property and communities.

The improvements are designed to help people better understand what natural hazards could affect a location, help them interpret hazard and claims information more confidently and use that information to support decisions about homes, communities and future planning.

The Portal also includes clearer guidance on what natural hazard information can and cannot tell us. This helps avoid misinterpretation and supports informed conversations about risk and resilience.

Other national tools we are developing are supporting more consistent decision-making by councils, such as our *Risk Tolerance Methodology*. Meanwhile, we are growing our influence on planning decisions, with 83% of our submission points accepted or partially accepted through our Resilient Land Use programme.

Our Resilient Homes and Buildings programme is translating resilience into practical engineering and design guidance. Alongside this, we are supporting the development of a National Buildings Database and hazard datasets that are laying foundations for more accurate risk and vulnerability assessment.

In addition, scenario development enables internal and external use of standardised event scenarios, including anticipated consequences.

Strengthening public awareness and preparedness

Our Public Education programme of work continued to connect New Zealanders with important information on hazard risk and preparedness at important moments. Our ongoing *Know Your Cover* campaign focused on flood and landslide risk this year, following the 2023 North Island Weather Events. We created more accessible content, such as videos, to help raise awareness and reduce risk. We also continued our sponsorships of museums, local education programmes and strategic partnerships.

Our focus is on moving from awareness to enabling action. We are expanding our reach through national campaigns, partnerships and community-led initiatives and increasing emphasis on practical, accessible guidance that supports household preparedness decisions.

We are increasingly tailoring our content to specific natural hazard risks and audiences. Our large-scale public engagement has included a Hazardous Chimneys campaign that reached more than 950,000 people and continuing emphasis on ShakeOut participation with 765,000 participants this year, the highest in 5 years. Our new campaign platform called *Don't Wait for the Woah!* provides a clear call for proactive earthquake preparedness to individuals and families.

Interactive and experiential education exhibitions that we fund and support, such as Rūaumoko: Restless Land, shake houses and school programmes, continue to be successful. Our school programme reached more than 10,000 students this year.

We have strengthened our partnerships with museums, the National Emergency Management Agency, Ministry of Business, Innovation and Employment, BRANZ and Age Concern, extending our reach into communities and professional practice.

The benefits for New Zealanders from our resilience work

	• Clearer understanding of risk and better-informed buying and insurance decisions for homeowners.
	• Practical guidance to help households understand and prepare for natural hazard events and reduce avoidable injury and damage.
	• Better information about specific and localised risks, including landslides and earthquake-prone chimneys.
	• Improved guidance for designing, strengthening and repairing more resilient homes.
	• More-consistent national risk information to support decisions by government, councils, engineers, insurers and other organisations.

Readiness

● Achieved ● Not Achieved

Output 2: Ensuring capacity and readiness for an event

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
2.1 Cumulative actions implemented from the North Island Weather Events Implementation Plan at the end of the financial year. There are 26 actions in total.	7 of the 26 actions[4]	20 of the 26 actions	● 22 of the 26 actions
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 Insurance scheme	Achieved	100%	● 100%
2.3 NHC Toka Tū Ake tests the NDRM's preparedness for significant natural hazard events with natural hazard simulations	Achieved	1	● 1
2.4 New Zealanders have trust and confidence in NHC Toka Tū Ake measured by our Public Sector Reputation Index score	62	60	● 69

4 No target was set for this period as this was a new measure. Performance for 2024/25 was calculated using the new measure.

How we achieved our results

Enhancing our claims model and our operational capabilities

The Natural Disaster Response Model (NDRM), through which insurers manage natural hazards claims on our behalf, has been in place since 2021 and has been renewed to October 2029. The NDRM is now operating as intended when it was established. This means the model is running well operationally and delivering a simple, responsive and scalable service for homeowners.

The next phase focuses on embedding, testing and scaling the NDRM's performance in major natural hazard events. We are working with NDRM Insurers to ensure the claims model is well equipped to respond to the next event.

This year, we have focused on improving clarity, consistency and efficiency across insurer-led claims delivery, which ultimately provides a better homeowner experience.

Being proactive by testing and refining our processes and approach for significant events

While readiness is maturing overall, we recognise the insurance system is not yet fully ready to scale up for highly complex, significant or concurrent events.

We are now placing strong focus on practice and exercises to test our plans and guides, then adjusting our processes and resources accordingly.

We have strengthened readiness for natural hazard events through testing, exercising and building internal and insurance system capability. This has established the foundations for a response that is coordinated, practised and repeatable under pressure.

We delivered Exercise Kōtuitui, which simulated a large Wellington earthquake and tested end-to-end coordination across New Zealand's insurance system.

We have also developed a library of scenarios and an ongoing exercise programme that enable us to test our assumptions about our readiness more realistically and consistently.

We have established a Strategic Readiness function providing dedicated capability to improve readiness across the organisation.

This has led to a significant improvement in our business continuity capability with standardised frameworks, templates and clearer roles across teams.

Our increased engagement in cross-government readiness forums has improved our coordination with the National Emergency Management Agency (NEMA), the Insurance Council of New Zealand (ICNZ) and other system partners. For example, through the Natural Hazards Resilience Partnership with NEMA and ICNZ, we have seen much earlier engagement during unfolding events, such as the series of weather events at the start of 2026. Our response partners are seeing more opportunities to partner with us, especially in communications, data sharing and loss modelling.

Adapting and responding to the experience of recent major weather events

Following an independent review in 2024 of the NDRM's response to the Auckland Anniversary floods and Cyclone Gabrielle in 2023, activities in the *North Island Weather Events implementation plan* have progressed ahead of schedule with 22 deliverables completed this year, compared with a target of 20. We have accelerated improvements to claims processes, roles and homeowner communications. We expect to complete the plan's activities in October 2026.

As part of the plan, we have developed 'playbooks' for specific responses, such as urgent works, silt and debris. These provide standardised approaches to improve the speed, consistency and cost of response, allowing homeowners to get repairs done more quickly and move on with their lives.

We have undertaken projects with insurers to clarify roles and expectations and improve our understanding of their readiness to surge their capacity in a major event.

Delivery of the next phase of our *Know Your Cover* campaign supported homeowners to better understand their land cover. It focused on landslides and whether their 'favourite places' would or would not be covered to provoke them into finding out more about their natural hazards insurance.

Our progress on the implementation plan is a strong example of learning translating into tangible improvements and feeding into a proactive continuous improvement cycle. The 2023 North Island Weather Events experience has been a critical catalyst for improvements in our longer-term readiness.

The benefits for New Zealanders from our readiness work

	• Improved homeowner understanding of natural hazards insurance and the claims process before and during the claims journey.
	• A smoother, seamless and more predictable claims experience for homeowners and less friction and confusion during the claims journey.
	• The essential services we provide remaining available when New Zealanders need us most.
	• An NDRM that provides a simple, more-scalable model.

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	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
3.1.1 Reinsurance protection for 2026/27 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 2026	● By 1 June 2026
3.1.2 An annual review of the risk financing strategy is completed	Achieved	Achieved	● Achieved

Output 3.2: Managing the Natural Hazard Fund

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
3.2.1 The percentage of levies collected compared to the annual budget	100%	100%	● 99.4%
3.2.2 The Natural Hazard Fund is managed according to parameters outlined in the Statement of Investment Policy and Objectives	100%[5]	Achieved	● Achieved

5 As measured against the investment requirements in place at the time.

How we achieved our results

Collecting the Natural Hazards Insurance levy

We just missed our target for percentage of levies collected compared to the annual budget. We assumed Natural Hazards Insurance levy income would increase a further 1.3% this year, but it increased only 0.7%, primarily because of less-than-expected growth in the number and value of residential buildings. Actual growth was approximately half that forecast and we will continue to monitor this closely.

Publishing our Risk Financing Strategy

The Natural Hazards Insurance (NHI) Act 2023 and the Funding and Risk Management Statement (FRMS) provide the framework for our risk financing approach. 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, and the financial parameters of the scheme. These include the levy rate and a statement of Crown risk appetite that informs the Board's decisions.

Our Risk Financing Strategy was developed to sit beneath the FRMS and covers the same period. It translates the Government's financial settings, risk-sharing arrangements and risk appetite into a practical framework for managing the financial risks of the scheme.

It establishes how we balance the scheme's four risk financing levers – levies, the Natural Hazard Fund, risk transfer, and the Crown guarantee. It also defines the Board's approach to building financial resilience, transferring risk efficiently, and ensuring funding is available to settle future claims.

The Risk Financing Strategy provides a clear link between the new legislative requirements and how we manage the scheme's financial risks in practice. It also guides implementation of new risk financing initiatives, including the *Statement of Investment Policy and Objectives* (SIPO) that states how we will invest the Natural Hazard Fund and the Reinsurance Management Statement that documents how we use risk transfer products, such as reinsurance, to transfer financial risk to global capital markets.

Maintaining a strong risk transfer programme

We have an ongoing focus on the efficiency and effectiveness of our risk transfer programme.

We secured an additional $2.1 billion of cover, taking the overall programme to $12.3 billion. Just over $3.2 billion, or 27% of the programme, was secured on a multi-year basis, providing greater certainty of capacity for up to 3 years.

The programme delivered improved value, with costs reducing year on year and a greater proportion of capacity secured on a multi-year basis. This provides greater certainty of cover and reduces exposure to volatility in the reinsurance market.

We released a tender for reinsurance brokerage to the market in June 2026. This is a critical relationship for us to secure reinsurance. Appointment of a broker is expected in the first half of 2026/27.

Managing the Natural Hazard Fund

Our SIPO covers how the Natural Hazard Fund is invested and was agreed in June 2025. The investment strategy given in the SIPO supports diversification of investments and represents material change from the previous approach.

We are implementing the SIPO well within the phases that were agreed by the Board as part of its initial development in June 2025:

- **Phase 1**: Development of governance and operating structure defined in the SIPO. This work was completed before the target date of 30 June 2026.
- **Phase 2, to be completed before 30 June 2027**: Full implementation of the investment portfolio, including the strategic asset allocation as set out in the SIPO.

