

Frequently Asked Questions

First Home Loan - Insurance Premium Changes

What is the change to the First Home Loan?

From 1 July 2025, the insurance premium on new First Home Loan applications will increase from 0.5% to 1.2% of the loan value. Borrowers will continue to have the option of paying this upfront or across the lifetime of the loan.

Why has the insurance premium increased?

The insurance premium has always been 1.2% with borrowers paying 0.5% of the premium and the Government contributing an additional 0.7%. After 1 July 2025, the Government will not provide funding to cover part of the insurance premium.

I'm partway through my loan application / have loan approval but haven't purchased yet, will this change impact me?

The new insurance premium will apply to applications received by lenders after 1 July 2025.

All applications received by your bank on or before this date will continue to receive the current insurance premium rate of 0.5%, provided that:

- the lender provides the application to Kainga Ora within six weeks; and
- a property is under offer prior to the three-month approval expiry.

The insurance premium will also remain the same for existing approvals where a property was under offer before the expiry of the approval.

It's best to get in touch with your mortgage lender with any questions about your First Home Loan application/approval.

If I get my First Home Loan application to my bank by 1 July 2025, how long do I have until the new premium applies?

If your application is received by your bank by 1 July 2025, you will receive the premium rate of 0.5% until your approval expires. Applications expire three months after their approval.

If you make an offer on a property before your approval expires but the settlement date is after it expires, the 0.5% rate will still apply.

If you are unable to find a property before your First Home Loan approval expires (i.e., within three months), you will move to the new premium rate of 1.2% when your application renews, or you make a new application.

I won't be ready to apply for a First Home Loan until after 1 July 2025, how much difference will this change make to me financially?

The insurance premium is worked out on the total cost of your loan. For example, if your loan amount is \$500,000 then the 1.2% insurance premium would be \$6,000. You will have the option to pay this cost upfront or across the lifetime of the loan.

For advice about your individual situation, we recommend you get in touch with your mortgage lender.

Does Kāinga Ora still have a role to play in First Home Loans?

Yes, Kāinga Ora will continue to underwrite these loans to help first home buyers into home ownership by only requiring a minimum deposit of 5%.

If you have further questions about the First Home Loan, please call the Kāinga Ora Customer Support Centre on 0800 801 601 or get in touch with your bank.