# New Zealand's Contracts of Insurance Act 2024 transforms broker responsibilities and disclosure duties



The introduction of New Zealand's Contracts of Insurance Act 2024 marks a significant shift in the landscape of insurance law, imposing new obligations on brokers and reshaping their roles in managing disclosure processes and client interactions. Central to these reforms is a fundamental recalibration of the duty of disclosure, particularly distinguishing between consumer and non-consumer insurance contracts.

Under the new legislation, consumers are required only to take reasonable care not to make misrepresentations to insurers, replacing the prior obligation to disclose all information that could influence an insurer's decision. This duty is confined to answering questions posed by the insurer rather than volunteering unsolicited information. In contrast, non-consumer policyholders, including commercial and business clients, must provide a “fair presentation of the risk.” This entails disclosing all material circumstances known or that ought to be known, which notably includes information held not only by the policyholder but also by brokers and their employees. Such distinctions necessitate brokers to carefully review and update proposal forms, ensuring that questions posed to clients are clear, specific, and comprehensive to meet these new disclosure expectations.

Brokers are also tasked with updating all documentation and communications, including proposal forms and policy documents, to reflect the altered disclosure standards and clearly outline the consequences of non-compliance. Transparent communication with clients is paramount, especially to explain the differing duties between consumer and non-consumer contracts and the implications this has for disclosures and potential remedies. This is critical in helping clients navigate their revised legal obligations under the Act.

In practice, these changes require brokers to enhance their systems for collecting, storing, and managing material information rigorously. This includes keeping detailed records of disclosures made to insurers, identifying who made the disclosure and when, to demonstrate compliance with the Act. Such record-keeping is essential not only for regulatory adherence but also for managing risk and client trust.

Comprehensive staff training programs are urgent priorities, focusing on the new legal requirements governing disclosure duties and intermediary obligations. Brokers must overhaul internal processes, including those relating to the handling of disclosures, client funds, and third-party information requests. Proper management of client accounts is now under tighter scrutiny, with rules mandating timely payments to insurers and policyholders, alongside the segregation of funds to ensure financial integrity.

An additional dimension introduced by the Act is the allowance for third parties to claim directly against insurers in cases where policyholders are insolvent or deceased. Brokers may find themselves supporting such claims and adhering to strict timeframes for responding to third-party information requests. This new regime may also require the development of policies regarding whether and when to charge fees for providing information to third parties, a practice permitted by the Act but new to many brokers’ operational frameworks.

These reforms, as highlighted by legal experts and industry commentators, also bring about higher penalties and a recalibration of potential revenue streams for brokers. The increased obligations and complexities underscore the need for brokers to be well-versed in these changes and proactive in advising and supporting clients. Failure to comply with the new duties could expose brokers and their clients to significant legal and financial consequences.

Moreover, the Act signals a broader push towards modernising insurance contract law to reflect current market realities. For instance, it is anticipated that some smaller business contracts could now be classified as consumer insurance, thereby altering the applicable disclosure regime and requiring brokers to adjust their advisory approaches accordingly. There is also the possibility of forthcoming regulations that will dictate the format, layout, and presentation of insurance contracts, further shaping broker practices in documentation and communication.

In sum, New Zealand’s Contracts of Insurance Act 2024 imposes substantial changes that compel brokers to reassess and revamp their entire operational infrastructure—from client engagement and documentation to staff training and compliance systems. Brokers who adapt swiftly to these new standards will be better positioned to support their clients effectively while navigating the evolving legal landscape.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[2]](https://www.legislation.govt.nz/act/public/2024/0046/latest/LMS503841.html), [[3]](https://www.legislation.govt.nz/bill/government/2024/0041/16.0/whole.html)
* Paragraph 2 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[3]](https://www.legislation.govt.nz/bill/government/2024/0041/16.0/whole.html), [[7]](https://www.heskethhenry.co.nz/insights-opinion/contracts-of-insurance-act-whats-in-store-for-you/)
* Paragraph 3 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[4]](https://www.minterellison.co.nz/insights/new-duties-higher-penalties-and-fewer-revenue-streams-brokers-and-the-icb)
* Paragraph 4 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[4]](https://www.minterellison.co.nz/insights/new-duties-higher-penalties-and-fewer-revenue-streams-brokers-and-the-icb), [[5]](https://www.feelangstone.co.nz/news/2025/8/5/thomson-reuters-regulatory-intelligence-new-zealand-insurance-update)
* Paragraph 5 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[4]](https://www.minterellison.co.nz/insights/new-duties-higher-penalties-and-fewer-revenue-streams-brokers-and-the-icb), [[5]](https://www.feelangstone.co.nz/news/2025/8/5/thomson-reuters-regulatory-intelligence-new-zealand-insurance-update)
* Paragraph 6 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[4]](https://www.minterellison.co.nz/insights/new-duties-higher-penalties-and-fewer-revenue-streams-brokers-and-the-icb), [[5]](https://www.feelangstone.co.nz/news/2025/8/5/thomson-reuters-regulatory-intelligence-new-zealand-insurance-update)
* Paragraph 7 – [[1]](https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx), [[5]](https://www.feelangstone.co.nz/news/2025/8/5/thomson-reuters-regulatory-intelligence-new-zealand-insurance-update), [[6]](https://www.dentons.co.nz/en/insights/articles/2022/march/15/insurance-contracts-law-reform), [[7]](https://www.heskethhenry.co.nz/insights-opinion/contracts-of-insurance-act-whats-in-store-for-you/)

