



MONEYTREE

FINANCIAL SERVICES

BETTER COVER AND LESS COST

HOW TO GET THE BEST FROM ACC

Your guide to understanding ACC's cover options for the self-employed, contractors and shareholder-employees.

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INTRODUCTION

As a small business owner I didn't know much about ACC. Like most people I sort of expected that if I was off work because of an accident they would pay me some wages.

ACC Levy Classification 75200 Auxiliary insurance services Edit
Employment Status Part time (30 hours or less per week) E
Business Status Tell us if you have stopped trading or are

I didn't know how it would work, how much I'd get, when I'd get it or what it would cost. I just received their bill each year almost out of the blue, and paid it.

Having been in full time work since I left school in 1997, I sure didn't expect that ACC thought I was only working 'part time' (see FIGURE 1 – actual sample from ACC's records). It turns out that ACC holding

FIGURE 1

incorrect details happens more often than you'd think!

Incorrect details mean you can pay the wrong amount of levies. Like any insurer, that means potential problems when you make a claim. But if I didn't know what ACC had on record about me, how many other business owners, contractors and self-employed people would find similar issues?

I checked

After being granted special consent I delved into the ACC records of a sample of existing clients. We found that some owed ACC money, some were owed money, some were on the wrong levy rates/industry codes, and some were recorded as part time workers when they were actually full time.

“SOME OWED ACC MONEY, SOME WERE OWED MONEY, SOME WERE ON THE WRONG LEVY RATES/INDUSTRY CODES, AND SOME WERE RECORDED AS PART TIME WORKERS”

In each case, if a claim had been made it would not have gone well. These clients were really glad we checked their records!

Yours

This book is your guide to ACC for business owners. It is a quick guide that shows you how to set up your cover with ACC to make sure any future claim has the best possible outcome, and see to it that you don't spend any more than you have to.

It tells you about entitlements you probably didn't know you had, how levies are calculated and how claims work.

If you own a business that pays you PAYE wages or a salary, please be aware that some of the things this book suggests will mean you need to speak to your tax adviser about how you pay your income tax.

The information in this book is for business owners, self-employed and contractors only.

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TWO TYPES OF COVER

ACC has two products for the self-employed. They are called CoverPlus, and CoverPlus Extra. Yes, they sound basically the same.

But CoverPlus Extra is not the same. It's not even mostly the same with some Extra stuff. It's very different. This is how ACC describe it:

“If you're self-employed or a contractor and can't work because of an injury, you're covered by CoverPlus. This is so you'll still get paid while you're recovering.

You can choose to change to CoverPlus Extra. It gives you more control over how much of your income you want us to cover and means you can lower the levies you pay.”

[More details here](#)

There's a bit to unpack with that. Right off the bat we're into 'insurance speak'. It all sounds quite reassuring – “you're covered by CoverPlus”. But how good is CoverPlus? How much? When? What limits, terms and conditions apply?

It seems that under the standard CoverPlus policy too many business owners either don't get much, don't get enough, or don't get anything from ACC when it comes to 'being covered' for lost income while off work recovering from an injury.

Yes, you can 'choose' to change to CoverPlus Extra. And there are some very good reasons why you would.

Here's why:

- CoverPlus was not designed for business owners and the self-employed. It was essentially built for salary and wage earners.
- CoverPlus Extra is an agreed value policy that provides certainty, cost control and flexibility. It was designed for self-employed, contractors and shareholder employees.

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UNDERSTANDING ACC

Everyone in New Zealand who owns a business has to pay ACC levies. These levies cover the cost of our injury compensation scheme – ACC.

What you need to know

Whether you're self-employed, a contractor, or you have staff, you'll likely receive an invoice from ACC between mid-July and mid-August, after you file a tax return. The IRD passes that info to ACC, who then determine your 'liable earnings'.

