MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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# COVERSHEET

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| **Minister** | Hon Cameron Brewer | **Portfolio** | Commerce and Consumer Affairs |
| **Title of Cabinet paper** | Removal of Health and Life Insurers from the Climate-Related Disclosures Regime | **Date to be published** | 15 July 2026 |

| **List of documents that have been proactively released** | | |
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| **Date** | **Title** | **Author** |
| 21 May 2026 | Removal of Health and Life Insurers from the Climate-Related Disclosures Regime | Office of the Minister of Commerce and Consumer Affairs |
| 27 May 2026 | Removal of Health and Life Insurers from the Climate-Related Disclosures Regime<br>ECO-26-MIN-0093 Minute | Cabinet Office |
| 29 April 2026 | Regulatory Impact Statement: removal of health and life insurers from the climate-related disclosures regime | MBIE |

**Information redacted** **YES**

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Some information has been withheld for the reasons of confidential advice to government, commercial information and legal professional privilege.

**In Confidence**

Office of the Minister of Commerce and Consumer Affairs

Cabinet Economic Policy Committee (ECO)

## Removal of Health and Life Insurers from the Climate-Related Disclosures Regime

### Proposal

1 This paper seeks agreement that health and life insurers be removed from the mandatory climate-related disclosures regime.

### Relation to Government priorities

2 This proposal relates to the Government's priority to reform capital markets under the Competitive Business Settings pillar of *Going for Growth*.

### Executive summary

3 New Zealand's climate-related disclosures (**CRD**) regime, introduced by the previous Government, requires large financial institutions to report annually on their climate-related risks and opportunities. The regime aims to support more informed business and investment decisions and assist the transition to a low emissions economy.

4 Cabinet has already decided to narrow the number of businesses that must report under the regime, and legislation to implement this change is before the House.

5 During the Select Committee process on the legislation, the Financial Services Council (**FSC**) submitted that health and life insurers should be removed from the CRD regime, along with managers of managed investment schemes (**MIS managers**) and smaller listed entities. I agree with them and consider it is important to further narrow the regime by removing health and life insurers at the same time.

6 This is because, unlike property and general insurers, health and life insurers have low exposure to material climate-related financial risks and limited ability to influence the transition to a low-emissions economy. I therefore think it is disproportionate to impose the cost of reporting on these businesses.

7 The Financial Markets Authority (**FMA**), which regulates the regime, agrees that these insurers should not have to report.

8 I propose that this additional refinement be made at the same time as we make the other changes to limit the scope of the regime via an Amendment Paper to the legislation at Committee of the whole House stage. The change would take

effect after Royal assent, and reporting obligations for health and life insurers would cease.

## Background

9 The CRD regime, which started in 2024, requires about 164 large banks, insurers, building societies, credit unions, listed issuers and MIS managers to report on their climate-related risks and opportunities.

10 In October 2025, following consultation, Cabinet agreed to make changes to the regime to raise the reporting threshold for listed issuers from $60 million to $1 billion in market capitalisation (or quoted debt), remove MIS managers from the CRD regime and adjust the liability settings. These changes were intended to make the regime more appropriate for the New Zealand market and remove a barrier to listing on the NZX.

11 The adjustments to the CRD regime were referred to the Select Committee for the Financial Markets Conduct Amendment Bill in December 2025 and have been included in the Bill as reported back to the House.

12 When the changes agreed by Cabinet last year are implemented, approximately 76 businesses will continue to prepare climate reports. Of these, 17 are insurers, including 9 health and life insurers. If the health and life insurers are removed, as I propose, approximately 67 businesses will continue to report.

## Health and Life Insurers

13 I consider health and life insurers' disclosures to be high-level and of limited value, and therefore the costs of preparing them are likely to exceed the benefits. Officials estimate that the cost for a health or life insurer to produce a climate statement is approximately $261,500 to $600,000 per year which is a significant burden for a business. Further, unlike general insurers who can influence the market through their property insurance activities, health and life insurers have limited ability to influence the transition to a low-emissions economy. Removing the requirement to report will further ensure that the regime is proportionate and targeted at the most influential entities.