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## Bibliography

1. <https://www.insurancebusinessmag.com/nz/news/legal-insights/brokers-on-the-brink-how-the-contracts-of-insurance-act-will-reshape-your-business-549150.aspx> - Please view link - unable to able to access data
2. <https://www.legislation.govt.nz/act/public/2024/0046/latest/LMS503841.html> - The Contracts of Insurance Act 2024 introduces significant reforms to New Zealand's insurance legislation, including changes to disclosure duties. Under the Act, policyholders are required to take reasonable care not to make misrepresentations to insurers before entering into or varying a consumer insurance contract. This duty replaces the previous obligation to disclose all information that could influence an insurer's decision. The Act also outlines the consequences of breaching this duty, providing insurers with proportionate remedies based on the nature of the misrepresentation and its impact on the insurer's decision-making process.
3. <https://www.legislation.govt.nz/bill/government/2024/0041/16.0/whole.html> - The Contracts of Insurance Bill 41-3 (2024) is a government bill that aims to modernise New Zealand's insurance contract law. It introduces reforms such as distinguishing between consumer and non-consumer insurance contracts, abolishing the duty of disclosure for consumer policies, and replacing it with a duty to take reasonable care not to make a misrepresentation. The Bill also outlines the duty of non-consumer policyholders to make a fair presentation of the risk, requiring disclosure of all material circumstances known or that ought to be known, including those known by the broker and their employees.
4. <https://www.minterellison.co.nz/insights/new-duties-higher-penalties-and-fewer-revenue-streams-brokers-and-the-icb> - This article discusses the implications of the Contracts of Insurance Bill (ICB) for brokers, highlighting new duties, higher penalties, and potential impacts on revenue streams. It emphasises the importance for brokers to support clients in meeting their new duty of disclosure, which varies between consumer and non-consumer insurance contracts. The article also notes that brokers must be familiar with the applicable disclosure duties for their clients when passing on information from the policyholder, especially in cases where the policyholder is making a misrepresentation.
5. <https://www.feelangstone.co.nz/news/2025/8/5/thomson-reuters-regulatory-intelligence-new-zealand-insurance-update> - This update provides an overview of recent developments in New Zealand's insurance law, focusing on the Contracts of Insurance Act 2024 and the Contracts of Insurance (Repeals and Amendments) Act 2024. It outlines key reforms, including the introduction of a duty for policyholders to take reasonable care not to make misrepresentations, the duty to make a fair presentation of the risk for non-consumer contracts, and the requirement for insurers to provide clear information to policyholders about their duties and the consequences of non-compliance.
6. <https://www.dentons.co.nz/en/insights/articles/2022/march/15/insurance-contracts-law-reform> - This article discusses the transitional arrangements for the new disclosure duties under the Contracts of Insurance Bill. It highlights the need for insurers to consider obtaining additional information during policy renewals or variations and notes that some smaller business contracts may be classified as consumer insurance contracts, leading to a shift in duties for insurers. The article also mentions the possibility of regulations prescribing the form of insurance contracts, including layout, length, and font size.
7. <https://www.heskethhenry.co.nz/insights-opinion/contracts-of-insurance-act-whats-in-store-for-you/> - This article provides an overview of the Contracts of Insurance Act, highlighting key changes such as the removal of the insured's common law duty to disclose material information and the introduction of a duty for consumers to take reasonable care not to make misrepresentations. It also discusses the duty for non-consumers to make a fair presentation of the risk and the potential impact on insurers' ability to avoid policies. The article notes that insurers and brokers will need to ask more questions at the time of placement to comply with the new requirements.