How ACC determines your levies

When you establish a business you register a tax code with Inland Revenue, and you also choose a Business Industry Classification (BIC) code. This describes the business activity you do. You also get an ACC Classification Unit number – basically an occupation code.

After you file a tax return the Inland Revenue passes your liable income figures along to ACC, so they can invoice you for levies based on your business activity.

Find your BIC and CU codes at <https://www.businessdescription.co.nz>

Types of ACC levies

Everyone who works or owns a business in New Zealand pays levies. These levies cover injuries that happen at work, at home, on the sports field, and when you're out and about.

There are three types of ACC levy:

Earners' levy

Everyone who earns a salary in New Zealand pays the Earners' levy, which helps cover the cost of accidents that happen in your everyday activities outside work. It's a flat rate, charged per \$100 of your liable income. The levy varies and is currently set at \$1.75. From 1 April 2026 it is proposed to rise to \$1.83. GST is added to these levies.

Work levy

This levy goes into the Work Account to fund injuries that happen at work, and it's different for every business. This is the one that is based on your Classification Unit – the rate can vary considerably for different occupations.

Working Safer levy

This levy supports the activities of WorkSafe New Zealand, and is a flat rate - currently 8c per \$100 of your liable payroll or income.

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COVERPLUS EXTRA

ACC CoverPlus Extra is the flexible alternative to ACC CoverPlus. It enables you to negotiate your level of lost earnings cover. That way you know exactly what you'll receive if you're injured and can't work – and it doesn't matter whether the injury is work related.

Compare the two:

	ACC CoverPlus Extra	ACC WorkPlace Cover
Weekly compensation entitlement	<ul style="list-style-type: none"> • Pays 100% of the agreed amount • You receive 100% of the agreed cover, even if your business continues to generate income during your time off work or you return to work part-time • You don't have to prove loss of earnings 	<ul style="list-style-type: none"> • Pays up to 80% of your previous year's earnings (limits and conditions apply) • Is reduced if your business continues to generate income during your time off work or you return to work part-time • You must prove loss of earnings
Levy method	Calculated using: <ul style="list-style-type: none"> • the agreed amount of cover • your business and/or your personal occupational activity 	Calculated using: <ul style="list-style-type: none"> • your previous year's liable earnings • for a self-employed client: levy rates specific to your individual role with the business • for a shareholder-employee: the company's activities
Claims	<ul style="list-style-type: none"> • Your pre-agreed payment starts once the claim has been accepted • A seven-day stand-down period applies 	<ul style="list-style-type: none"> • Cover is based on previous earnings, and reduced by ongoing income • Claim will not be paid until earnings are known • A seven day stand-down period Applies

All self-employed business owners and shareholder employees should consider CoverPlus Extra.

- CoverPlus was not designed for business owners and the self-employed. It was essentially built for salary and wage earners.
- CoverPlus Extra is an agreed value policy that provides certainty, cost control and flexibility. It was designed for self-employed, contractors and shareholder employees.

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The benefits of CoverPlus Extra include:

Agreed Compensation

- This means there is no need to prove 'lost income' when you claim
- If your business continues to generate income, you are still entitled to receive 100% of the Agreed Amount

Does what it says

- Pays the agreed amount, whereas CoverPlus pays 80% of the previous year's taxable income, less 'abatements' (deductions)

Compensation continues in full until you are back in full-time work

- Weekly compensation payments are not 'abated' (reduced) by earned income – under ACC's normal cover, when you start earning, your claim starts reducing
- You can work part time, as you begin to recover. This ensures that your business continues to run until you get back to it

Gives you CERTAINTY of outcome

- You know what you'll receive when you are not able to work
- Being able to predict your ACC cover helps with planning your other insurances – such as income insurance

Gives you CONTROL of your ACC Coverage

- Agreed value cover, you choose how much (within reason!). Manage and choose your cover, and predict how it interacts with your other insurances. The minimum amount of cover is \$40,401 (80% of \$50,501). The maximum is \$125,313 (80% of \$156,641).

