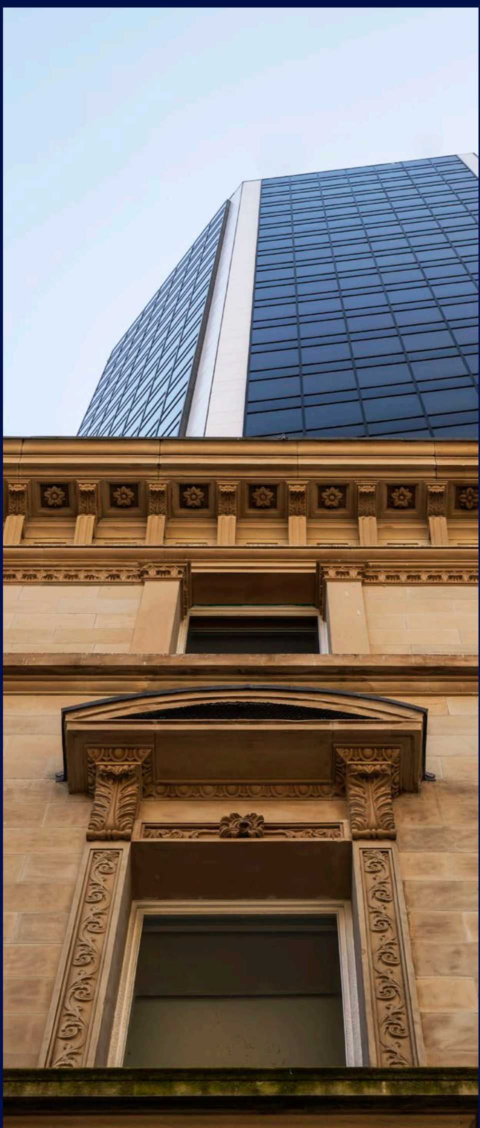
MARSH

February 2026

New Zealand Insurance Market Update

Contents

Property insurance



In 2025, many insurance buyers benefitted from premium rate savings on property insurance renewals. The relatively benign claims environment over the past year, coupled with favourable January reinsurance renewal outcomes, suggests a positive outlook for 2026, in the absence of any unanticipated market-changing events.

Market highlights

Reinsurance market

The January 2026 treaty renewals confirmed a continued softening of the reinsurance market, with rates declining by 12.5% to 20% globally. This trend was supported by abundant capital, reduced reinsurer loss shares, and moderate catastrophe loss experience.

Global natural catastrophes

Despite heightened attention on catastrophe risk, the 2025 North American hurricane season was relatively benign, resulting in insured natural catastrophe losses 18% below the five-year inflation-adjusted average, according to the *Guy Carpenter 1 January report*. This contributed to strong returns for many insurers and reinsurers in 2025. Nonetheless, high-profile events such as the 2025 California wildfires highlight persistent volatility and growing secondary-peril risk (including convective storms, wildfires, and floods) that present long-term challenges for insurers.

Competition and capacity

Insurance capacity remained abundant throughout 2025, with over-subscription on many renewals. Insurers in New Zealand and Australia adapted to protect market share amid rising international competition, leading to excess supply and downward pressure on pricing. As market conditions moderated and premium income declined, insurer merger and acquisition activity increased, typically signalling a market in transition.

Inflation

Inflation eased in 2025 but remains elevated. The Reserve Bank of New Zealand reported an annual inflation rate of 3.1% in the December 2025 quarter, sustaining upward pressure on valuations and replacement costs. The construction sector, as well supply chains and labour markets, may continue to face pressures throughout 2026.

Regulatory and risk management developments

Several regulatory changes beyond insurance transactions are impacting insureds. Earthquake-prone building regulations are focusing on high-risk structures, easing remediation requirements for many owners. Effective 1 July 2026, the Fire and Emergency New Zealand Levy on insured assets will be updated with clearer calculations, revised exemptions, and tougher penalties. In parallel, the government's National Adaptation Framework establishes a long-term plan to tackle climate risks through improved data, clearer accountability, proactive investment, and equitable cost-sharing.

Overall, the New Zealand insurance market is expected to remain competitive in 2026. Insurers continue to favour well-managed risks with strong risk mitigation strategies, while assets with high-risk features or situated in high-risk regions will face increased scrutiny. Barring any market-changing events, favourable market conditions are expected to continue for many insurance buyers.

