

House of Representatives

Supplementary Order Paper

Tuesday, 14 March 2017

Fire and Emergency New Zealand Bill

Proposed amendment

Clayton Mitchell, in Committee, to move the following amendment:

Clause 70

In *clause 70(1)*, definition of **contract of insurance**, after *paragraph (b)(iii)* (page 54, after line 30), insert:

- (iv) a contract of liability insurance:
- (v) a contract of bailee insurance:
- (vi) a contract of travel insurance

Explanatory note

This Supplementary Order Paper amends the definition of contract of insurance in *clause 70*. The FENZ levy regime is intended to levy insured property to fund FENZ. Unfortunately, the broad levy attachment provisions capture classes of insurance that were not intended to be levied. Contracts of reinsurance, marine insurance, and aviation insurance have been removed from the definition of contract of insurance to this end. Contracts of liability insurance, bailee insurance, and travel insurance should also be exempt.

Liability insurance does not insure property; it insures legal liability. It is therefore far removed from the purposes of the levy. Levying liability insurance would be inequitable and distortionary, aside of it being unintentionally caught by the Bill's levy provisions in the first place.

Bailee insurance should be exempt for the same reasons as liability insurance – it insures the liability of a bailee to the bailor. The levy will already be collected for FENZ on the property insurance covering the bailed property.

Finally, travel insurance should be exempt, again because it is primarily an insurance policy to guard against personal risks, not to cover property.