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Contracts
of Insurance
Act 2024

How it
impacts
insurers
and
brokers



The **Contracts of Insurance Act 2024** represents a comprehensive modernisation of New Zealand's insurance contract law, restructuring and consolidating legislation that has become complicated and dated over more than a century.

For insurers, and the brokers who support customers through the lifecycle of their policies, the Act sets a new legal and operational baseline, introducing updated duties, rebalancing disclosure responsibilities, establishing proportionate remedies and clear claims handling expectations. It will come into force on 15 November 2027, giving insurers and brokers a finite window to prepare for compliance and system changes.

In this document we look at the changes and what they will mean for insurers and brokers after enactment in 2027.

1.

Distinguishing consumer and non-consumer contracts

A key structural change is the introduction of separate treatment for consumer and non-consumer insurance contracts with different disclosure duties and different criteria for breaches:

- **Consumer insurance contracts**
Defined as insurance policies, ordinarily entered into by a policyholder wholly or predominantly for personal, domestic or household purposes.
- **Non-consumer insurance contracts**
Essentially, all other insurance policies fall into this category.



2.

Updated disclosure duties

2.1 Consumer contracts – “reasonable care not to make a misrepresentation”

Consumer policyholders must take reasonable care not to mislead the insurer during policy inception, renewal, or variation. This replaces the former broad obligation to inform insurers of all material information, even if not specifically requested.

The Act shifts responsibility toward insurers (and therefore brokers acting in support) by requiring:

- Clear, specific, and sufficiently detailed questions
- Follow-up where answers are incomplete or unclear.

Generic catch-all requests e.g. “tell us anything material” can no longer be relied upon.

2.2 Non-consumer contracts – “fair presentation of the risk”

Non-consumer policyholders must disclose every material circumstance they know or ought to know or provide enough information to put the insurer on notice that further inquiry is needed. The definition of knowledge for this purpose includes:

- Senior management
- Anyone responsible for arranging insurance, including brokers
- Information discoverable by reasonable search, including data held by brokers.

This framework largely reflects previous common law expectations but codifies them more clearly.

3.

Insurer obligations under the Act

3.1 Duty to inform policyholders

Insurers must take reasonable steps to ensure policyholders understand:

- Their disclosure duties
- The consequences of breaching them.

Where insurers fail to do this effectively, it may affect the remedies available to them.

3.2 Notification requirements

Insurers must notify policyholders of disclosure obligations at every new policy inception or variation.

3.3 Claims payment timeframe

Insurers must pay claims within a reasonable time, taking into account:

- Claim complexity
- Anyone responsible for arranging insurance, including brokers
- External delays beyond the insurer’s control.

4.

Remedies for misrepresentation or breach of duty

The Act introduces a structured, proportionate remedies framework, replacing the previous “all-or-nothing” remedy of avoiding the policy.

Depending on whether a misrepresentation was deliberate, reckless, or careless, insurers may:

- Avoid the contract and retain premium
- Avoid the contract but return premium
- Apply alternative terms that would have been agreed had full disclosure been made
- Reduce claims proportionately.

These remedies align with international models, specifically the UK and Australia, and aim to balance fairness with underwriting integrity.

5.

Transition timeframes and implementation

The Act will come into effect on 15 November. Transitional provisions mean the new disclosure duties will apply to:

- New contracts
- Renewals
- Variations made after commencement.

Given the scale of change insurers are expected to undertake significant updates across all aspects of their business including broker engagement.