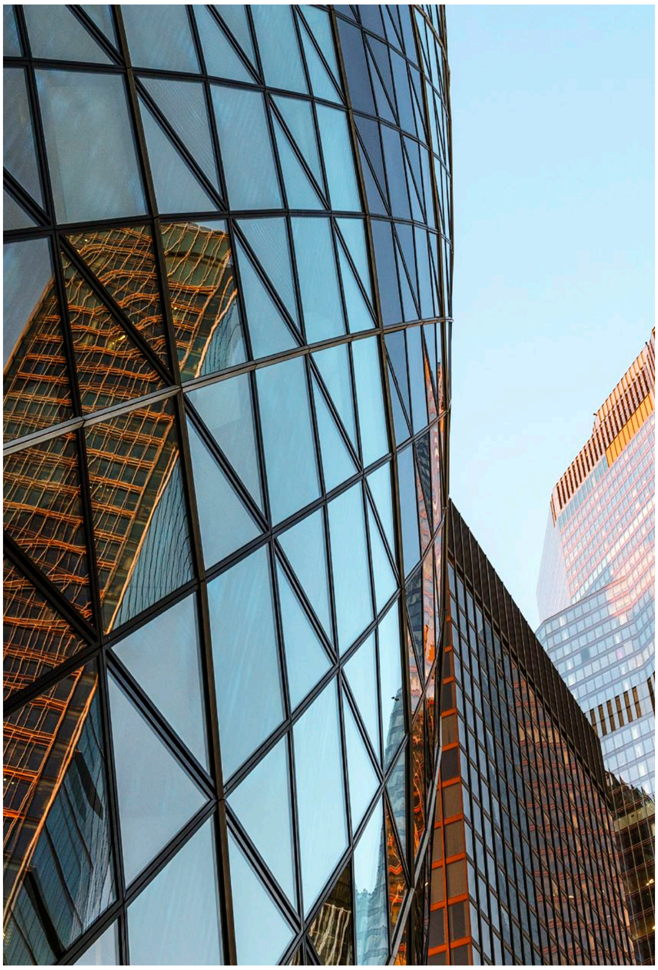
Global influences

Reinsurance market dynamics and their impact on the New Zealand property insurance market

The January 2026 treaty reinsurance renewals, where insurers acquire their own insurance protection from the reinsurance market, saw excess capacity and pricing reductions. This has provided insurers with greater flexibility to structure their reinsurance programmes, including higher natural catastrophe limits and broader coverage. In addition to increased demand for traditional reinsurance programmes, alternative coverage solutions such as catastrophe bonds and parametric products have gained traction.

Non-loss-affected placements saw premium rate reductions between 12.5% and 20%, according to Guy Carpenter. While reinsurance costs are a significant component for insurers, declines in reinsurance rates do not directly translate into equivalent rate reductions for insurance buyers. Direct insurance pricing is influenced by additional factors such as local market conditions, insurer underwriting strategies, and individual risk profiles.

Despite favourable global and local conditions, New Zealand's market remains volatile due to its significant exposure to seismic risk. Although the January 2026 treaty renewals offer some early signals, the full impact on the local insurance market will become clearer as renewals progress through the first quarter, revealing pricing and capacity trends.



-12.5% to -20%

reductions in reinsurance premium rate for non-loss-affected placements.

Read more in the *1 January 2026 Reinsurance Renewal Report*.

The impact of high-profile natural catastrophe events

According to Guy Carpenter, Global insured catastrophe losses reached an estimated total of US$121 billion in 2025, which is 18% below the 5-year inflation-adjusted average.

Recent high-profile events – including the 2023 Cyclone Gabrielle and ex-tropical Cyclone Hale, the 2024 North American hurricanes, and the 2025 California wildfires – have had substantial market impacts. The California wildfires alone generated insured losses estimated at US$40 billion, *according to Swiss Re*. This contributed to *US$80 billion of insured natural catastrophe losses* in H1 2025, marking the second-highest H1 figure since records began in 1980.

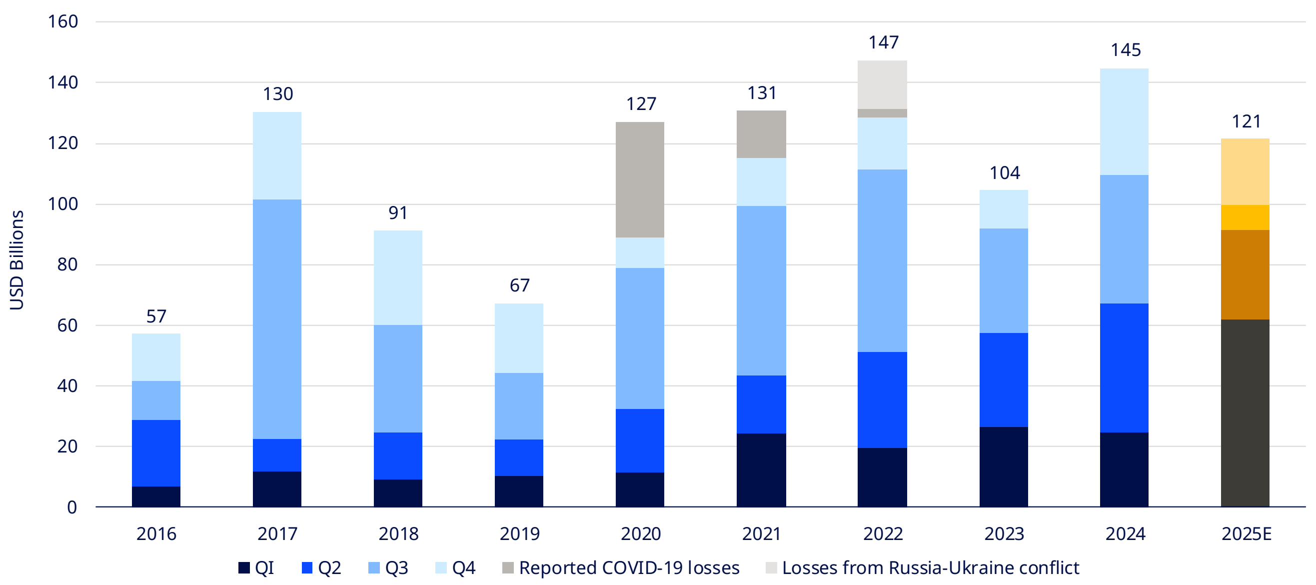
In New Zealand, approximately *10,000 insurance claims* were filed in October 2025, following severe wind and rain storms.