The benefits for New Zealanders from our risk financing work

$	• Peace of mind for New Zealanders that the levies they pay into the Natural Hazard Fund are being prudently managed.
	• Protection for the Crown's balance sheet against the financial shock of a major natural hazard event.

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



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October 2026

Recovery

● Achieved ● Not Achieved

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

This output is specifically focused on serving homeowners with claims from the 2010–2011 Canterbury earthquake sequence, including applications to the Crown's 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 earthquake sequence is gradually reducing as more time passes since the events occurred.

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
Timeliness			
4.1.1 Percentage of reopened claims settled from the date that they were reopened	89%	85% within 6 months	● 79.9%
	95%	90% within 12 months	● 90.3%
	99%	98% within 18 months	● 95.9%
	99%	99% within 24 months	● 97.7%
4.1.2 The On-sold ex gratia package is administered in accordance with the On-sold Canterbury Properties Services Agreement	100%	Achieved	● Achieved
4.1.3 The percentage of eligible On-sold applicants to receive a settlement offer	95%	100%	● 100%[6]
4.1.4 Percentage of eligible On-sold applications complete	67%	80%	● 84.1%
4.1.5 Southern Response MOU claims are resolved within 12 months of the date they are confirmed as over cap	87%	80%	● 75%

6 No target was set for this period as this was a new measure. Performance for 2024/25 was calculated using the new measure.

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
Homeowner experience			
4.1.6 Surveyed homeowners are satisfied with their overall claims experience	73%	60%	● 79%
4.1.7 Complaints are resolved within 2 months or within a longer period as agreed by the homeowner and NHC Toka Tū Ake	99%	95%	● 100%
4.1.8 NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within 6 months	2%	≤5%	● 1.6%

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

This measure covers all claims other than those that resulted from the 2010-2011 Canterbury earthquake sequence.

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
Timeliness			
4.2.1 Percentage of claims settled from the date of claims lodgement	77%	80% within 12 months	● 97.8%
	98%	95% within 24 months	● 99.0%
	100%	98% within 36 months	● 99.8%
	100%	99% within 48 months	● 99.9%

Performance measure	2024/25 performance	2025/26 target	2025/26 performance as at 30 June 2026
Homeowner experience			
4.2.2 Surveyed homeowners are satisfied with their overall claims experience	68%	60%	● 70%
4.2.3 Complaints are resolved within 2 months or within a longer period, as agreed with the homeowner	94%	90%	● 100%
4.2.4 NHC Toka Tū Ake settlements should be enduring: percentage of settled claims reopened within 6 months	1%	≤3%	● 0.9%
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

How we achieved our results

Resolving the Crown's On-sold Programme

In 2025/26, we introduced two new measures for the On-sold Programme to focus on making settlement offers and having repairs completed. All remaining eligible On-sold applicants have now received a settlement offer and over 84% of applications have had repairs completed. The remaining work is focused on moving these applications through repair and completion.

Resolving Canterbury claims

Substantial progress has been made on resolving the remainder of the Canterbury tail. As at 30 June 2026, we have reduced the number of Canterbury claims on hand from 467 to 255, a reduction of 45%.

The operational focus for Canterbury continues to be on addressing the remaining Canterbury tail while maintaining focus on fair, consistent and enduring outcomes for homeowners. As the portfolio reduces, the claims that remain are generally older and more complex.

This can make it more difficult to establish the cause of damage and whether it relates to the Canterbury earthquake sequence.

We recognise that some homeowners remain concerned that their homes may have earthquake damage that has not been fully identified or addressed. When we receive requests to review a Canterbury earthquake claim, we do not apply a blanket approach. Each request is considered on its own facts, including any new information provided, whether there is evidence of earthquake damage, and whether there are circumstances that mean a claim should still be considered. Where our Limitation Policy may apply, we communicate clearly and respectfully with the homeowner about the status of their claim.

Partnering with NDRM Insurers to offer a transparent, timely, high-quality and responsive claims process

We have continued to work with NDRM Insurers to deliver a transparent, timely, high-quality and responsive claims process to homeowners and to make sure through continuous improvement that we are well placed to respond to a large natural hazard event.

The current insurer partnership model was designed to scale for large events and so is more fit for larger insurers with many residential properties. This year, we have been working with one of our partners with a smaller residential portfolio to create a scaled version of the model so insurers with fewer residential policies have appropriate levels of assurance and reduced operational complexity and compliance.

This new, scaled model will help ensure that over 95% of insured homeowners benefit from our joint approach with insurers of them being the central contact point for a homeowner's entire claim. While larger insurers will continue to manage NHCover claims on our behalf, we will assess claims for the smaller insurers while they continue to be the central contact point for homeowners, enabling a seamless claims experience.

Chubb has now entered the scaled model. We continue to discuss this model with other insurers who have small residential portfolios.

When homeowners have a dispute about their NHCover claim, Fair Way is our dispute resolution provider.

An agreement has been reached between NDRM Insurers and Fair Way to enable private insurance claim disputes to be heard alongside NHCover claim disputes by agreement of all parties. Consequently, homeowners have the option to use one dispute pathway to have both their private insurance claim and NHCover claim disputes heard. This supports resolving complex issues for homeowners.

The benefits for New Zealanders from our recovery work

	• Timely and enduring claims settlements for homeowners following natural hazard events.
	• Enduring closures of Canterbury earthquake claims and certainty for homeowners.
	• Enduring, long-term settlements for eligible owners of on-sold homes in Canterbury affected by earthquake damage, providing certainty and closure.

Organisational health and capability

Commitment to our people

We continue to build a strong organisational environment where our people feel safe, connected and supported and are committed to making a difference to the lives of New Zealanders. Our People Strategy remains focused on culture, capability, performance and operational excellence, supported through a structured work programme with regular governance oversight.

During the year, we focused on embedding changes aligned to our strategic direction, strengthening leadership capability, and improving the systems and processes that support our people.

Areas of focus and progress this year included implementing and embedding priorities developed in 2024/25:

- The new organisational values, including weaving these through all people processes and programmes and ongoing communications.
- The performance framework effective from 1 July 2025, ensuring clear performance expectations aligned with organisational outcomes, and regular discussions about performance and development progress. This is all supported by resources, training and coaching to embed the new approach.

Using co-design with people leaders, we developed an updated leadership framework and a focused and enduring development programme, with the aim of building strong and capable leadership.

We have progressed work on implementing a replacement human resources information and payroll system, as well as continuing to strengthen data and insights about our people to support decision-making and workforce planning.

These programmes support our shift to being a high-performing organisation by using technology to simplify and streamline people processes and empower our people leaders, other employees, and the People, Culture and Capability team.

Engagement of our people

We continue to have strong engagement of our people, with continued high participation in our annual engagement survey of 92.5%, indicating confidence in the survey and willingness to provide feedback. The 2026 engagement score of

77% compares favourably with relevant public and insurance sector benchmarks. We have maintained staff engagement at or above 75% for five consecutive years.

These results reflect clear organisational leadership, consistent communication, and active reinforcement of the behaviours and achievements that underpin performance that supports organisational priorities and successful delivery of outcomes.

Our focus remains on building sustainable, flexible and resilient systems, including improving our data, strengthening leadership capability, and integrating health, safety, security and wellbeing outcomes.

Health, safety, security and wellbeing

Our Health, Safety, Security and Wellbeing (HSSW) Strategy focuses on critical risk management for our people, who are office-based, customer-facing or in the field. It also focuses on clear leadership accountability and engagement across the HSSW system.

HSSW performance remained stable across the year, with assurance reporting confirming that critical risks are being effectively managed and controls are operating as intended, with an ongoing focus on building a positive health, safety, security and wellbeing culture.

Specific areas of work included:

- strengthening the critical risk framework, including developing updated risk profiles, controls and supporting processes
- making improvements aligned to SafePlus assessment recommendations and new Protective Security Requirements
- contractor management
- overlapping duties responsibilities and reporting.

We also continue to prioritise support for our people's wellbeing through a continued focus on psychosocial health, wellbeing support and guidance, and regular communications.

Improvements were made to HSSW reporting, including enhancements to dashboards with benchmark data and clearer indicators to support Board oversight.

These efforts support a safer and more resilient workplace, with stronger systems, clearer accountability, and improved visibility of risk and performance.

They also ensure continued compliance with legislative requirements, alignment with WorkSafe and good practice guidance, and stronger assurance to the Board.

Workforce diversity and inclusion

We are committed to being a diverse and inclusive workplace where differences are valued, respected and embraced, and our people have a real sense of belonging.

Work this year has focused on building awareness and capability across leaders and teams, including targeted development for people leaders to support multicultural, disability and inclusion considerations.

We progressed initiatives to support inclusive leadership and workforce capability, including targeted learning and resources for people leaders tailored to team demographics, development and rollout of hidden-disability resources and training, and organisation-wide learning aligned to events, such as neurodiversity awareness and disability inclusion initiatives.

We also progressed work to support equitable development pathways, including guidance and training for leaders on equitable remuneration and development practices.

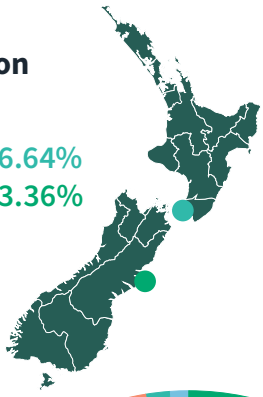
While progress has been made in strengthening diverse representation within leadership, low voluntary turnover of 7.6% means meaningful shifts in leadership diversity are likely to occur gradually over the medium to long term. Continued focus is needed to strengthen development pathways, improve data visibility, and support measurable outcomes in this area.