14 I propose that insurers are excluded from the regime if their business is wholly or predominantly the provision of health or life insurance. This will ensure that the regime focuses on insurers whose core business activities are within scope, while not imposing regulatory obligations on entities whose primary operations lie in health and life insurance.

15 The FSC supports removing health and life insurers from the CRD regime. It argues that, unlike property and general insurers, health and life insurers are not materially exposed to climate-related physical risks such as floods or storms. The FSC considers that disclosures should be made by sectors where climate risk is operationally significant.

16 The FMA agrees that health and life insurers should not be in the regime.

17 MBIE's position is that, on balance, health and life insurers should continue reporting. As set out in its Regulatory Impact Statement, MBIE notes that the effectiveness of the regime relies on having a broad base of reporting entities to generate consistent, comparable, economy wide information. In addition, the CRD regime was focused on large financial market participants, not because they necessarily face the greatest climate risks, but because financial markets provide a key lever for shifting investment patterns across the economy.

## Financial implications

18 Taking the health and life insurers out of the regime would lead to a reduction of approximately $50,000 per year in levy funding for the Crown that funds the FMA to regulate the CRD regime. Confidential advice to Government

Confidential advice to Government

19 The primary benefits are cost savings for the nine health and life insurers. The average estimated cost to produce climate statements is $261,500 - $600,000 per year per insurer.

## Legislative implications

20 The Office of the Clerk has provided an initial view that this change is within scope of the Financial Markets Conduct Amendment Bill which is currently at second reading. It is proposed that the changes are included in the Bill via an Amendment Paper at the Committee of the whole House stage

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## Impact analysis

### Regulatory Impact Statement

21 The Ministry of Business, Innovation and Employment (MBIE) Regulatory Impact Analysis Review Panel has reviewed the Regulatory Impact Statement attached and determined that it meets the Quality Assurance criteria. The Panel notes that broader consultation may have provided greater insights about the potential effectiveness of the CRD regime and the impact of removing life and health insurers from it. However, the Regulatory Impact Statement otherwise presents a robust analysis of options regarding this further proposed change to the CRD regime.

### Climate Implications of Policy Assessment

22 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal as the threshold for significance is not met.

## Population, cost-of-living and human rights implications

23 There are no direct population, cost-of-living or human rights implications.

## Consultation

24 Industry views have been received from the FSC. There has not been direct consultation with health and life insurers; however, I propose that they will be consulted about the mechanism for removal after Cabinet decisions, but before the Amendment Paper is drafted.

25 The FMA, External Reporting Board, Ministry of Foreign Affairs and Trade, Ministry for the Environment (**MfE**), Ministry for Regulation and Treasury have been consulted. The Department of the Prime Minister and Cabinet has been informed.

26 MfE agrees with MBIE's view that health and life insurers should remain in the regime Legal professional privilege

Legal professional privilege

27 Legal professional privilege

28 Legal professional privilege

## Communications and proactive release

29 I expect to announce this proposal soon after Cabinet decisions are made. This paper will be published on MBIE's website within 30 working days after final decisions have been made, subject to appropriate redactions.

## Recommendations

The Minister of Commerce and Consumer Affairs recommends that the Committee:

1 **note** that health and life insurers have limited exposure to material climate-related financial risks, provide disclosures of limited usefulness and face compliance costs that are not proportionate to their level of climate risk;

2 **agree** to exclude any insurer whose business is wholly or predominantly the provision of health or life insurance from the climate-related disclosures regime;

3 **note** that this amendment may be progressed by an Amendment Paper to the Financial Markets Conduct Amendment Bill at the Committee of the whole House stage;

4 **invite** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office;

5 **authorise** the Minister of Commerce and Consumer Affairs to make any minor or technical changes required to give effect to the policy decisions in these recommendations.

Authorised for lodgement

Hon Cameron Brewer

Minister of Commerce and Consumer Affairs