By contrast, the 2025 Atlantic hurricane season was unusually quiet in terms of insured losses. Although 2025 recorded the highest proportion of major hurricanes on record, none made landfall in the US, limiting losses in highly insured regions. However, this lower-than-expected loss experience may obscure the growing volatility of weather patterns over the medium to longer term.

Insurers continue to closely monitor secondary perils, including severe convective storms (SCS) and wildfires, which increasingly shape underwriting decisions and pricing globally.

> Recent high-profile events have had substantial market impacts.

Figure 1. Insured catastrophe losses in 2026



Source: Guy Carpenter, "*Insured Catastrophe Losses 2026*", accessed January 2026.

Mergers and acquisition activity

When insurance market pricing moderates and gross written premiums decline, there is typically increased inorganic growth through merger and acquisition activity. Recent mergers and acquisitions in 2025 included AIG acquiring an equity stake in Convex Insurance, Starr's purchase of IQUW Group, and AIG securing renewal rights for Everest Group Ltd's global retail commercial insurance business. At the time of writing, Zurich Insurance has reached an agreement in principle to purchase Lloyd's underwriter Beazley Insurance.

Additionally, FMG, a New Zealand insurer traditionally focused on the rural sector, expanded its appetite to include agricultural-adjacent accounts.

Future expectations

Barring any market-changing event, clients without adverse loss histories or specific risk issues should anticipate premium relief.

By the end of 2025, local market conditions caught up with international trends, with many accounts seeing more significant premium rate reductions from local insurers. This is placing pressure on the London market to respond.

Constraints in sourcing new capacity for high natural catastrophe zones, such as Wellington, Canterbury, and Hawke's Bay have eased. However, extreme weather events will continue to contribute to market uncertainty in these regions.

Barring any market-changing event, clients without adverse loss histories or specific risk issues should anticipate premium relief.

Key coverage and underwriting trends

Approach to renewal process

Approach to renewal process: Early renewal engagement and detailed submissions that allow time to explore alternative options typically achieve superior renewal outcomes. Regardless of market cycle, clients demonstrating robust risk management practices tend to achieve favourable renewal outcomes over the medium to long term.

Regaining lost coverage

The moderation of market conditions and pricing provides an opportunity to review existing coverage, including the adequacy of sublimits, policy restrictions, and deductibles.

Valuations

Upward pressure on valuations in 2026 will likely stem from rising service costs (e.g., rent, insurance), utilities, supply chain disruptions, and, in some cases, resilient wage growth despite rising unemployment in certain markets. Full revaluations at least every three years are recommended, with inflationary and capital expenditure adjustments applied in the interim periods.

Flood risk

Following 2023's severe weather, flood risk perception in New Zealand is evolving. Properties exposed to flood risk or with prior flood losses face increased underwriting scrutiny, as insurers enhance flood modelling capabilities. Assets once considered safe may now be identified as higher risk.

High-risk properties

While challenging for insurers, underwriting for high-risk properties is slightly more relaxed in some cases, particularly where strong risk management is evident.

> The soft market provides an opportunity to review existing coverage.

Client buying patterns we have observed

In a soft market, some buyers leverage favourable conditions to enhance coverage by increasing limits, removing restrictions, and reducing deductibles, using savings from lower premiums – options less common in hard markets. Meanwhile, organisations that have adopted alternative risk transfer solutions like captives or parametric products have made lasting structural changes that may persist despite improved market conditions, often becoming part of their long-term strategy.

In a soft market, some buyers leverage favourable conditions to enhance coverage by increasing limits, removing restrictions, and reducing deductibles.

Regulatory changes shaping New Zealand's risk landscape

Several recent regulatory changes may also impact New Zealand buyers.

Earthquake-prone buildings change

The government is reforming the Earthquake-Prone Building (EPB) system, replacing the New Building Standard (NBS) framework with a more targeted, risk-based approach. This change, expected before the 2026 election, will primarily affect property owners of high-risk buildings in medium- and high-seismic zones, such as concrete buildings over three stories and unreinforced masonry buildings. Auckland, Northland, and the Chatham Islands will be excluded from the EPB regime, due to low seismic risk, while Coastal Otago remains medium risk.

The immediate effects on insurance are expected to be limited, since the NBS rating system focuses on life safety rather than asset protection, though insurers often use it as a proxy in the absence of information.

Remediation requirements will be tailored by building type and location, across four mitigation levels, reducing earthquake-prone classifications by about 55%, lowering costs, and limiting full retrofits to around 80 high-risk buildings. Priority criteria now target structures that pose direct risks to pedestrians, vehicles, or emergency routes, with hospitals and schools no longer automatically prioritised. Property owners will gain greater flexibility, including up to 15-year remediation extensions and fewer triggered upgrade costs.