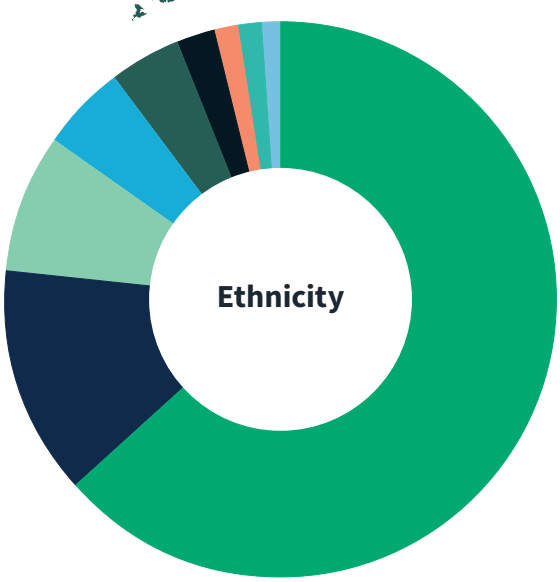
Overall, we are seeing increased awareness and capability across the organisation, particularly among leaders, to support inclusive and culturally responsive practices. This contributes to a more inclusive workplace culture, improved engagement, and better alignment with our role as a Crown entity serving diverse communities.

Total number of employees
As at 30 June 2026
363
(353 permanent and 10 fixed term)

Percentage of staff per location

Wellington 36.64%
Christchurch 63.36%





NZ European	63.91%
European	12.40%
Asian	7.99%
Pasifika	4.41%
Māori	4.96%
Indian	1.93%
MELAA*	1.93%
Other	1.38%
Undisclosed	1.10%

*Middle Eastern, Latin American and African

Age range (years)

6.89% 18-29
26.72% 30-39
32.78% 40-49
20.94% 50-59
12.12% 60-69
0.55% 70+

The average age is 45.15 years

Gender

44.90% Male
54.55% Female
0.55% Not stated

Leadership demographics

As at 30 June 2026	Male	Female	Not stated	Total
Executive Leadership Team	3	6	0	9
People Leaders	34	37	1	72

As at 30 June 2026	NZ European	Others	Total
ELT	8	1	9
People Leaders	62	10	72

Cultural competence

We have continued to improve our cultural capability and strengthen our commitment to Te ao Māori, diversity and inclusion as part of our People Strategy, Te Ao Māori Strategy and organisational priorities.

Work this year has focused on maintaining and building internal capability, integrating Te ao Māori practice into day-to-day work, and continuing to deliver mihi whakatau, te reo Māori and tikanga Māori initiatives across the business.

Focus areas have been:

- maintaining the delivery of mihi whakatau in Wellington and Christchurch, with staff leading them competently
- embedding Te ao Māori values, practices and principles into core systems, processes, policies and behaviours across the organisation
- understanding role requirements and providing targeted learning and tools, so staff can confidently apply Māori knowledge, values and frameworks in practice
- growing and retaining specialist capability and creating pathways for deep expertise to guide and influence organisational decision-making.

Following two consecutive years of the engagement survey improved response to the statement, "I am provided with an environment and structured approach to build my te ao Māori capability," we saw this year the first decrease since we collected the 2023 baseline.

While this is disappointing, we recognise this resulted from less internal communication about this work and lower awareness from staff about opportunities to build their own capability. We have actions in place to use more opportunities to share our work proactively with staff.

We will continue to embed cultural competence into leadership expectations and everyday ways of working.

Progress on our Te Ao Māori Strategy

We have undertaken to implement a Te ao Māori strategy to strengthen how we deliver on our Crown–Māori commitments and to ensure the impact of our work delivers for Māori homeowners and communities.

This work is central to how we deliver on our statutory purpose and maintain public trust. With Māori making up a growing share of the population in some of our highest-risk regions, and with insurance accessibility under increasing pressure from climate-related repricing, the relevance of this strategy continues to increase.

Across our refreshed 2025-2028 Te Ao Māori Strategy, our priorities are:

- building our capability
- strengthening our intelligence and insights
- developing stronger partnerships and engagement
- reviewing operational practice, policy and legislation.

Important areas of progress have included strengthening our understanding of Māori homeowner experiences, implementing a Māori media approach to reach Māori audiences in new ways, completing an 18-month social research report that builds on earlier research into legal barriers, and maintaining a steady focus on the place of te reo and tikanga Māori in our work.

Led by Auckland University of Technology and the Tuia te Wairoa Branch of the Māori Women's Welfare League, we supported delivery of the final research report *Enhancing Māori resilience to address natural hazards through insurance services and provision: Manaaki whenua, Manaaki tangata, Haere whakamua.* This research has identified barriers and challenges for Māori in accessing home insurance, in-depth analysis as to how we can remove or reduce these barriers, and recommendations on how to do this.

We have established a Māori Intelligence and Insights Kāhui (working group) to provide culturally grounded advice and assurance in the development of frameworks for our data and information relevant to Māori. Our resilience work alongside academic partners to promote kaupapa Māori and mātauranga Māori makes our research and its impacts more trusted and relevant for more New Zealanders.

We have delivered targeted media outreach to communicate to broader audiences, through te reo Māori, to build trust and confidence in our public education messaging and reach more people with natural hazards preparedness messages.

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. 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 our 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.

Improving the quality of our data

Our ability to deliver high-quality outcomes for New Zealanders relies on the quality of data used in core operational processes, analytical tools, and AI solutions to undertake analytics and develop insights to make decisions. Through ongoing, targeted improvements, we have lifted the quality of critical data to meet the needs of high-priority use cases, supported by a framework that measures, monitors and drives continuous improvement.

Delivering value from data and analytics

This year, we strengthened our ability to generate actionable insights from data to support evidence-based decision-making. A milestone was establishing our geospatial practice, improving access to the location-based insights we need. This not only helps us to achieve our strategic priorities but also to share this information with New Zealanders, so they better understand natural hazard risk and can act to strengthen resilience before an event occurs.

Alongside enhancements to the Natural Hazards Portal, we have developed a Data and Analytics Roadmap to guide future investment, strengthen organisational capability, and ensure our efforts remain aligned with 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:

- **Governance arrangements for AI are now well established**. A comprehensive AI framework is in place, including an AI policy, standards and guidelines, providing clear guardrails for safe and responsible use. The documents have been put into action with robust processes to introduce new AI technology while adequately identifying risks.
- **AI capability and adoption have been actively supported**. A range of levels of training in AI use and ethics, together with AI champions embedded across the business and a developing community of practice, have supported safe and effective AI adoption and built confidence in using AI tools. We held training to support the go-live of our Generative AI solution and later to introduce AI agents.

- **Generative AI is delivering benefits across the organisation**. In December 2025, we made Generative AI available optionally to all staff and it is being used increasingly in day-to-day work to improve productivity, support document preparation and analysis, and enhance communication, contributing to more efficient and scalable delivery.
- **A pipeline of high-value use cases is emerging**. These trials, together with further discovery work, are informing a prioritised set of opportunities to guide future development. Early examples show real promise, such as using AI to identify earthquake-related damage from drain inspection footage, support redaction of personal information, improve access to technical guidance through AI-enabled chatbots, and help assess research funding applications. These uses are improving access to claims assessment information and supporting more consistent decisions, strengthening our ability to respond and scale up during natural hazard events, and deliver more timely outcomes for homeowners.

Developing our geospatial analytics

Through targeted investment in people, tools and data, we are building the spatial capability needed to support resilience, readiness, risk financing and recovery.

A dedicated geospatial analytics team is now operational, delivering spatial analysis and insights across the organisation. They have developed a proof of concept for a geospatial satellite viewer, providing rapid visual access to satellite imagery following natural hazard events to inform early assessments.

Establishing geospatial capability improves our ability to assess and respond to natural hazard events more quickly, supporting faster and better-informed recovery for homeowners.

Investing in loss modelling

Loss modelling provides us with an evidence-based understanding of the potential impacts of natural hazards, informing decisions across Resilience, Readiness, Risk financing and Recovery:

- Informing land-use design, build and mitigation decisions to improve resilience.
- Anticipating the scale and complexity of events before they happen, improving our readiness.
- Informing the sustainability of the Natural Hazards Insurance scheme's risk financing through a robust, locally grounded understanding of risk.
- Accelerating and coordinating recovery by estimating the scale, type and location of impacts to support effective recovery decisions and claims management.

Through continued investment in models, platforms and capability, we are strengthening the quality and reach of loss modelling insights available to support the scheme and the wider system. This year we published our Loss Modelling Strategy, which sets out our vision for the next several years of loss modelling and how we will achieve it.

Our earthquake loss model has been updated and implemented, enabling a greater understanding of earthquake-induced shaking, liquefaction and landslides for scenario and post-event modelling. This improves the quality and level of detail available about potential impacts following a natural hazard event.

We have adopted our first non-earthquake model, enabling volcanic scenario loss modelling for Auckland.

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. Our information management and information security continue to improve, strengthening the protection, accessibility and resilience of our systems and the information we manage. During the year, targeted improvements have improved controls and created stronger foundations for use of trusted information across the organisation.

We have enhanced protection of our systems, information and digital services. This included improving security checks and assurance for technology changes, strengthening access controls, increasing our ability to detect and respond to cyber risks, and building stronger security oversight into day-to-day operations.

Our Information Security Team was named Security Team of the Year at the 2025 iSANZ Awards, highlighting the progress made in strengthening our cybersecurity practices. Datacom's Cyber Defence Operations Centre, which provides us with 24/7 cyber threat monitoring, detection and response services, was also a finalist in the same category.

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, who provided positive feedback on our progress and quality of reporting following a final review of the 2023 Public Records Act audit.

Mature information management and security practices help protect homeowner information, support safe and appropriate handling of information we need to protect, and improve confidence that we manage information responsibly. Better management of information and access also supports more reliable information being available for decision-making so that homeowners can rely on the right information at the right time.

Enhancing the resilience, flexibility and scalability of 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, so reducing costs, strengthening security and improving operational efficiency.

Planned enhancements are 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. This is one in which our people are confident and equipped to use data and digital tools to generate insights, influence decisions and deliver impact, so strengthening the analysis and advice behind decisions affecting homeowners.

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 2026 engagement survey shows that 70% of our people feel they have the right technology to support their work against a public sector benchmark of 58%. And 63% of staff reported they can quickly obtain the information they need from our systems. These results are reflected in widespread use of analytical tools, with over 85% of the workforce regularly accessing insights through Power BI.

