

# The Treasury

## Residential Flood Insurance Issues Information Release

December 2022

This document has been proactively released by the Treasury/Minister of Finance (Hon Grant Robertson)/ Minister Responsible for the Earthquake Commission (Hon Dr David Clark) on the Treasury website at <https://www.treasury.govt.nz/news-and-events/reviews-consultation/residential-flood-insurance-issues>

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Key to sections of the Act under which information has been withheld:

- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information
- [26] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment
- [36] 9(2)(h) - to maintain legal professional privilege
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

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## Treasury Report: Draft Cabinet paper: Residential flood insurance issues

|       |               |              |                  |
|-------|---------------|--------------|------------------|
| Date: | 14 March 2022 | Report No:   | T2022/439        |
|       |               | File Number: | SH-11-4-3-4-14-1 |

### Action Sought

|   | Action Sought   | Deadline      |
|---|---|---------------|
| Minister of Finance (Hon Grant Robertson)                               | <b>Approve</b> the attached draft Cabinet paper for Ministerial consultation. | 15 March 2022 |
| Minister Responsible for the Earthquake Commission (Hon Dr David Clark) |   |               |

### Contact for Telephone Discussion (if required)

| Name            | Position                   | Telephone |               | 1st Contact |
|-----------------|----------------------------|-----------|---------------|-------------|
| Max Lin         | Analyst                    | s9(2)(k)  | N/A           |             |
| Danijela Tavich | Senior Analyst             |           | s 9(2)(g)(ii) | ✓           |
| Dasha Leonova   | Manager, Financial Markets |           |               |             |

### Actions for the Minister's Office Staff (if required)

**Return** the signed report to Treasury.

**Circulate** (by Office of the Minister Responsible for the Earthquake Commission) a copy of this paper and consult the offices of other Cabinet Ministers prior to lodgement.

**Lodge** the Cabinet paper by 31 March.

Note any feedback on the quality of the report

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**Enclosure:** Yes (attached)

## **Treasury Report: Draft Cabinet paper: Residential flood insurance issues**

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### **Executive Summary**

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On 3 March 2022, Treasury sought feedback from the Minister of Finance and Minister Responsible for the Earthquake Commission (“Joint Ministers”) on next steps to progress the flood insurance issues work [T2022/321 refers]. This report seeks your agreement to circulate a draft Cabinet paper with your Ministerial colleagues for feedback. The draft Cabinet paper:

- Updates Cabinet on work done to date on flood insurance issues, including initial consultation with insurers.
- Notes that policy questions for flood insurance, including the interaction with managed retreat, will be included in the consultation material of the draft National Adaptation Plan (NAP) in April and May 2022. We proposed that the Cabinet paper be considered at the same Cabinet meeting as the draft NAP [T2022/321 refers].
- Notes that Joint Ministers intend to undertake further work focused on ensuring insurance for flooding continues to play an appropriate role in supporting community resilience in the context of increasing risk-based pricing and underlying risks being exacerbated by climate change.
- Invites Joint Ministers to report back to Cabinet in the second half of 2022 to seek decisions on responding to flood insurance issues, including whether to proceed with the development of an insurance intervention, key aspects of any intervention, and agreement to targeted consultation.
- Directs the Treasury to lead a work programme to develop recommendations to inform the Cabinet report back.

The Cabinet paper also informs your Cabinet colleagues that final policy decisions on any intervention would likely be sought in the second half of 2023, s9(2)(f)(iv)

We recommend that you forward the draft Cabinet paper for consultation with your colleagues between 15 March to 24 March. This coincides with the consultation period on the draft NAP.

We recommend that, subject to any changes in response to Ministerial feedback, the attached paper should be lodged following consultation with your colleagues by 10:00am on 31 March 2022, for consideration by the Cabinet Economic Development Committee (DEV) on 6 April 2022 and Cabinet on 11 April 2022. This means the paper will most likely be considered alongside the Cabinet paper on the draft NAP.

**IN-CONFIDENCE**

**Recommended Action**

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We recommend that you:

- a **Agree** that the Office of the Minister Responsible for the Earthquake Commission begins consultation with your colleagues based on this paper

|                            |   |
|----------------------------|---|
| <i>Agree/disagree</i>      | <i>Agree/disagree</i>                                     |
| <b>Minister of Finance</b> | <b>Minister Responsible for the Earthquake Commission</b> |

- b **Agree** that the attached Cabinet paper, subject to any changes made by yourselves or arising from consultation with your colleagues, be lodged by 10:00am 31 March for consideration by DEV on 6 April 2022.

|                            |   |
|----------------------------|---|
| <i>Agree/disagree</i>      | <i>Agree/disagree</i>                                     |
| <b>Minister of Finance</b> | <b>Minister Responsible for the Earthquake Commission</b> |

Dasha Leonova  
**Manager, Financial Markets**

Hon Grant Robertson  
**Minister of Finance**

Hon Dr David Clark  
**Minister Responsible for the Earthquake Commission**