Read more in the *Refocused Earthquake-Prone Building System media factsheet*.

Upcoming changes to the FENZ Levy – effective 1 July 2026

The Fire and Emergency New Zealand (FENZ) community protection is mostly funded by a fire-risk insurance levy. From 1 July 2026, significant changes to this levy calculation and application will affect a broad range of insured assets.

Key changes include:

- **Revised levy calculations:** The levy will be based solely on the sum insured for commercial properties, replacing the use of indemnity values.
- **Updated exemptions:** Several previously exempt assets, like railway tracks, fences, water pipes, certain aircraft, and agricultural assets such as livestock and growing crops, will be liable. It is essential to review these changes with your broker to understand the implications for your portfolio.
- **New penalties for levy avoidance:** New penalties for levy avoidance, with significant fines for non-compliance, underscore the importance of reviewing your insurance structures.

> From 1 July 2026, significant changes to this levy calculation and application will affect a broad range of insured assets.

New Zealand's National Adaptation Framework

The government introduced the National Adaptation Framework (NAF) to address increasing risks from floods, storms, and other natural hazards, by preparing the country for climate change while supporting economic growth and minimising societal costs.

The framework integrates flood mapping, community adaptation, land-use planning, and emergency response into a cohesive system. It aims to:

- Enhance sharing of climate risk information
- Ensure fair and predictable support for property owners
- Build market confidence so housing and insurance reflect climate risks
- Motivate and enable individuals and businesses to manage their own risks

These measures align with New Zealand's broader National Risk and Resilience Framework, reinforcing the country's ability to manage serious risks and protect safety, security, and prosperity.

> Read more in the *National Adaptation Framework*.

Additional reading

Munich Re, one of the world's largest reinsurance companies, provides market intelligence and insights from the company's own perspective. The following offers a [snapshot of major natural catastrophe loss events in 2025](#).

Read more in this article by Munich Re: [Climate change presses on: Devastating wildfires and intense thunderstorms exacerbate losses for insurers](#).

Figure 2. Munich Re NatCat 2025 world map

Source: Munich Re, "[MunichRe NatCat 2025 World Map](#)", accessed January 2026.

Liability and specialty

Liability market conditions

New Zealand's liability insurance market remains competitive, with many clients experiencing stable or modestly improved renewal outcomes. While some industries continue to face pressure, premium movements have generally become more balanced across most classes. Barring unforeseen events, renewal outcomes are typically expected to range from flat to -5%, although increases may still occur where risk profiles have deteriorated or exposures have expanded.

Despite ample insurer capacity, underwriters maintain a disciplined approach to risk assessment. Greater scrutiny is being placed on claims, exposure growth, governance, and emerging risk areas, resulting in more tailored policy structures with selective application of higher deductibles and more targeted coverage terms.

Underwriting is increasingly detailed, focusing on environmental, social, and governance (ESG) factors, per- and polyfluoroalkyl substances (PFAS) exposure, cyber risk management, and organisational risk controls.

Early engagement remains critical for thorough information gathering, market engagement, and negotiation of optimal outcomes.

PFAS exposures remain a key focus due to major litigation outcomes and evolving regulatory expectations. Historic use of these substances presents a long-term liability risk for certain industries. Insurers demand clarity on past usage, site contamination, and supply chain exposure, and some policies introduce more specific terms or exclusions. Organisations are encouraged to understand and document their PFAS exposure as part of their comprehensive risk management strategy.

0% to –5%

change in liability insurance premiums.

Directors and officers liability insurance

The directors and officers (D&O) insurance market is expected to maintain favourable conditions for insureds, with strong insurer competition, sustained momentum in premium contraction, and an expansion of risk appetites.

In Q4 2025, premium reductions typically ranged between -5% and -15% for well-presented risks. As 2026 progresses, the pace of premium reductions is expected to moderate, aligning with trends observed in other international markets where pricing moderation has begun.

For large international and dual-listed (ASX/NZX) companies, recent amendments to the Australian 2001 Corporations Act and the dismissal of Australian shareholder class actions have contributed to a less volatile claims environment, further stabilising conditions for insurers. While securities class actions and litigation funders have been less prominent recently, they remain factors to monitor, and legislative developments may shift the cost-benefit balance for insurance coverage.

D&O insurers remain focused on clients' balance sheet strength, cash flow sustainability, and exposure to supply chain disruption. Rising insolvencies in certain sectors remain a key concern, as financial distress often leads to creditor actions, regulatory investigations, and claims against directors.

Corporate activity – mergers, acquisitions, restructures, and capital raisings – is expected to increase in 2026. These transactions can introduce disclosure risks, integration challenges,

-5% to -15%

change in directors and officers liability insurance premiums.

and governance complexities that insurers closely assess. For insurers capable of underwriting such transactional exposures within their D&O portfolio, these new opportunities may relieve some of their own revenue pressures, thus dampening the level of competitiveness.