These outcomes reflect our deliberate investment in building data literacy and capability, including group sessions, one-on-one coaching and community-of-practice forums tailored to support a wide range of roles and skill levels. Through this sustained programme of training, plus community forums and self-service enablement, data literacy continues to grow, supported by strong engagement and increasing demand for data-driven insights.

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 2026, our gross emissions, excluding staff commute emissions, were 228 tonnes of CO_2 equivalents compared with 429 tonnes in the base year. This represents a 47% reduction against the baseline and means we have continued to exceed the 2030 reduction target.

Air travel remained our largest reportable emissions source, accounting for 167 tonnes of CO_2 equivalents in 2025/26 compared with 166 tonnes in 2024/25. Imported energy emissions reduced from 23 tonnes to 14 tonnes over the same period. Staff commute emissions decreased from 263 tonnes in 2024/25 to 254 tonnes in 2025/26.

Emissions by category (tonnes of CO_2 equivalents):

Category	Base year 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Category 1: Direct emissions	31	18	10	5	1	1	1
Category 2: Indirect emissions from imported energy	58	15	13	15	19	23	14
Category 3: Indirect emissions from transportation	316	206	152	307	208	197	192
Category 4: Indirect emissions from products used by organisation	24	21	20	26	23	24	22
Total gross emissions	**429**	**260**	**195**	**353**	**251**	**245**	**228**

Staff commute emissions:

Category	Base year 2019/20	2020/21	2021/22	2022/23	2023/24	2024/25[7]	2025/26
Staff Commute Emissions	Not measured	235	236	236	249	263	254

Staff commute emissions continue to be reported separately because they are a sizeable part of our broader emissions profile and are influenced by factors outside our direct operational control. There was a modest reduction this year from the previous year, while remaining broadly consistent with recent years.

On advice from our auditors Toitū and the Ministry for the Environment, we continue to report staff commute emissions separately from our other emissions because staff commuting represents a segment of emissions that we have less direct influence over than other emissions sources.

7 Improved methodology accounting for annual leave, public holidays and sick leave has been applied to the staff commute emissions calculation as of 2024/25.

Emissions by source:

Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Air Travel	297	162	86	261	177	166	167
Mileage Claims	8	10	42	7	7	4	3
Working From Home	-	16	17	14	13	14	11
Wastewater	12	15	15	16	16	18	17
Electricity	59	15	13	15	19	23	14
Fleet (Petrol)	30	18	10	5	1	1	<1
Accommodation	8	12	5	16	5	9	8
Waste	5	2	2	5	3	2	2
Water Supply	1	1	1	1	1	2	2
Electricity Transmission Loss	6	1	1	2	1	2	1
Taxis	1	5	1	4	<1	3	1
Recycling	-	1	1	3	1	<1	1
Rental Cars	1	1	<1	4	5	<1	<1
Fleet (Diesel)	1	1	<1	<1	1	<1	<1
Total	**429**	**260**	**195**	**353**	**251**	**245**	**228**

Emissions intensity:

Activity	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Full-time Equivalent Staff	394	307	314	316	354	379	364
Emissions per FTE	1.09	0.85	0.62	1.11	0.71	0.65	0.63

Governance and leadership

The Board is our governing body

The NHC Board has the authority to exercise the powers and perform the functions of NHC. 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 management activities, 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 was Hon Ruth Dyson until 30 April 2026, then Alastair Hercus from 1 May 2026. The full Board as at 30 June 2026 was:

- Chris Black
- Alastair Hercus
- Andrea Brunner
- Erica Seville
- Fiona Wilson
- Scott Lewis.

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

Board committees

The Board has three committees, plus one that was superseded during 2025/26:

- The Audit and Risk Committee supports the Board in overseeing audit, risk and assurance activities. Alastair Hercus is the Chair. Other members of the committee are Scott Lewis, Fiona Wilson and Ruth Dyson (who left the Board and its committees on 30 April 2026). Board Chair Chris Black attends meetings ex officio.

- The People, Culture and Governance Committee supports the Board in delivering its responsibilities for people, culture, remuneration, health, safety, security and wellbeing. Erica Seville is the Chair and Andrea Brunner is a committee member. Board Chair Chris Black attends meetings ex officio.
- The Loss Modelling and Risk Financing Committee supported the Board in delivering its responsibilities for loss modelling and risk financing until 20 November 2025 when it was re-purposed as the Capital Management Committee. Scott Lewis was the Chair. Other members of the committee were Alastair Hercus, Erica Seville, Fiona Wilson and Ruth Dyson. Board Chair Chris Black attended meetings ex officio.
- The Capital Management Committee supports the Board in delivering its responsibilities for overall balance-sheet management, risk financing and loss modelling. Scott Lewis is the Chair. Other members are Alastair Hercus, Erica Seville, Fiona Wilson and Ruth Dyson (who left the Board and its committees on 30 April 2026). Board Chair Chris Black attends meetings ex officio.

Board members' attendance at meetings in 2025/26:

Board member	Board (12 meetings)	Audit and Risk Committee (7 meetings)	People, Culture and Governance Committee (5 meetings)	Loss Modelling and Risk Financing Committee (1 meeting)	Capital Management Committee (3 meetings)
Chris Black (Board Chair)	10	5	3	1	2
Ruth Dyson (Deputy Chair to 30 April 2026)	6	6	1	1	2
Alastair Hercus (Deputy Chair from 1 May 2026)	10	6	1	0	3
Erica Seville	12	-	5	1	3
Fiona Wilson	12	6	-	1	3
Scott Lewis	11	7	-	1	3
Andrea Brunner	12	-	4	-	-

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 through 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 2025/26 are:

- Tina Mitchell, Chief Executive
- Michala Beacham, Chief Strategy Officer
- Chris Chainey, Chief Financial Officer
- Rob Hodgson, Chief Data Officer
- Dr Jo Horrocks, Chief Resilience Officer
- Zoe Morley, Director, Office of the Chief Executive
- Catherine Taylor, Chief People Officer
- Kate Tod, Chief Recovery Officer
- Hamish Wall, Chief Canterbury Officer.

In addition to our Board and Executive Leadership Team, we have a range of other internal and external governance forums that 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 and assurance management arrangements are aligned to the internationally accepted 'three lines' model. Management is primarily responsible for identifying and managing risks within their teams, supported by the risk and compliance functions that provide oversight and advice.

We have an independent assurance programme that covers all aspects of our activities. This includes our NDRM Assurance programme, which provides assurance over participating insurers' compliance with the Natural Hazards Insurance Act and associated agreements. Our Internal Audit programme provides assurance to our Board and the Audit and Risk Committee on the effectiveness of governance, risk management and internal controls across the organisation.

We are also 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



Statement of comprehensive revenue and expense

For the year ended 30 June 2026

$000	Note	Actual 2026	Unaudited budget 2026	Actual 2025
Levy revenue				
Levies	4	914,340	920,249	908,034
Outward reinsurance premium expense		(447,015)	(474,979)	(446,168)
Net levy revenue		**467,325**	**445,270**	**461,866**
Underwriting movements				
Reinsurance and other recoveries	7	4,626	3,455	20,585
Claims expense	8	(40,825)	(107,700)	(99,614)
Movement in unexpired risk liability	16	11,792	-	(33,890)
Total underwriting movements		**(24,407)**	**(104,245)**	**(112,919)**
Surplus from insurance activities		**442,918**	**341,025**	**348,947**
Other operating revenue				
Other revenue		6,186	6,143	7,784
Total other operating revenue		**6,186**	**6,143**	**7,784**
Other operating expense				
Resilience		(31,727)	(32,220)	(29,849)
Readiness		(25,779)	(26,573)	(24,824)
Risk financing		(10,243)	(9,050)	(8,197)
Recovery		(16,904)	(20,465)	(19,267)
Other expenses		(5,646)	(5,743)	(7,215)
Total other operating expense	9	**(90,299)**	**(94,051)**	**(89,352)**
Investment activities				
Investment revenue	10	8,440	18,329	11,243
Interest on cash balances		8,679	-	8,371
Total revenue from investment activities		**17,119**	**18,329**	**19,614**
Net surplus		**375,924**	**271,446**	**286,993**
Total comprehensive revenue for the year		**375,924**	**271,446**	**286,993**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2026

$000	Note	Actual 2026	Unaudited budget 2026	Actual 2025
Crown contribution				
Opening balance at 1 July		1,500,000	1,500,000	1,500,000
Owner transactions				
Capital contribution	19	250	-	-
Closing balance at 30 June		**1,500,250**	**1,500,000**	**1,500,000**
Accumulated surplus/(deficit)				
Opening balance at 1 July		(1,913,069)	(1,776,120)	(2,200,062)
Total comprehensive revenue for the year		375,924	271,446	286,993
Closing balance at 30 June		**(1,537,145)**	**(1,504,674)**	**(1,913,069)**
Total closing balance at 30 June		**(36,895)**	**(4,674)**	**(413,069)**

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2026

$000	Note	Actual 2026	Unaudited budget 2026	Actual 2025
Equity				
Crown contribution	19	1,500,250	1,500,000	1,500,000
Accumulated surplus/(deficit)		(1,537,145)	(1,504,674)	(1,913,069)
Total equity		**(36,895)**	**(4,674)**	**(413,069)**
Assets				
Cash and cash equivalents		759,401	188,089	311,126
Levies receivable		199,390	178,177	206,399
Other receivables and prepayments	6	3,582	1,799	2,477
Outward reinsurance expense asset		69,203	80,663	72,467
Outstanding reinsurance recoveries	7	104,966	91,987	121,153
Investments		41,148	500,000	241,760
Property, plant and equipment	11	3,328	3,825	4,049
Intangible assets	12	458	1,745	2,811
Total assets		**1,181,476**	**1,046,285**	**962,242**
Liabilities				
Trade and other payables	13	(47,092)	(32,548)	(45,535)
Short-term liabilities	14	(4,884)	(5,379)	(4,186)
Revenue in advance	5	(1,561)	(430)	(2,909)
On-sold agreement liability	5	(27,618)	(21,099)	(49,885)
Outstanding claims liability	3	(546,742)	(405,130)	(668,645)
Unearned levy liability	4	(463,294)	(473,618)	(465,179)
Unexpired risk liability	16	(127,180)	(112,755)	(138,972)
Total liabilities		**(1,218,371)**	**(1,050,959)**	**(1,375,311)**
Net liabilities[8]		**(36,895)**	**(4,674)**	**(413,069)**

8 In accordance with section 112 of the NHI Act, the Crown is obligated to make payments into the Natural Hazard Fund should NHC's assets be insufficient to meet its forecasted liabilities over any forthcoming 12-month period. This ensures that NHC 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 19.