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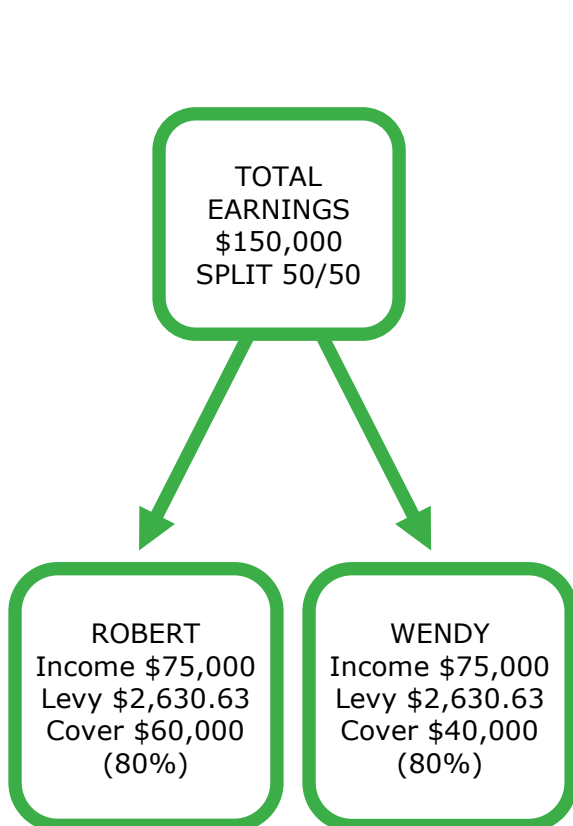


SPLITTING INCOME

Do you split your income with a spouse or partner?

This practice can reduce your income tax, but is almost certainly costing you money wasted on ACC levies. And if the business continues to operate, you may struggle with a claim if an injury prevents you from working. You may also find that ACC will only cover 80% of your share of the income, but what percentage of income is at risk?

EXAMPLE – Robert and Wendy – The Builders



The Builders – Mum and Dad business

- Robert runs the building operations
- Wendy is part time office administration
- Both are classified as builders and both are paying based on a builder's levy
- The business pays them \$150,000p.a.
- The income is shared 50/50 for tax purposes
- ACC Cover is 2x \$60,000
- Levy = \$2,630.63 x2 = \$5,261.26

Why should Wendy have to pay the same levy as Robert (\$2.13*), when she is not employed as a builder? (Office Admin Services is only \$0.32* which **drops her levy to \$1,536**)

- In the event of a claim for Robert, they will receive only 80% of his taxable income. That is only \$60,000 – less tax!
- Previous gross income was \$150,000 – could they survive?

Also: Without agreed cover, if Wendy has an accident, they would receive much less, if in fact anything at all, as it is unlikely that she would be able to show a loss of income that meets ACC's requirements.

In this situation Wendy's ACC cover is both more expensive than it needs to be, and is far less likely to actually pay.

ACC Cover Plus Extra could resolve both matters, and will mean that Wendy does not have to show 'lost income'. Robert can apply to his private insurer for a more realistic level of cover.

In this case the customers kept their cover the same, but switched to CoverPlus Extra. They have far greater certainty and their total levy dropped from \$5,261 to \$4,166 That \$1,095 they saved went a long way towards Robert's private insurance.

* Levy rates sourced from ACC Levy Guidebook 2025/26: CU 41110 and 78540

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PAYING YOURSELF PAYE

Do you pay yourself a salary by way of PAYE?

ACC levies are collected as part of the PAYE calculation. ACC Earner's levy is 1.75% of liable earnings + GST. You cannot escape these charges, and you may prefer to see the GST deducted too. The hidden problem with paying yourself a PAYE salary is proving to ACC that the income has "stopped" when you are seeking to claim compensation.

Are you a high income earner?