Geopolitical volatility, cyber risk, and rapid technological change – particularly in artificial intelligence (AI) – are also shaping D&O risk assessments. These interconnected exposures can trigger disclosure scrutiny, regulatory action, and governance-related claims following major incidents or strategic missteps. ESG considerations remain a significant focus, and companies and boards of directors must remain agile in adapting to potential regulatory changes and demonstrate clear strategies in these areas.

While renewal outcomes remained generally favourable for well-managed risks, the D&O market in 2026 may be characterised by modest rate reductions and potentially more selective underwriting behaviours.

Geopolitical volatility, cyber risk, and rapid technological change – particularly in artificial intelligence (AI) – are also shaping D&O risk assessments.

Professional indemnity insurance

The professional indemnity market remained broadly stable with savings for many clients, but challenges persisted for certain sectors, including construction, engineering, financial institutions, and professional services. These industries have faced significant premium increases and difficulties obtaining coverage. While the market continues to stabilise, potential pressures remain that could lead to a hardening of market rates, warranting a cautious outlook for 2026.

Currently, professional indemnity renewal premiums typically range from -5% to +5%. Insurers focus on maintaining price stability, particularly where risk-based pricing aligns with an insured's claims history. Any upward pricing pressures are likely to stem from growth in the underlying business and inflation, though these factors are expected to exert a more moderate influence compared to previous years.

Capacity remained available across most industry classes, but insurers are generally selective in deploying higher limits for severity-prone risks. Early renewal engagement is important, particularly for growing businesses or those with complex contractual exposures.

-5% to +5%

change in professional indemnity insurance premiums.

Crime insurance

Crime insurance remains influenced by economic pressures, digital fraud, and social engineering. Advances in technology have increased the sophistication of fraud schemes, while remote and hybrid working arrangements test traditional internal control frameworks.

Barring unforeseen events, premium movements are expected to be generally more stable in 2026 compared to previous years. In the last quarter of 2025, many insureds experienced outcomes ranging from flat to +5%, depending on claims history and risk controls. However, underwriting appetite remained cautious, particularly for organisations with weaker payment verification processes or limited fraud prevention training.

Insurers are shifting to impose aggregate limit structures rather than “any one loss” limits, heightening the need for adequate limits and strong programme design, especially for those facing repeated fraud risks. Underwriters prioritised governance, segregation of duties, staff training, and incident response planning as key differentiators in renewal decisions.

0% to +5%

change in crime insurance premiums.

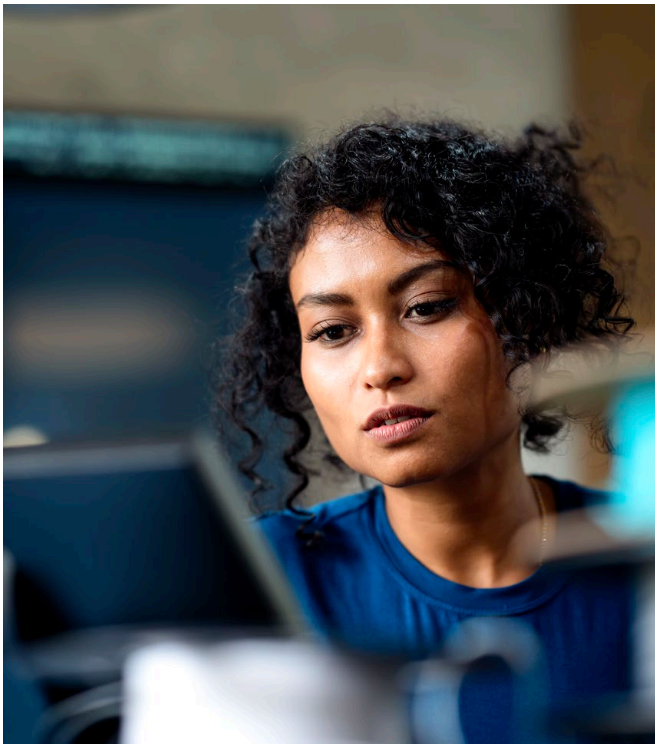
Cyber insurance

The global cyber insurance market is currently recalibrating after years of price softening, and premiums have largely stabilised. Strong and mature cybersecurity controls remain critical for effective capacity deployment. Concurrently, advancements in AI continued to raise concerns, as threat actors increasingly leverage AI technology to bypass organisational defences. Rising geopolitical tensions also pose a risk of heightened cyber-disruption activity worldwide.

While premiums did not rise as sharply as in 2022, they are trending upward within a narrow range of -5% to +5%, with sectors such as healthcare seeing higher increases. Insurers enforced stricter controls, often denying coverage to organisations without robust multi-factor authentication, endpoint detection or AI tool-specific governance, rather than simply facing higher premiums.