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2026

$000	Actual 2026	Unaudited budget 2026	Actual 2025
Cash flows from operating activities			
Cash was provided from:			
Levies	918,550	923,199	917,525
On-sold agreement receipts	64,831	103,823	168,993
Reinsurance recoveries	20,813	28,102	36,499
Interest	17,732	19,629	19,770
Other revenue	1,258	1,229	2,852
Cash was applied to:			
Outward reinsurance	(443,814)	(475,033)	(444,622)
Claims settlements and handling costs	(159,953)	(216,162)	(246,637)
On-sold agreement settlements and handling costs	(88,294)	(125,400)	(91,918)
Employees and other operating expenses	(70,617)	(79,189)	(70,383)
Research grants	(6,320)	(7,682)	(6,020)
GeoNet operating expenses	(4,000)	(4,000)	(4,000)
Net GST	(862)	410	(6,749)
SRES agreement handling cost[9]	(720)	-	(874)
Net cash inflow/(outflow) from operating activities	**248,604**	**168,926**	**274,436**
Cash flows from investing activities			
Cash was provided from:			
Sale of investments	490,000	-	464,500
Cash was applied to:			
Purchase of investments	(290,000)	(150,000)	(570,000)
Purchase of property, plant and equipment	(116)	(850)	(617)
Purchase of intangibles	(458)	(435)	-
Net cash inflow/(outflow) from investing activities	**199,426**	**(151,285)**	**(106,117)**
Cash flows from financing activities			
Cash was provided from:			
Capital contribution	250	-	-
Cash was applied to:			
Interest on finance lease liabilities	(1)	(4)	-
Payment of finance lease expense	(4)	(13)	(7)
Net cash inflow/(outflow) from financing activities	**245**	**(17)**	**(7)**
Net increase/(decrease) in cash and cash equivalents	**448,275**	**17,624**	**168,312**
Add opening cash and cash equivalents	311,126	170,465	142,814
Closing cash and cash equivalents[10]	**759,401**	**188,089**	**311,126**

9 Southern Response Earthquake Services (SRES). Refer to Note 5 for further information.
10 Cash and cash equivalents include cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

The accompanying notes form part of these financial statements.

Statement of cash flows (continued)

For the year ended 30 June 2026

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

$000	Actual 2026	Actual 2025
Net surplus	**375,924**	**286,993**
Add non-cash items:		
Depreciation and amortisation	3,644	4,229
Loss/(gain) on disposal	4	80
Provisions	157	27
Deferred lease incentive	(115)	21
Movement in unexpired risk liability	(11,792)	33,890
Movement in lease liabilities	-	25
Total non-cash items	**(8,102)**	**38,272**
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	7,009	(27,709)
Other receivables and prepayments	2,775	32,875
Reinsurance recoveries	16,187	15,914
Trade and other payables	1,672	15,530
Short-term liabilities	541	437
Revenue in advance	(1,348)	2,909
On-sold agreement liability	(22,267)	49,885
Outstanding claims liability	(121,903)	(151,578)
Unearned levy liability	(1,885)	10,908
Net movements in working capital items	**(119,219)**	**(50,829)**
Net cash inflow/(outflow) from operating activities	**248,604**	**274,436**

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Reporting entity

These financial statements are prepared for the legal entity, Toka Tū Ake Natural Hazards Commission (NHC). Legislation governing the operations at 30 June 2026 includes the Crown Entities Act 2004 and the Natural Hazard 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 2026 and were approved by the Board on 12 October 2026.

Basis of preparation

The financial statements of NHC 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 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. Total liabilities exceed total assets as at 30 June 2026, with actuarial estimates reflected in both balances. At 30 June 2026, the Crown and NHC had a Deficiency Funding Deed in place to meet the Crown's obligation under section 112 of the NHI Act to ensure that NHC 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 2025/26* approved by the Board in June 2025. 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 23 for commentary on variances against budget.

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 is exempt from income tax under section CW38 of the Income Tax Act 2007.

NHC 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 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

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to NHC are as follows.

PBE International Financial Reporting Standard 17 Insurance Contracts

PBE International Financial Reporting Standard 17 Insurance Contracts (PBE IFRS 17) establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. The standard introduces significant changes to current accounting, including the separation of insurance contract assets and liabilities from reinsurance contract assets and liabilities, the introduction of a liability for remaining coverage and a liability for incurred claims, and the requirement to include an explicit risk adjustment for non-financial risk.

PBE IFRS 17 is effective for the year ended 30 June 2027, with early adoption permitted. NHC will not adopt the standard early and will first apply it in the financial statements for that year.

The application of PBE IFRS 17 will result in significant changes to the presentation of the Statement of comprehensive revenue and expense and the Statement of financial position. Existing balances, such as unearned premium liabilities, outstanding claims liabilities and reinsurance recoveries, will be replaced by insurance contract liabilities and reinsurance contract assets. NHC will apply the Premium Allocation Approach to the measurement of all insurance contracts issued and reinsurance contracts held.

NHC will restate the comparative information in the 2026/27 financial statements, including the opening Statement of financial position as at 1 July 2025, using the full retrospective approach because supportable information is available for all contracts in force at that date.

The impact to the opening Statement of financial position as at 1 July 2025 on applying PBE IFRS 17 has been quantified and is shown below.

The adjustments arise primarily from the replacement of the current risk margin with a risk adjustment for non-financial risk, the introduction of discounting (including an illiquidity premium), changes to expense attribution, and the treatment of reinsurance in respect of unexpired risks.

$000	Current balances	Adjustment on application	Restated balances
Reinsurance contract assets	173,282	21,779	195,061
Insurance contract liabilities	(1,078,740)	36,060	(1,042,680)
Accumulated deficit	(1,913,069)	57,839	(1,855,230)
Net liabilities	(413,069)	(57,839)	(355,230)

Accounting judgements, estimates and assumptions

NHC 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 3 outlines the key judgements, estimates and assumptions applied in measuring insurance liabilities and reinsurance recoveries.

Comparatives

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are adjusted to ensure consistency with the current period unless it is impractical to do so.

Property, plant and equipment

Comparative information in Note 11. Property, Plant and Equipment, has been adjusted to include assets under construction within the relevant asset classes to aid user understanding. The opening work in progress at 1 July 2025 of $2.924 million has been moved to furniture and equipment ($0.267 million), leasehold improvements ($2.579 million), and computer hardware ($0.078 million).

2. Natural Hazard Fund

NHC is responsible for administering the Natural Hazard Fund (NHF) in accordance with the NHI Act, including protecting the value of the NHF through prudent investment of its assets. Natural hazard cover (NHCover) levies collected as part of home insurance premiums, are deposited into the NHF. The NHF is used to meet NHC's statutory obligations under the Act, including:

- settling claims
- covering expenses and capital expenditure incurred in performing NHC's core functions under section 129 of the NHI Act
- funding other activities NHC reasonably believes will benefit insured persons or reduce the future cost of providing natural hazard cover.

In accordance with the NHI Act, NHC 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, the Public Infrastructure Risk Management Scheme, and other nominal activities (see Note 5).

Natural Hazards Fund Statement of revenue and expense

$000	2026	2025
Surplus from insurance activities	442,918	348,947
Other operating revenue	-	6
Operating expense	(84,653)	(82,137)
Investment activities	17,119	18,182
Net surplus	**375,384**	**284,998**
Total comprehensive revenue for the period	**375,384**	**284,998**

3. Outstanding claims liability

Overview

The outstanding claims liability is an estimate of the present value of future payments, including claims handling expenses, on all claims incurred on or before 30 June 2026, whether reported to NHC or not. It is the amount NHC expects to pay in the future for claims that have already occurred but are not yet fully settled, discounted back to 30 June 2026. The outstanding claims liability comprises:

- the actuarial central estimate of future claim payments
- an allowance for future claims handling expenses
- the effect of discounting future cash flows to present value
- a risk margin to provide for the inherent uncertainty in the central estimate.

The outstanding claims liability is valued every 6 months by independent consulting actuaries, Melville Jessup Weaver (MJW). The valuation as at 30 June 2026 was prepared by Craig Lough and Jeremy Holmes, both Fellows of the New Zealand Society of Actuaries, and was commissioned by NHC for use in these financial statements.

The liabilities were valued in accordance with New Zealand Society of Actuaries Professional Standard No. 30 – Valuations of General Insurance Claims, and PBE IFRS 4 Insurance Contracts. The actuaries have confirmed that, overall, the information provided to them was adequate and appropriate for the purposes of the valuation, and that they know of no reason why reliance should not be placed on the conclusions of their report.

Reinsurance recoveries are recognised separately as an asset and are disclosed in Note 7. The outstanding claims liability, net of reinsurance, within the Statement of financial position is $442 million (2025: $547 million). This is different from the $455 million (2025: $548 million) reported within the actuarial valuation due to the timing of reinsurance receipts at year-end.

The decrease primarily reflects the settlement of claims and reductions in provisions for the 2023 North Island Weather Events and the Canterbury earthquake sequence, together with a lower risk margin. These reductions were partially offset by an increase in the business-as-usual (BAU) provision.