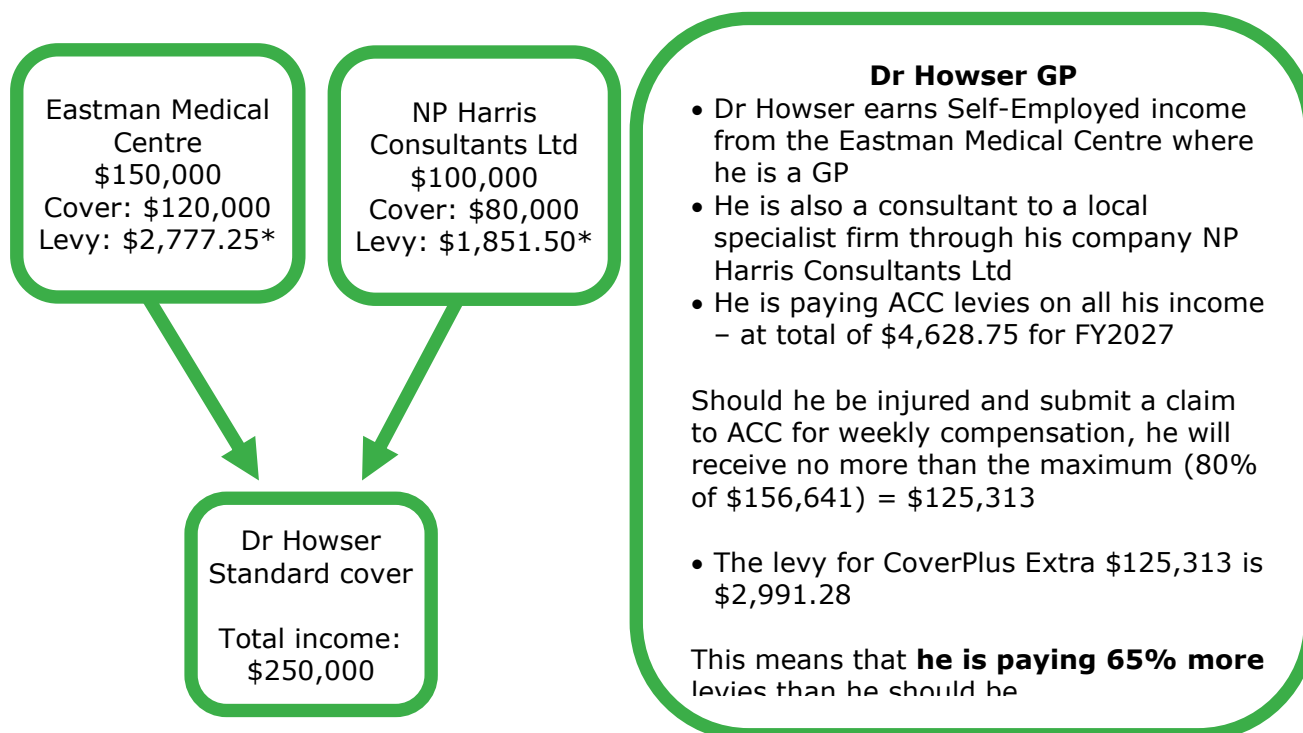
If your taxable earned income exceeds \$156,641 you will exceed ACC's maximum cover level. You may also be at risk of over-paying levies.

Do you have more than one source of income?

If you are paid an income from more than one source, this could mean that you are paying ACC substantially more than you need to.

If your total earned income from all sources exceeds \$156,641 you will not be paid the normal 80% of your income. The maximum amount that you can be paid in the event of a claim is therefore capped at \$125,313

EXAMPLE – Dr. Howser - Medical Practitioner



We found that Dr Howser is paying a lot more than he needs to, because ACC will never be able to pay more than their 'maximum amount'.