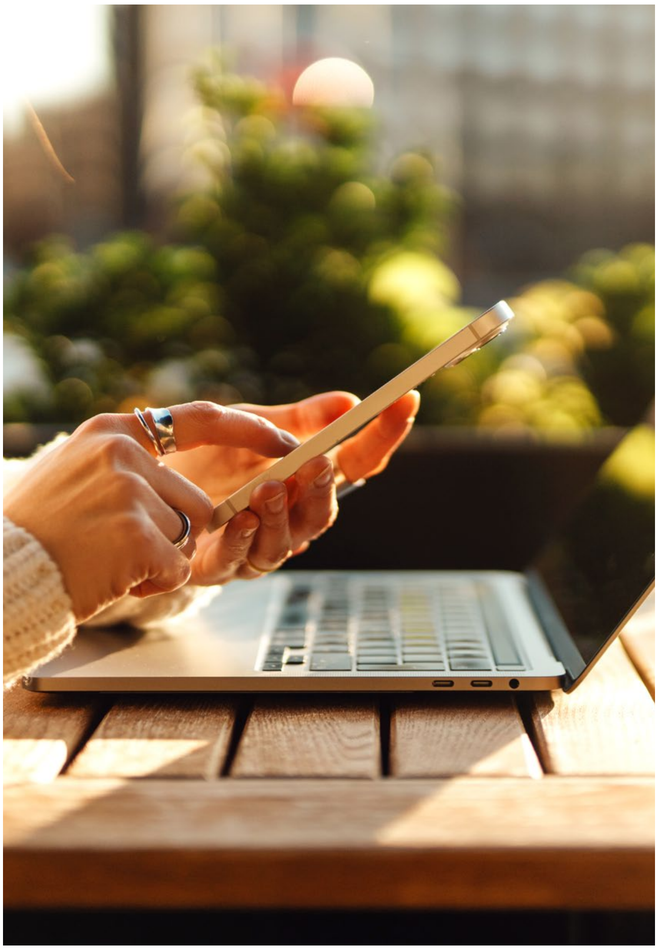
Cyber claims remained steady, while growing client uptake expanded the premium pool to cover potential losses. Premium levels are currently adequate for managing routine claims, but rising losses could prompt future rate increases. Insurers remained vigilant about the aggregated risk posed by major Software as a Service (SaaS) and cloud providers, on which much of the global economy depends.

Overall, the market remains positive and stable, with insurers actively seeking new business and portfolio growth. We expect strong capacity deployment in H1 2026. However, rising long-tail cyber claims, stemming from third-party class actions and regulatory



-5% to +5%

change in cyber insurance premiums.



matters, require close monitoring as their delayed impact could affect future market conditions. The interplay of these claims and heightened regulatory scrutiny may influence may shape market conditions going forward.

External factors beyond the local market can influence cyber insurance market dynamics. For instance, New Zealand's market competition was initially driven in part by the US market, prompting premium repatriation back to the UK and encouraging London markets to target regions such as New Zealand for portfolio diversification and to offset US premium losses. Should the US market harden, London insurers may reduce their New Zealand presence, refocus on their domestic market, and reallocate capacity, potentially affecting local pricing and underwriting.

For insureds, staying informed about global market trends and AI developments is crucial to understanding potential implications for cyber insurance strategies and making well-informed decisions.

> External factors beyond the local market can influence cyber insurance market dynamics.

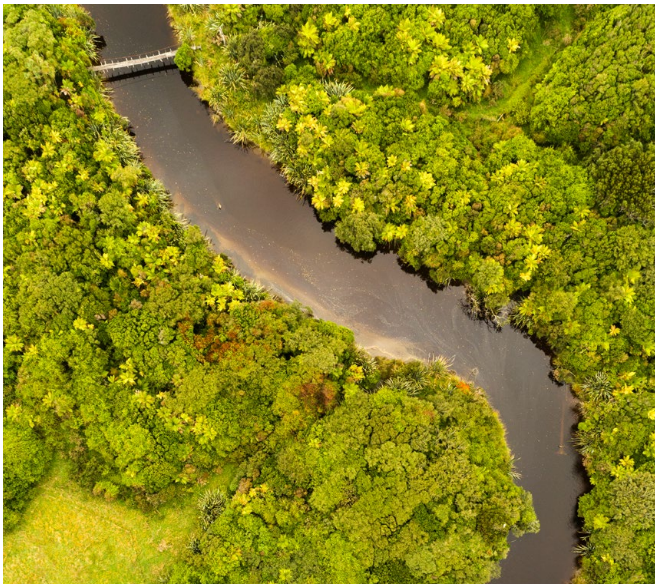
Environmental liability insurance

Demand for environmental liability insurance continued to grow, driven by heightened internal focus on environmental exposures through enhanced ESG policies and contractual requirements in infrastructure and other large projects.

The market has seen expanded risk appetite and increased competition, a trend expected to continue in 2026, leading to rate reductions for insureds with strong loss histories. However, clients with claims may face moderate premium increases, as insurers remain focused on profitability and may withdraw from accounts that do not meet their terms.

Stricter underwriting controls require detailed, high-quality risk information, thereby extending the underwriting process lead time. Consequently, well-prepared and timely renewal submissions may be crucial for successful renewal outcomes.

While specific coverage for PFAS remains available, international insurers remain cautious due to ongoing loss development and significant litigation, particularly in the US.



> The market has seen expanded risk appetite and increased competition, a trend expected to continue in 2026.

Motor and mobile plant insurance

The New Zealand motor fleet and mobile plant insurance market has strengthened and remains competitive. This sustained high level of capacity is resulting in significant savings, refreshed policy offerings and enhanced coverage from both domestic and international insurers. Premium increases and capacity constraints that followed Cyclone Gabrielle and the Auckland floods have eased, benefiting clients with well-managed fleets who are now better positioned to secure more favourable terms and increased capacity.