Composition of gross outstanding claims liability

Outstanding claims liability $000	2026	2025
Central estimate of outstanding claims liability		
Canterbury earthquake sequence	(313,898)	(415,263)
2023 North Island Weather Events	(13,562)	(52,065)
Other events	(44,620)	(28,725)
Total central estimate of outstanding claims liability	**(372,080)**	**(496,053)**
Claims handling expenses	(102,967)	(91,955)
Risk margin	(118,012)	(138,258)
Gross outstanding claims liability	**(593,059)**	**(726,266)**
Discounting	46,317	57,621
Discounted outstanding claims liability	**(546,742)**	**(668,645)**

Movement in the gross outstanding claims liability

The following table reconciles the movements in the gross outstanding claims liability.

$000	2026	2025
Outstanding claims liability at 1 July	(668,645)	(820,223)
Claims (expense)/reduction	(40,825)	(99,614)
Claim payments during the year	159,953	246,637
Claims handling expense movement in trade and other payables	2,775	4,555
Outstanding claims liability at 30 June	**(546,742)**	**(668,645)**

Gross of reinsurance, the outstanding claims liability reduced by $122 million. The drivers of this movement are:

- claim payments – the actual claims paid and claims handling expenses incurred during the year ending 30 June 2026

Canterbury earthquake sequence

- lower than expected reopened claim numbers and costs relating to the Canterbury earthquake sequence, resulting in a reduction in the provision for future reopened claims
- an increase in the expected future cost of Canterbury claims handling expenses to better reflect the expected cost of managing the remaining reopened claims liability

2023 North Island weather events

- decreased provision due to lower-than-expected claim payments and the adoption of a revised valuation methodology based on recent claims experience

Other events

- an increase in the provision for BAU claims, driven primarily by several weather events in the second half of the financial year.

Expected settlement of the gross outstanding claims liability

The table below reflects the expected timing of settlement of the outstanding claims liability, split between current and non-current amounts.

	2026			2025		
$000	Current	Non-current	Total	Current	Non-current	Total
Outstanding claims liability - central estimate	(146,861)	(281,869)	**(428,730)**	(195,527)	(334,860)	**(530,387)**
Risk margin	(23,247)	(94,765)	**(118,012)**	(27,155)	(111,103)	**(138,258)**
Total outstanding claims liability	**(170,108)**	**(376,634)**	**(546,742)**	**(222,682)**	**(445,963)**	**(668,645)**

Valuation methodology

The actuaries estimate ultimate claims costs and deduct payments made on or before 30 June 2026 to determine the outstanding claims liability. Calculations are performed by event and claim type (land claims, dwelling claims and claims handling expenses). Three main models were used at 30 June 2026:

- the Canterbury earthquake sequence
- the 2023 North Island Weather Events
- all other claims (known as 'business-as-usual' or 'BAU').

A payments per claim finalised approach is used for the Canterbury earthquake sequence and for BAU claims. All Canterbury costs are attributed or apportioned to one of five identified earthquakes or groups of earthquakes, as the NHC cap reinstates for each event. Where the causal event is unclear, mathematical approximations are used to allocate costs.

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

For the North Island Weather Events, future claim costs are projected from recent claims experience, with the expected cost of future settlements, fees and reopen activity assessed separately for land and building claims.

Assumptions are developed by the actuaries from analysis of historical payment and settlement patterns in NHC claims data, discussion with management and claims staff on how these patterns are evolving, and professional judgement. Management provides information on current and expected future claims handling expenses, which the actuaries combine with assumptions about future resourcing, claim activity and claim duration.

Economic assumptions

Assumption	2026	2025
Claims inflation rate per annum	3.3% short term decreasing to 3.0% longer term	2.7% short term increasing to 3.0% longer term
Expense inflation rate per annum	2.0%	3.5%
Discount rate per annum	2.52% to 4.57%	3.18% to 5.88%
Weighted average term to settlement	2.00 years	2.00 years
Claims handling expenses as a % of claims paid	14.9%	14.7%

Process used to determine economic assumptions

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.

Projected cash flows are discounted for the time value of money using the Treasury's published discount rates as at 30 June 2026 and 30 June 2025.

Claims handling expenses are allocated by event group and estimated on a per-claim basis using assumptions derived from analysis of expenses.

Risk margin

A risk margin is held above the central estimate to allow for the inherent uncertainty in estimating future claim costs. The Board has adopted a risk margin set at an 85% probability of sufficiency (2025: 85%). There is, therefore, an 85% probability that the net provision will prove adequate to meet liabilities from events occurring on or before 30 June 2026, and a 15% probability that it will be insufficient.

Risk margin	2026	2025
Risk margin ($000)	118,012	138,258
Risk margin as % of net central estimate	35%	37%
Probability of sufficiency	85%	85%

The reduction reflects lower uncertainty in the remaining liabilities. Canterbury reopened claims activity has continued to reduce and NHC reached a settlement with the final insurer regarding wash-up of claims costs for settled Canterbury claims. This settlement resolved the remaining uncertainty associated with these claims. A greater share of the remaining liability now relates to claim handling expenses, which are relatively more predictable. In addition, the 2023 North Island Weather Events are now largely resolved reducing uncertainty further.

Discounting

Future claim payments are discounted to present value using the Treasury's published discount rates, which reflect the expected timing of future claim payments. The weighted average terms to settlement across the portfolio is 2.00 years (2025: 2.00 years). Discounting reduced the gross outstanding claims liability by $46 million (2025: $58 million).

Sensitivity of key assumptions

All claim liabilities

The sensitivity analysis below shows the potential impact of changes in the key economic assumptions on the value of the net outstanding claims liability. An increase in the liability reduces the reported surplus by the same amount, and a decrease increases it, so the liability impacts shown also represent the effect on the Statement of comprehensive revenue and expense.

Assumption	Base assumption	Sensitivity	Stressed assumption using 2026 base	Liability impact	
				2026	2025
Discount rate	2.52% to 4.57% (2025: 3.18% to 5.88%)	+1%	3.52% to 5.57%	-$13m	-$12m[11]
		-1%	1.52% to 3.57%	+$14m	+$13m

11 The 2025 comparative information relating to the discount rate sensitivity has been amended to correct the amount previously disclosed.

Canterbury earthquake liabilities

The Canterbury earthquake sequence represents around 87% of the total gross outstanding claims liability and remains the key area of focus in the valuation.

The table below summarises the sensitivity of the estimated central gross 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 below. This means that there is not always a comparative figure for the 2025 valuation.

Assumption	Base assumption	Sensitivity	Stressed assumption using 2026 base	Liability impact	
				2026	2025
Average claim size (non-zero payment for claim upon closing)	Starting at $23,000 (2025: $23,000)	+$1,000	$24,000	+$7m	+$10m
		-$1,000	$22,000	-$7m	-$10m
Proportion incurring payment (upon closing)	41% (2025: 44%)	+5%	46%	+$20m	+$26m
		-5%	36%	-$20m	-$26m
Maximum reopen period	A claim will not reopen once it has been closed for 15 years (2025: 12 years)	+3 years	18 years	+$11m	$36m
		-3 years	12 years	-$32m	-$80m
Reopen rate	Dependent on time since last closure, e.g. 10.8% reopen during first month after closing (2025: 10.3%)	+10% of the base	11.9% reopen during first month after closing	+$7m[12]	+$48m
		-10% of the base	9.7% reopen during first month after closing	-$6m	-$42m
Closure rate	Dependent on time since last reopen, e.g. 49% during first month after reopening (2025: 43%)	+10% of the base	54% during first month after reopening	-$6m	-$10m
		-10% of the base	44% during first month after reopening	+$8m	+$13m
Future inflation rate	Starting at 3.3% decreasing to 3.0% (2025: Starting at 2.7% increasing to 3.0%)	+5%	Starting at 8.3%, decreasing to 8.0%	+$37m	+$53m

12 The impact of the sensitivity on the liability is lower than in 2025 due to lower expected future reopen activity, which reduces the effect of changes in the reopen rate assumption.

Litigation and representative actions

As at 30 June 2026, 63 litigation cases were open (2025: 30), comprising 53 Canterbury litigation cases (2025: 23), two representative actions (2025: 2), and eight other claims (2025: 5).

The two representative actions are proceeding through the court process, both of which NHC is defending. The outstanding claims liability includes a provision for each of these representative actions. NHC considers the number of potential or registered claimants, the estimated cost of the claim and the likelihood that the actions will proceed and, if they do, be successful. The provisions are not an indication that NHC believes these claims have any merit.

The remaining 61 litigation cases and other claims are treated the same as other currently open claims and no additional provision has been made for these cases.

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.

	Event financial year			
2026 $000	**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

	Event financial year			
2026 $000	**2023**	**2012**	**2011**	**Total**
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	-	(490,171)	(12,139,924)	n/a
Fifteen years later	-	n/a	(12,149,830)	n/a
Current estimate of ultimate claims expense	**-**	**(490,171)**	**(12,149,830)**	**(12,640,001)**
Cumulative payments	-	467,746	11,760,727	12,228,473
Outstanding claims liability (undiscounted)	**-**	**(22,425)**	**(389,103)**	**(411,528)**
Discount	-	2,612	42,711	45,323
Risk margin				(107,371)
Subtotal				**(473,576)**
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
Three years later	(325,958)	-	-	n/a
Current estimate of ultimate claims expense	**(325,958)**	**-**	**-**	**(325,958)**
Cumulative payments	312,270	-	-	312,270
Outstanding claims liability (undiscounted)	**(13,688)**	**-**	**-**	**(13,688)**
Discount	375	-	-	375
Risk margin				(2,772)
Subtotal				**(16,085)**
Other events				
Other claims				(49,212)
Other risk margin				(7,869)
Outstanding claims liability				**(546,742)**

	Event financial year			
2025 $000	**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)
Subtotal				**(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)
Subtotal				**(72,335)**
Other events				
Other claims				(31,856)
Other risk margin				(8,488)
Outstanding claims liability				**(668,645)**

4. Levies and unearned levy liability

Levy income represents levies collected and paid to NHC by insurance companies, brokers and individuals with EQCover and NHCover. Levy income is classified as exchange transactions.