* Levy rates sourced from ACC Levy Guidebook 2025/26: CU 86210 and 86220

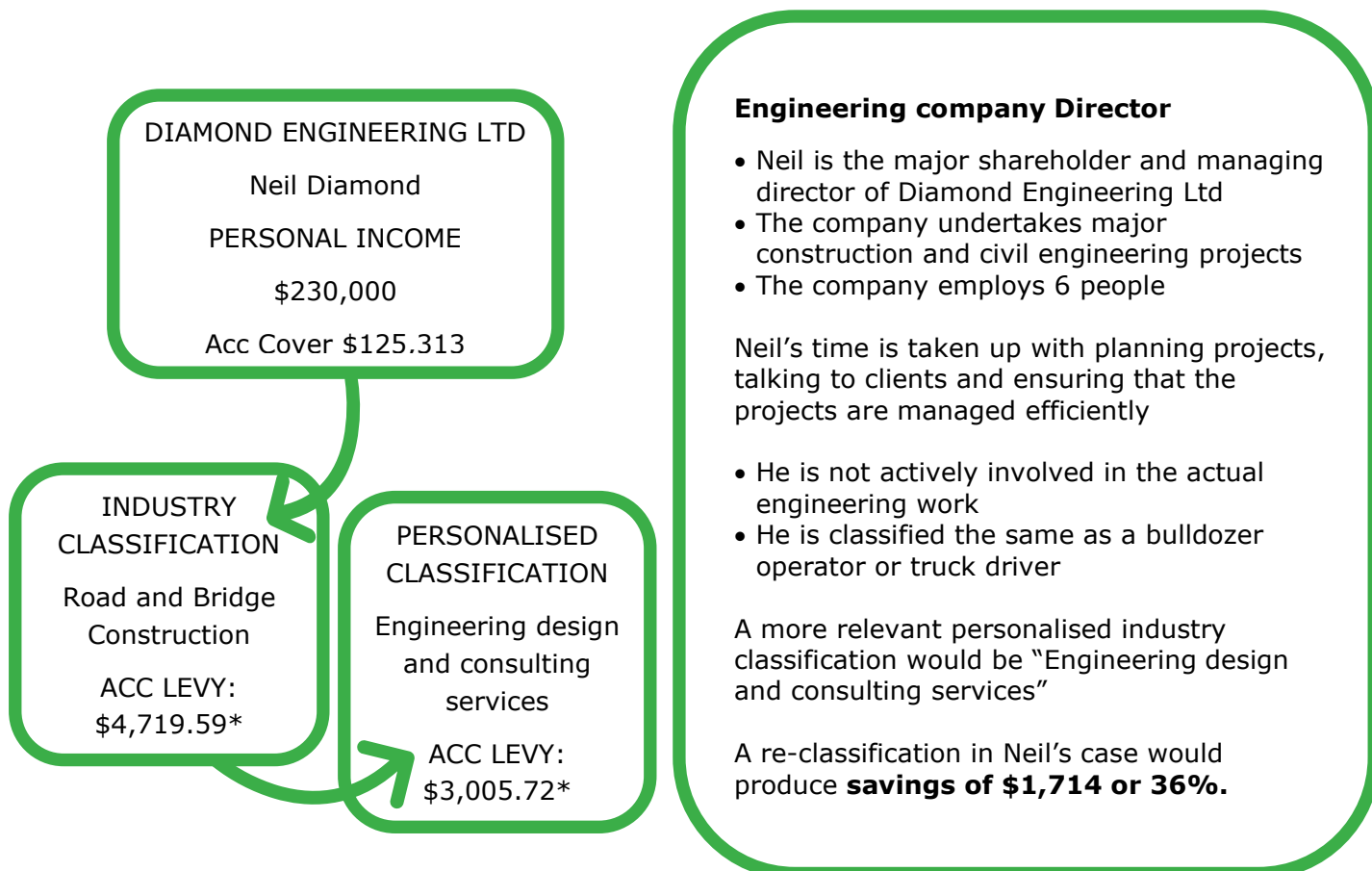
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HORSES FOR COURSES

Sometimes the work you personally do is quite different to the classification unit attributed to your business.