Fleet risk management continued to be a priority, emphasising people risk, health and safety, company culture, and driving behaviour. Health and safety improvements, including in-cab technologies, are proving effective in loss prevention, risk mitigation, and, ultimately, reducing premium costs.

Insurers invested in advanced supply chain and repair network solutions to address claims costs and repair times, which have risen alongside advances in vehicle technology. These strategic investments enhanced client outcomes, helping to contain claims cost escalation.

The domestic heavy machinery and forestry equipment market has historically lacked adequate coverage. However, bespoke solutions from several specialist insurers offer significant benefits to clients in this sector.

Insurers increasingly required detailed fleet data. While it can be initially demanding, it is essential for securing a favourable premium and coverage. This data enhances insurers' risk understanding, potentially increasing their capacity and appetite.

This sustained high level of capacity is resulting in significant savings, refreshed policy offerings and enhanced coverage from both domestic and international insurers.

Construction insurance

Contract works insurance

Premium rating for well-performing risks was more competitive than in the previous 12 months, with average rate reductions of around -5% to -10% being achieved for more benign, straightforward risks.

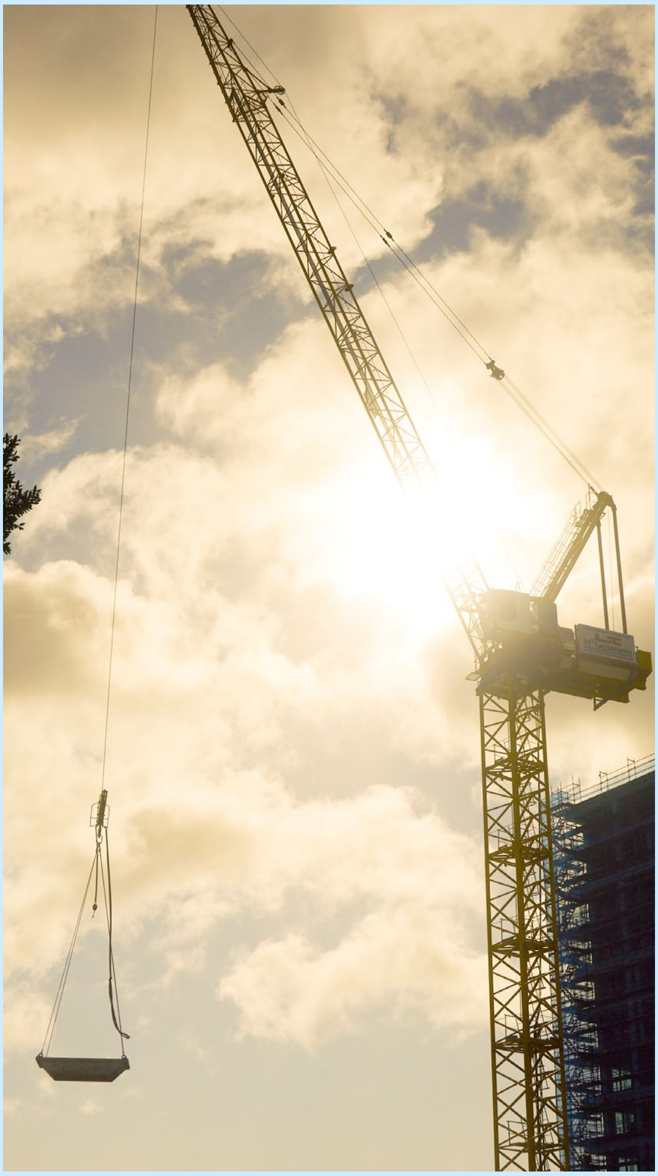
Insurers maintained policy coverage discipline, seeking conservative deductible levels and focusing on good risk management controls. In particular, focus was on natural catastrophe perils such as flooding and weather risks, as well as on fire management through hot-work controls and material selection.

The construction sector is expected to grow in volume across both the domestic/apartment and infrastructure sectors. While local insurers remained the primary capacity providers for New Zealand projects, we continue to have strong growth discussions with international markets. Interest from international capacity is expected to grow, which may provide further downward pressure on premiums and possibly broaden coverage available. In addition, Marsh Risk's data centre insurance facility, Nimbus, offers up to US$2.7 billion of capacity, including delay in start-up and business interruption coverage.

-5% to -10%

change in contract works insurance premiums.

Construction professional indemnity market



Insurers continued to exercise caution in deploying construction professional indemnity capacity for project policies. The scope of coverage remains consistent, and pricing is anticipated to remain stable. However, insurers are likely to impose high minimum deductible levels, particularly for larger projects.

Marine cargo insurance

London market

In 2025, clients continued to benefit from favourable conditions, both improved terms and rate reductions, driven by the absence of natural catastrophe losses and increased London capacity from both new and existing insurers. In addition, Marsh Cargo can restructure placements to achieve potential further pricing benefits while continuing to conduct full wording reviews on all placements.

The current market cycle has resulted in ample capacity in the London market, estimated at up to US$3 billion, alongside the European, North American, Middle Eastern, and Bermudan markets. Notably, some insurers, like Zurich and Sirius, previously absent from the sector, allocated resources to participate.