Levy income is recognised using the 24^{ths} method to approximate the contract period over which the levies are earned. The underlying assumption of the 24^{ths} 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	2026	2025
Gross written levies	912,456	918,942
Movement in unearned levy liability	1,884	(10,908)
Total levies	**914,340**	**908,034**
Unearned levy liability at 1 July	(465,179)	(454,270)
Unearned levies received in the year	(463,294)	(465,179)
Levies now recognised	465,179	454,270
Unearned levy liability at 30 June	**(463,294)**	**(465,179)**

5. Advance funding

NHC 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 $0.587 million (2025: $0.564 million).

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	2026	2025
Revenue in advance		
Opening balance at 1 July	(2,909)	-
Funds received in the year	(4,838)	(10,567)
Revenue recognised during the year	6,186	7,658
Closing balance at 30 June	**(1,561)**	**(2,909)**
On-sold agreement liability		
Opening balance at 1 July	(49,885)	-
Funds received in the year	(61,148)	(135,792)
Ex gratia payments made during the year	83,415	85,907
Closing balance at 30 June	**(27,618)**	**(49,885)**

6. 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.

$000	2026	2025
Other receivables	593	160
Less: provision for impairment	-	-
Prepayments	2,989	2,317
Total other receivables and prepayments	**3,582**	**2,477**

7. Outstanding reinsurance recoveries

Outstanding reinsurance recoveries are the expected reimbursement of claims settlements and claims handling costs that NHC 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	2026	2025
Gross reinsurance recoveries	2,082	11,145
Impact of discounting	2,544	9,440
Total discounted reinsurance recoveries	**4,626**	**20,585**

The below represents amounts that form part of the Statement of financial position:

$000	2026	2025
Gross reinsurance receivables	113,942	132,673
Discounting	(8,976)	(11,520)
Total discounted outstanding reinsurance recoveries	**104,966**	**121,153**
Current	43,603	42,839
Non-current	61,363	78,314
Total discounted outstanding reinsurance recoveries	**104,966**	**121,153**
Outstanding reinsurance recoveries at 1 July	121,153	137,066
Recognised in the year	4,626	20,585
Received during the year	(20,813)	(36,498)
Total discounted outstanding reinsurance recoveries at 30 June	**104,966**	**121,153**

The reinsurance recoveries relate to the Canterbury earthquakes included within the outstanding claims liability in Note 3, which occurred in the 2010-2011 financial years.

At 30 June 2026, the ultimate expected reinsurance recoveries increased by $2 million to $4,946 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 2026, the discount for the outstanding reinsurance recoveries was decreased by $3 million to $9 million. The assumptions used in estimating the recoveries can be found in Note 3.

8. 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 occur when the actual or estimated settlement values of claims changed during the current financial year.

	2026			2025		
$000	**Current year**	**Prior years**	**Total**	**Current year**	**Prior years**	**Total**
Gross claims expense – undiscounted	(70,554)	41,033	**(29,521)**	(9,905)	(68,759)	**(78,664)**
Discounting – on total outstanding claims	575	(11,879)	**(11,304)**	423	(21,373)	**(20,950)**
Gross claims expense – discounted	**(69,979)**	**29,154**	**(40,825)**	**(9,482)**	**(90,132)**	**(99,614)**

Claims handling expenses are costs incurred by NHC 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	Note	2026	2025
2010–2011 Canterbury earthquake sequence claim handling expenses			
Employee remuneration and benefits		(13,000)	(12,435)
Engineers and consultants		(4,326)	(4,651)
Other costs		(1,470)	(1,611)
Claims administrators and contractors		(766)	(1,779)
Call centres and claims management – third party		(689)	(849)
Office rental		(546)	(522)
Superannuation contribution costs		(396)	(373)
Fees for audit firms' services	9.1	(158)	(155)
Travel and accommodation		(112)	(116)
Total Canterbury claims handling expenses		**(21,463)**	**(22,491)**
2023 North Island Weather Events claim handling expenses			
Claims assessment fees		(1,474)	(16,861)
Engineers and consultants		(137)	(164)
Fees for audit firms' services	9.1	(41)	(42)
Total North Island Weather Events claim handling expenses		**(1,652)**	**(17,067)**

9. Operating expenses

The operating expenses of NHC 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.

Costs group by expense type $000	Note	2026	2025
Employee remuneration and benefits		(32,404)	(30,493)
Technology costs		(10,250)	(9,095)
Outsourced service providers[13]		(9,997)	(10,020)
Project costs[14]		(7,988)	(7,446)
Grants for research		(6,070)	(6,020)
On-sold agreement expenses		(4,879)	(6,220)
Other administration costs		(4,175)	(4,031)
GeoNet operating costs		(4,000)	(4,000)
Amortisation of intangibles		(2,811)	(3,499)
Consultants and contractors		(2,138)	(3,037)
Sponsorship		(1,122)	(1,414)
Advertising and publicity		(1,081)	(803)
Superannuation contribution costs		(953)	(866)
Depreciation		(833)	(729)
Southern Response agreement expenses		(720)	(874)
Commissioners' fees	22	(510)	(378)
Fees for audit firms' services	9.1	(317)	(350)
Public Infrastructure Risk Management Scheme expenses		(47)	-
Gain/loss on disposals		(4)	(80)
Allowance for credit losses on receivables		-	3
Total other operating expense		**(90,299)**	**(89,352)**

9.1. Fees for audit firms' services

Total fees incurred for services provided by Ernst Young include the following:

$000	2026	2025
Audit of the financial statements and performance information	(470)	(459)
Audit-related services PBE IFRS 17 transition (assurance engagement)	(46)	(88)
Total fees for audit firms' services	**(516)**	**(547)**

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

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

14 Project costs include continued investment in existing and new technology platforms, updates to our systems, processes and compliance with legislative, regulatory and reporting requirements.

10. Investments

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

$000	2026	2025
Interest income	8,440	11,243
Total investment revenue	**8,440**	**11,243**

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. 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.

11. 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 and the cost of the item can be measured reliably. Where 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 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:

Asset class	Asset life
Furniture and equipment	10 years
Leasehold improvements	6–9 years
Computer hardware	3–10 years

2026 $000	Furniture and equipment	Leasehold improvements	Computer hardware	Total
Cost				
At 1 July	983	2,689	2,908	**6,580**
Additions	43	-	73	**116**
Disposals	-	-	(920)	**(920)**
Transfers	(2)	7	(5)	**-**
At 30 June	**1,024**	**2,696**	**2,056**	**5,776**
Accumulated depreciation				
At 1 July	(301)	(298)	(1,932)	**(2,531)**
Depreciation charge	(97)	(301)	(435)	**(833)**
Disposals	-	-	916	**916**
Transfers	1	-	(1)	**-**
At 30 June	**(397)**	**(599)**	**(1,452)**	**(2,448)**
Net carrying value at 30 June	**627**	**2,097**	**604**	**3,328**
Includes assets under construction	-	-	-	**-**

2025 $000	Furniture and equipment	Leasehold improvements	Computer hardware	Total
Cost				
At 1 July	1,174	3,434	3,160	**7,768**
Additions	2	40	575	**617**
Disposals	(193)	(785)	(827)	**(1,805)**
Transfers	-	-	-	**-**
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)**
Net carrying value at 30 June	**682**	**2,391**	**976**	**4,049**
Includes assets under construction	-	-	-	**-**

12. 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 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 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 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 intangible assets are reviewed annually. Software has a useful life of 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 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.

Software $000	**2026**	**2025**
Cost		
At 1 July	16,997	16,997
Additions	458	-
Disposals	(149)	-
Transfers	-	-
At 30 June	**17,306**	**16,997**
Accumulated amortisation		
At 1 July	(14,186)	(10,687)
Amortisation charge	(2,811)	(3,499)
Disposals	149	-
Transfers	-	-
At 30 June	**(16,848)**	**(14,186)**
Net carrying value at 30 June	**458**	**2,811**
Includes assets under construction	458	-

13. Trade and other payables

Trade and other payables are recognised when NHC 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	2026	2025
Trade payables and accruals	(19,042)	(15,701)
Non-resident withholding tax on reinsurance	(16,917)	(16,979)
GST payable	(11,133)	(12,855)
Total trade and other payables	**(47,092)**	**(45,535)**

14. 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	2026	2025
Employee entitlements	(4,479)	(3,934)
Make good provision	(387)	(230)
Finance lease liability	(18)	(22)
Total short-term liabilities	**(4,884)**	**(4,186)**

15. Financial risks

Credit risk

NHC limits its exposure to very-large-scale natural hazards through the purchase of reinsurance. NHC is exposed to the credit risk of a reinsurer defaulting on its obligations. Note 20 explains how NHC minimises the risk of default.

NHC 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 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:

2026 $000	AA+	AA	AA-	A+	A	A-	Other	Total
Cash and cash equivalents	-	-	759,401	-	-	-	-	**759,401**
Investments	-	-	41,148	-	-	-	-	**41,148**
Levies receivable	186	83,875	64,109	385	28,039	21,867	929	**199,390**
Outstanding reinsurance recoveries	325	19,723	50,069	15,755	13,835	5,259	-	**104,966**
Other receivables	-	453	79	-	21	11	29	**593**
Total	**511**	**104,051**	**914,806**	**16,140**	**41,895**	**27,137**	**958**	**1,105,498**

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**
Outstanding 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**

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 (2025: 12 months).

16. Unexpired risk liability

NHC assesses whether the levy revenue recognised in the current period is sufficient to cover all expected future cash flows relating to future claims incurred in the current period. If levies are insufficient to cover the expected future claims plus a risk margin, they are deemed to be deficient. The deficiency is recognised in the Statement of comprehensive revenue and expense and recorded in the Statement of financial position as an unexpired risk liability.

The unexpired risk liability was determined as follows.