EXAMPLE – Neil Diamond – Director



We easily identified that Mr Diamond is paying a lot more than he needs to.

Furthermore, without the agreed cover, if Neil has an accident, his staff will still keep working and it is unlikely that he would be able to show a "loss of income" that meets ACC's requirements.

CoverPlus Extra requires no proof of loss at claim time, so the company can trade on while Neil is away, and his compensation will not be affected. Additionally, ACC allows CoverPlus Extra levies to be based on Neil's actual duties – this means he can use a cheaper rate. The business has one rate, Neil can have another, and saves \$1,714 as a result.

For these examples names and personal details have been changed for privacy.

* Levy rates sourced from ACC Levy Guidebook 2025/26: CU 41210 and 78230

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ACC DEATH COVER

ACC provides death by accident cover. This feature is not commonly known about, or is not generally well understood – even by some who sell life insurance!

Generally, the entitlement is:

- For a dependent spouse, 60% of your compensation entitlement for 5 years
- For each dependent child, 20% of your compensation entitlement until age 18, or to age 21, if they are in full time study
- The total paid will not exceed 100% of your normal ACC entitlement
Your normal ACC entitlement is either:
- 80% of your last year's taxable income (under the standard CoverPlus policy)
- 100% of the agreed compensation under CoverPlus Extra

ACC has additional payments such as:

- 'Survivor's Grant' \$8,566.62 to spouse or partner, \$4,283.32 to each child
- Funeral Grant \$7,990.30 towards funeral and memorial
- Homicide and manslaughter victims: additional \$10,000 toward Funeral Grant
- For each child ACC pay weekly for 5 years or until the child is 14 (whichever first)
 - \$182.17 for one child, \$109.30 each for two children, or \$255.03 total for three or more children

EXPERIENCE RATING DISCOUNT

What is experience rating?

In April 2011 ACC introduced a no claims discount system. For larger businesses this is called 'experience rating'. Either way, it's a system of rating levies based on claims history. This means that if a company's claims history is better than the average for their industry, they can be entitled to a discount.

If their claims history is worse than the industry average, they may lose their discount or even have their levies loaded.

The Experience Rating Programme was for a business paying a levy of \$10,000 or more per annum and was discontinued from 1 April 2026. ACC cited "fairness" and state that the discount did not deliver expected health and safety improvements.

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	Experience rating programme	No-claims discount programme
Annual Work levy	\$10,000 or more per annum for each of the three years in the experience period.	Less than \$10,000 per annum for all or any of the three years in the experience period
Experience period	3 years	3 years
Qualifying criteria	<ul style="list-style-type: none"> • number of weekly compensation days paid • number of claims with medical costs greater than \$750 • any fatal claim 	<ul style="list-style-type: none"> • number of weekly compensation days paid • any fatal claim
Maximum possible loading/discount	The maximum modification will be up to +/- 50% of the business's standard industry levy rate.	Discounts discontinued.
Based on your individual performance comparative to your industry peers	Yes	No
Formula	<ul style="list-style-type: none"> • Industry size modification • Experience rating modification (a formula that weighs Weekly compensation days paid and number of claims with medical costs greater than \$750, and fatal claims).	

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OUR OFFER

MoneyTree can help you review your ACC cover:

- Control your cover and costs
- Use personalised levy codes to reduce levies
- Choose a suitable level of cover
- Assist with the application process
- Understand how ACC works alongside your other personal insurances

Our fee for this service is \$500 + GST Please [Contact us today.](#)

No-double-charge Guarantee

We believe in transparency and integrity, and all fees and commissions (if applicable) are disclosed and agreed prior to work commencing.

If you buy a personal risk insurance through us (such as income protection) as part of your ACC review the resulting commission is likely to exceed our fee. If it does, your invoice will be cancelled or reimbursed – guaranteed.

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