Underwriter turnover in the sector remained active, with many open positions and further changes expected in 2026. After 300 years of operation, RSA has been renamed Intact to reflect its new ownership structure.

In Q4 2025, general average losses increased, highlighted by a major fire aboard the vessel Marie Maersk off the coast of Africa.

Additionally, multiple enquiries and potential loss notifications emerged in Brazil, where sugar shipments were reportedly substituted with sand during transit, representing an ongoing and serious concern.

Consistent with previous reporting periods, notifications related to misappropriation losses persisted, some involving considerable financial impact.

In 2025, clients continued to benefit from favourable conditions, both improved terms and rate reductions.

New Zealand market

The New Zealand market remained positive, reflecting similar conditions in London. Throughout 2025, pricing for most low-risk dry cargo accounts remained stable. However, the perishable sector faced increased claims activity due to global supply chain disruptions and Middle East events, causing vessel delays and rerouting, but conditions are improving as major carriers such as Maersk resume transits via the Suez Canal.

As the Australian marine insurance market grows, major global insurers such as AXA XL, Liberty, Chubb, HDI Global, and AIG are expanding into the New Zealand market, primarily targeting corporate risks. This influx increased competition. Local insurers responded by enhancing offerings, providing clients with greater choice and improved pricing.

Despite reduced shipment volume and value, the overall cargo market remained stable, with insurers focused on maintaining market share. Uncertainty around US tariffs and geopolitical tensions has had limited impact on New Zealand's export volumes, while the weaker New Zealand dollar continued to support exporters.

> Throughout 2025, pricing for most low-risk dry cargo accounts remained stable.

People risks

Group life and disability insurance

The New Zealand life insurance market faced several significant challenges, including growing concerns among insurers regarding the sustainability of long-term disability insurance pricing and an increase in claims related to stress and mental health in the post-COVID-19 environment.

Despite insurer consolidation in 2025, pricing remained varied. High-risk plans or those with adverse claims experience, particularly covering blue-collar workers, faced reduced insurer appetite. However, evolving market conditions saw some clients secure substantial premium reductions.

Short-term income protection insurance rates for benefit periods of two to five years declined in 2025, reflecting expected claims experience. However, in the long-term space (benefit periods extending to age 65), some insurers ceased accepting new policies, while others adopted a more risk-averse stance, offering shorter rate guarantee periods than the standard three years. This cautious approach was also evident in premium pricing, with increases of 15% or more on base rates (prior to considering industry and claims history) being observed.

Premium rates in the life and total permanent disability (TPD) insurance sectors remained stable, with some reductions observed. Many employers replaced traditional TPD coverage with flexible options, such as income protection and critical illness insurance. However, critical illness insurance rates are typically more volatile, reflecting the potential for high claims volumes.

Cancer claims continued to be a significant concern within the New Zealand life insurance market, alongside a surge in mental illness cases. To address these trends, early intervention remains crucial in proactively managing and enhancing an organisation's claims experience.

Many insurers made substantial investments in wellness product offerings designed to support individuals and organisations in maintaining a healthy lifestyle.

Life and disability insurer landscape

In early 2025, Resolution Life acquired Asteron Life, with Asteron continuing to accept new business. Nippon Life acquired Resolution Life, forming the Acenda Group. This development is expected to positively impact the market. Further insurer consolidation is expected during 2026.

Premium rates in the life and total permanent disability (TPD) insurance sectors remained stable, with some reductions observed.

Health insurance

[*Medical inflation*](#) continued to impact the health insurance sector throughout 2025. In group health insurance, annual premium increases showed considerable variability. Non-claims experience rated plans saw increases ranging from 20% to 30% during 2025, with gradual easing emerging from 1 January renewals. Claims experience-rated plans, typically covering over 100 employees, experienced widely varied adjustments with increases exceeding 25% and, in some cases, over 40%.

In response to rising costs, insurers have implemented several changes:

- Southern Cross, New Zealand's largest health insurer, revised its target loss ratio from 87% to 85%, necessitating premium rate increases to reach this target.

- nib New Zealand introduced a 20% co-pay arrangement on all claims for specialists and diagnostics for individual policies, in addition to any excess. While this is not applicable to employer-subsidised plans, it is expected to be introduced as an option during 2026 to help contain premium increases.

Elevated levels of workplace stress, mental health challenges, and burnout remained critical areas of focus for employers, as noted in *Mercer Marsh Benefits' People Risk 2024: Investing in your people, protecting your business*. Most insurers continued to offer support measures, including mental health resources, GP telehealth services, and wellness benefits to help address these pressing issues.

Employer-subsidised health insurance is a key employee benefit and a vital factor in talent retention and attraction. With New Zealand's healthcare system under strain, employers are prioritising timely access to healthcare. In response, several large employers have introduced new health insurance arrangements and expanded existing coverage, seeking innovative ways to manage and predict costs. Cost containment strategies include optimising programmes by transitioning from co-pay models to flat-dollar deductibles, and leveraging market competition for premium savings. Additionally, many employers are transitioning from direct insurer engagement to an intermediated structure to obtain independent, proactive advice.

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