Calculation of deficiency $000	2026	2025
Cost of future claims from unexpected risks, undiscounted – central estimate	(461,292)	(450,729)
Administration and reinsurance costs for unexpired risks	(349,936)	(364,849)
Reinsurance recoveries, undiscounted	196,400	186,113
Net levy liabilities, undiscounted – central estimate	**(614,828)**	**(629,465)**
Discounting	24,354	25,314
Net levy liabilities, discounted – central estimate	**(590,474)**	**(604,151)**
Risk margin	-	-
Net levy liabilities	**(590,474)**	**(604,151)**
Unearned levy liability	463,294	465,179
Net deficiency	**(127,180)**	**(138,972)**

$000	2026	2025
Unexpired risk liability at 1 July	(138,972)	(105,082)
Movement for the year	11,792	(33,890)
Unexpired risk liability at 30 June	**(127,180)**	**(138,972)**

The risk margin on levy liabilities for 2026 is 0% (2025: 0%). NHC has adopted a 75% probability of adequacy for the levy liability balance. The risk margin for 2026 is $0 (2025: $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.

17. Commitments

The table below reflects the committed operating lease costs and capital commitments that are not included in the Statement of financial position.

$000	2026	2025
Operating leases as leasee		
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
Not later than one year	1,543	1,441
Later than one year but not later than two years	1,046	1,441
Later than two years but not later than five years	2,748	2,596
Later than five years	2,031	2,641
Total non-cancellable operating lease commitments	**7,368**	**8,119**
Capital commitments	**-**	**-**
Total capital commitments	**-**	**-**
Total commitments	**7,368**	**8,119**

Lease commitments

NHC leases office premises in Wellington and Christchurch under operating lease arrangements. These leases have non-cancellable terms of 9 and 6 years respectively, with options to renew beyond the initial lease terms. Lease payments are fixed and increase annually on each anniversary of the lease commencement date. Rental amounts are also reviewed and adjusted at each lease renewal date to reflect prevailing market rental conditions.

18. Involvement with unconsolidated structured entities

In the year ended 30 June 2023, NHC 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 four-year life of the catastrophe bond within these financial statements. NHC 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 through reinsurance contracts. Totara Re retains the issuance proceeds as collateral, which are invested in investment-grade securities. NHC 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 investments-grade securities.

The purpose of sponsoring this entity was to transfer natural hazard insurance risk from NHC 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 and as such control does not sit with NHC.

NHC 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.

In April 2026, the Board of NHC agreed to increase the attachment point of the catastrophe bond to $2.247 billion from 1 June 2026, 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 covered by the reinsurance agreement. During the year, there were no qualifying events for which NHC received any income from the Totara Re (2025: 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 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 interests in and maximum exposure to loss from Totara Re:

	2026			2025		
$000	Total assets	Total liabilities	Maximum exposure to loss[15]	Total assets	Total liabilities	Maximum exposure to loss[15]
Insurance-linked securitisations	663	1,618	225,000	1,386	1,618	225,000

19. Equity

Crown contribution

Effective 1 July 2024, under the NHI Act, all share capital of the NHC was cancelled in accordance with Schedule 1. The previously recognised share capital of $1.500 billion (1,500,000,000 ordinary shares of $1 each) has been reclassified as Crown contribution.

During the 2025/26 financial year, the Crown provided a capital injection of $0.250 million to develop a business case for the Public Infrastructure Risk Management Scheme, with further capital injections to be provided in the 2026/27 financial year.

Capital management

NHC 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 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 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).

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. Insurance risks

NHC 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 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's financial position, and
        - fully collateralised on inception of the transaction and maintains sufficient capital to meet the obligations of agreements with NHC 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.

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 15 for concentrations of credit risk.

Research and education

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

Outward reinsurance premium expense

Premiums paid to reinsurers are recognised by NHC 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.

21. Contingencies

There are no contingent assets or liabilities at 30 June 2026 (2025: nil).

22. Employee and Board remuneration

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

	2026	2025
$100,000 - $109,999	31	21
$110,000 - $119,999	16	22
$120,000 - $129,999	30	30
$130,000 - $139,999	42	53
$140,000 - $149,999	45	28
$150,000 - $159,999	24	31
$160,000 - $169,999	23	17
$170,000 - $179,999	11	12
$180,000 - $189,999	12	17
$190,000 - $199,999	9	5
$200,000 - $209,999	8	5
$210,000 - $219,999	4	5
$220,000 - $229,999	1	6
$230,000 - $239,999	7	5
$240,000 - $249,999	2	2
$250,000 - $259,999	2	1
$260,000 - $269,999	-	1
$270,000 - $279,999	-	1
$290,000 - $299,999	1	2
$300,000 - $309,999	3	1
$310,000 - $319,999	-	1
$320,000 - $329,999	1	-
$330,000 - $339,999	-	1
$340,000 - $349,999	1	1
$350,000 - $359,999	1	1
$370,000 - $379,999	1	-
$500,000 - $509,999	-	1
$520,000 - $529,999	1	-
Total employees	**276**	**270**

When remuneration bands are not shown in the table above, 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, 19 (2025: 9) payments totalling $589,911 (2025: $342,481) 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 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 include all Commissioners, the Chief Executive and the Executive Leadership Team.

	2026	2025
Commissioners		
Remuneration ($000)	510	381
Number of Commissioners[16]	7	8
Executive Leadership Team		
Remuneration ($000)	3,085	3,216
Full-time equivalent members	9	10
Total key management personnel remuneration	**3,595**	**3,597**
Total full-time equivalent personnel[16]	**16**	**18**

No payments were made upon cessation of employment of key management personnel during the year (2025: nil).

16 Due to the difficulty in determining the full-time equivalent of Commissioners, the number of Commissioners has been provided as a proxy.

Board remuneration

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

$000	2026	2025	Appointed	Term concluded
C Black	122	79	5 April 2022	
R Dyson	63	50		30 April 2026
A Hercus	69	44	1 March 2020	
F Wilson	61	40	1 March 2020	
E Seville	67	44	1 July 2018	
S Lewis	67	44	1 March 2020	
A Brunner	61	40	10 May 2023	
Z Jalil	-	40		30 June 2025
Total	510	381		

Indemnity and insurance disclosure

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

NHC 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.

23. Major budget variances

The budget figures are those in NHC's *Statement of Performance Expectations 2025/26*. The budget was prepared based on the claims valuation at 31 December 2024. 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 2025/26 programme was lower than assumed in the budget by $27.964 million. NHC secured a record level of reinsurance of $10.309 billion from 1 June 2025 to 31 May 2026. This growth in the scheme demonstrates the continued confidence the international market has in the scheme.

Claims expense

Claims expense was $66.875 million lower because of lower BAU claims than budgeted despite a number of weather events in the second half of the financial year and a decrease in the North Island Weather Events (NIWE) claims liability resulting from lower-than-expected claim payment experience and subsequent changes to the actuarial assumptions for the tail of the event. These were partially offset by an increase in the Canterbury provision, driven by higher than expected claims handling expenses.

Movement in unexpired risk liability

The unexpired risk liability is the shortfall between the levy revenue that NHC will earn for a future period and the actuarially calculated costs of claims arising over the same future period. The shortfall reduced mainly owing to a softening in the reinsurance market, which lowered the expected future cost of reinsurance. This was partly offset by higher than expected claims, reflecting exposure and inflation growth.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents are $571.312 million higher than budget primarily owing to lower investments held at year end, higher actual opening balance due to the timing of when the budget was prepared and higher operating cash inflow reflecting lower reinsurance premium expense and lower claim settlements and handling costs.

Levies receivable

The levies receivable balance comprises policies written in May and June that have not yet been received by NHC given the two-month timeframe for collecting agencies to pass through the funds. Levies receivable are $21.213 million higher than budget, reflecting updated trends and assumptions for levies that relate to May and June 2026.

Investments

The Investments balance relates to funds held in bank term deposits. Term deposit balances were $458.852 million lower than budgeted, with funds held in cash and cash equivalents at year end to enable new investment types in the 2026/27 financial year in line with the *Statement of Investment Policy and Objectives*.

Outstanding claims liability

The actual outstanding claims liability based on the June 2026 actuarial valuation is $141.612 million higher than the budgeted outstanding claims liability, which is based on December 2024 valuation. The most significant driver is the Canterbury earthquake sequence liability which is higher due to revised estimation of the claims handling expenses and actual payments made compared to anticipated payments.

Statement of cash flows

Variances in the Statement of cash flows are in line with variances in the Statement of comprehensive revenue and expense and Statement of financial position as explained above.

24. Events after balance date

There were no significant events after balance date.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Natural Hazards Commission Toka Tū Ake's financial statements and performance information for the year ended 30 June 2026

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 the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Commission that comprise the statement of financial position as at 30 June 2026, 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 71 to 111; and
- the performance information that consists of the statement of performance for the year ended 30 June 2026 on pages 31 to 52.

In our opinion:

- The financial statements of the Commission present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Reporting Standards.
- The performance information is appropriate and meaningful and prepared in accordance with the Commission's measurement bases or evaluation methods and generally accepted accounting practice in New Zealand, and presents fairly, in all material respects the Commission's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year.

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.

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

The Board of Commissioners is responsible on behalf of the Commission for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of performance, in accordance with the Commission's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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

In preparing the financial statements and performance information, the Board of Commissioners is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Board of Commissioners is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, 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 performance information.

For the budget information reported in the financial statements and the performance information, 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 performance information.

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 performance information, 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 obtain an understanding of the process applied by the Commission to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.

- We evaluate whether:

    - the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and

- the performance information is prepared in accordance with the Commission's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with generally accepted accounting practice in New Zealand, for each class of reportable outputs;
    - the actual performance of the Commission as compared with the forecast standards of performance included in the Commission's statement of performance expectations for the financial year; and
    - the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the Commission's statement of performance expectations for the financial year.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Commissioners and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and performance information 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 all of the information included in the annual report, but does not include the financial statements, the performance information consisting of the statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 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)* as applicable for audits of public interest entities 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
13 October 2026

Ministerial Directions

Ministerial Directions to Natural Hazards Commission Toka Tū Ake, current as at 30 June 2026, 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
Topic of direction	**Description**	**Date of direction**
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

Public Infrastructure Risk Management Scheme	A direction from the Minister of Finance to advise the Crown on arranging reinsurance or other risk transfer products in respect of Crown risks, including risk from natural hazards and other risks beyond those covered in the Natural Hazards Insurance Act 2023.	29 June 2026

Directions to support a whole-of-government approach, current as at 30 June 2026 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

We are 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