Beyond insurance

A joined-up response to climate risk, affordability and household resilience

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2026 Churchill Fellowship to understand how individuals, communities and governments are responding to insurer retreat in the face of climate change.

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Executive summary

The central finding of the fellowship is that insurance affordability cannot be solved by insurance-sector measures alone. A durable response must connect insurance with trusted hazard information, land-use planning, resilient infrastructure and building standards, lending, adaptation measures backed by sustainable funding, and emissions reduction.

In the meantime, public insurance schemes are stepping in to keep insurance affordable and available by covering the highest-risk perils. Of the public insurance schemes, those that are compulsory and spread risk appear to be more successful than voluntary or fragmented schemes.

Yet public insurance support is often disconnected from risk reduction. The strongest public insurance schemes link support with adaptation funding or resilience measures, although practical adaptation measures lag behind policy decisions.

New Zealand already has many of the necessary institutions, including the Natural Hazards Commission, to build a robust whole-of-system approach to insurance affordability and availability alongside an effective climate adaptation framework. The problem is that responsibilities remain fragmented. Central government should bring the system together around a clear public objective: keeping people safe, protecting access to housing and reducing the losses households and taxpayers will otherwise carry.

Key observations

I discussed insurance affordability with advocates and experts in Australia, United Kingdom, Belgium, France, Spain and the US. Remarkably similar themes emerged from those discussions. They include:

- **Households face three linked issues.** Cover is becoming unaffordable or unavailable; pricing and underwriting decisions are difficult to understand; and inadequate cover and poor claims handling can prevent recovery.
- **Public schemes keep markets operating, but design matters.** Compulsory, broadly funded schemes generally spread risk more effectively than voluntary, fragmented arrangements. Availability does not necessarily mean affordable or adequate cover.
- **Insurance support is too often disconnected from risk reduction.** The strongest international examples link public insurance support with adaptation funding or resilience measures. Even then, delivery can lag and household uptake can be low.
- **Reinsurance is important but not unlimited.** It helps insurers manage large losses, but the market is concentrated and costs are hard to scrutinise. Catastrophe bonds and parametric products can diversify the risk, but they do not reduce hazards and may provide narrower protection for homeowners.
- **Public support should come with insurer obligations.** If governments and taxpayers carry more catastrophic risk, insurers should provide clearer pricing, fair claims

handling, continued access to cover, public performance data and recognition of verified resilience work.

- **Risk cannot be pushed onto households alone.** The infrastructure around people's homes and the resilience of those homes are shaped by public and private decisions. Reducing risk requires a collective response.

Recommendations for New Zealand

My recommendations are as follows.

1. **Put one body in charge of the whole system.** Give a central government body, or a formal cross-agency group, responsibility for connecting insurance affordability with hazard information, land use, infrastructure, building rules, lending, adaptation and recovery. Its mandate should explicitly recognise the Crown's obligations under Te Tiriti o Waitangi and provide for Māori participation in decisions that affect Māori land, homes and communities.
2. **Tie public insurance support to reducing risk.** The Natural Hazards Commission and any future guarantees, subsidies or reinsurance support should sit alongside funded adaptation plans, and there should be clear expectations of insurers, lenders and councils.
3. **Create one trusted source of property-level hazard information.** Information should be consistent, current and accessible. It should explain uncertainty and future climate assumptions, allow errors to be corrected and tell households what action is realistic.
4. **Make insurers explain prices, underwriting and claims performance.** When insurers materially change premiums, excesses, exclusions or renewal decisions, customers should know why. Regulators should be able to scrutinise catastrophe models and net reinsurance costs and publish comparable claims data.
5. **Reward verified resilience work.** There should be national standards, certification and trusted installer pathways. Public funding should support households that cannot afford resilience work, and insurers and lenders should consistently recognise verified risk reduction.
6. **Protect access to meaningful cover.** Insurers should provide adequate tools for providing rebuild-cost estimates and simplify their product information. I note that in Aotearoa the Contracts of Insurance Act has been updated and focuses on the fairness of contract terms. This will come into force on 15 November 2027. Regulators should monitor underinsurance and non-renewals. The government should consider whether insurers must provide cover where public schemes are taking on the most risk and keeping the market operating.
7. **Plan fair pathways for places that are no longer viable.** Enduring, funded frameworks need to be in place for managed retreat, buy-outs and compensation. Such frameworks should be developed transparently with affected communities. They should uphold Te Tiriti o Waitangi obligations; protect Māori relationships with whenua; and involve iwi, hapū and Māori communities from the outset.

8. **Reduce both present and future risk.** Adaptation and insurance reform must sit alongside credible emissions reduction.

Implementing recommendations

Implementation should be staged, but the work needs to begin as one programme rather than a series of separate insurance, planning and adaptation projects.

First 12 months: establish leadership and the evidence base. Cabinet should assign a lead body, agree shared outcomes and publish baseline measures for insurance affordability, availability, underinsurance, non-renewals and claims performance. Agencies should agree a national approach to property-level hazard information.

Within two years: set the rules and funding. Develop insurer disclosure and claims-reporting requirements, resilience standards and certification, and a long-term funding framework for household and community adaptation. Clarify how Natural Hazards Commission data, levies, research and procurement can support risk reduction.

Within three years: deliver in priority communities. Use hazard and insurance data to identify the places facing the greatest combined physical and financial risk. Fund locally designed packages that may address infrastructure, property upgrades, advice, lending support and, where necessary, relocation.

Ongoing: monitor outcomes and adjust. Report publicly on whether cover remains meaningful and affordable, whether losses and exposure are falling, and whether public support is producing fair outcomes. Undertake independent reviews following major disasters.

Dissemination plans

The findings of my research will be used in Consumer NZ's policy and public-interest work on insurance, climate adaptation and household resilience. The aim is to provide useful evidence for decision-makers while also explaining, in plain language, what changing insurance markets mean for households.

My dissemination activities have included and continue to include the following:

- **Policy engagement:** Consumer will provide the report to relevant ministers, central and local government agencies, the Natural Hazards Commission, regulators, insurers and banks and offer briefings.
- **Public communication:** Consumer will publish accessible articles on insurance affordability, hazard information, resilience and consumer rights.
- **Sector discussion:** I have presented the findings at Te Herenga Waka – Victoria University of Wellington and the Insurance Council of New Zealand's Consumer Advisory Committee.
- **Ongoing advocacy:** these recommendations will be used to inform submissions and public debate on adaptation, managed retreat, insurance regulation and the future role of NHC.

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