

# Natural Disaster Deductible Buy Down

Reducing natural disaster excess for greater financial protection

## What is a Natural Disaster Deductible Buy Down?

Under a Material Damage policy, Natural Disaster deductibles can be very high because they're calculated as a percentage of the total sums insured at a location. This means even a moderate loss can leave a business with a significant out-of-pocket cost.

A **Natural Disaster Deductible Buy Down** reduces that deductible. By lowering the amount you must pay following a natural disaster, it helps minimise financial strain and supports faster recovery.

New Zealand's position on the boundary of the Pacific and Australian tectonic plates – part of the Pacific Ring of Fire – makes it especially vulnerable to earthquakes and volcanic activity. Having the right insurance structure in place, can make a major difference in how quickly a business can get back up and running after a natural disaster.

## Product features

- ✓ Standalone product – primary Material Damage policy does not need to be with Delta
- ✓ Available for *all* NZ regions and *all* building ages
- ✓ Options such as reducing deductibles from 5% to 1% or to an agreed amount
- ✓ Can consider for Contract Works policies
- ✓ Can be incepted at any time – no need to wait for renewal

## Claims snapshot



### Natural Disaster Loss

Earthquake damage totalling \$2,000,000



### Standard Deductible

Material Damage policy carries a 5% Natural Disaster excess on a \$10,000,000 building – a \$500,000 deductible for every event



### With Delta's Buy Down

Reducing the deductible from 5% to 1% lowers the insured's contribution to \$100,000



### Result

The insured saves \$400,000, protecting cash flow and enabling a faster, more confident recovery

## Example deductible reduction options

The table below illustrates sample deductible buy down options and illustrates how much the Natural Disaster deductible can be reduced under different scenarios.

Main Material Damage policy information			Buy Down policy		
Total MD Sum Insured	ND Excess (%)	ND Excess (\$)	Reduced ND Excess (%)	New ND Excess (\$)	Reduction in ND Excess
\$10,000,000	5.00%	\$500,000	1.00%	\$100,000	-\$400,000
\$4,000,000	2.50%	\$100,000	0.50%	\$20,000	-\$80,000
\$35,000,000	1.00%	\$350,000	0.50%	\$175,000	-\$175,000
\$25,000,000	10.00%	\$2,500,000	5.00%	\$1,250,000	-\$250,000

## How to get a quote

- Provide current MD/BI sums insured and Natural Disaster deductible level
- Supply building age, construction details, and location
- Include valuations
- Contact your Delta property underwriter or email: [propertyuw@deltainsurance.co.nz](mailto:propertyuw@deltainsurance.co.nz)



Learn more about  
Delta's Natural Disaster  
Deductible Buy Down

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