

## **Builders / Home Warranty Insurance**

*The following contains some personal material.*

**Out with this farce of last resort warranty insurance** and the self interest groups who make financial gains at the expense of those that the builders home warranty system was purported to protect.

**In with a product that protects the consumers and the industries needs**, only then can we have an equitable market place, only then can both the consumers and the builder have confidence in what they pursue.

Federal and State Governments in Australia need to urgently consider taking steps to provide adequate uniform protection for:

- Those having a home built, renovated or repaired.
- For those purchasing an existing home.

### **What is required.**

A national approach in builder registration and compulsory builders home warranty insurance so as to provide a uniformed system, which would protect consumers and builders alike so confidence in the industry Australia wide can be secured.

A national approach for contractors and subcontractors to comply with should be introduced to ensure all those that participate in building construction works indemnifies what they have created.

Guaranteed access for both consumers and builders to alternative dispute resolution mechanisms.

Mandatory pre sale reports for all residential properties to ensure:

- All residential properties are compliant with regulatory control requirements.
- All warranties are in place to protect the consumer.
- All building works and repairs are deemed to comply.

Consumers need to have confidence in an equitable warranty system.

Builders need confidence in the warranty system so as to pursue opportunities without the fear of self interest groups manipulating warranty insurance and or dispute resolution services for their own self serving purposes and needs.

We need a guaranteed access for consumers to alternative dispute resolution mechanisms.

We could introduce independent mandatory inspections on critical progress payment stages to reduce the potential of conflict and monitor a builders performance.

I report that due to the circumstance that has arisen since the HIH collapse I have stepped back from building. After 20 years I handed back my builders licence because I have no confidence in the current builders warranty scheme. As Director and RBP I made the valued choice of not placing my clients or myself in a compromised position with respect to the current scheme. This has had a devastating impact on my business enterprise.

Please understand this was a most difficult decision because it not only affected me personally and my family but also a loyal workforce.

As a Company Director I will not have other enterprises dictate or place limits on my enterprise. "Especially private insurers".

- Under the HGF Warranty system I was granted a five job limit at any one time ( 5 projects to run concurrently) I NEVER HAD A CLAIM!
- Under my FAI/ HIH warranty insurance policy 1996 – 2001 sold to me by MBAV I was able to pursue building work without major restriction within agreed job cost limits That allowed me and my business to work unhindered. I NEVER HAD A SINGLE CLAIM!
- When HIH collapses occurred the only warranty insurance I could obtain was via HIA Home owners warranty. The limits applied to my business was unconscionable . Maximum value of an addition \$40000.00  
Maximum value of dwelling \$125000.00  
Number of dwellings per year 1.

This meant I was restricted to pursuing minor building works for no other reason than the self interests of the insurer.

Consider this: How can someone run an enterprise with these ridiculous restriction placed on their business?

Simply they can not! I am very aggrieved and my business has suffered accordingly.

However I do fully support compulsory builders' warranty insurance and responsible building to best protect the community's needs.

#### INDEMNITY INSURANCE

I report prior to the HIH collapse my enterprise had limited indemnity insurance cover.

I report over an extended period of time since the HIH collapse I have attempted to source a suitable affordable indemnity insurance product to protect my and my businesses needs and to best protect my clients interests. To date no product has been sourced which meets my enterprises needs.

It is not my intent to hide behind an insurance product. It is my position that it is a responsibility of any company director to take reasonable steps to protect the enterprise which they control and their clients.

Currently no reasonable indemnity insurance exists for people like me.

My business has also pursued building dispute resolution serviced since 1990. Among other things, I have been fortunate enough to mediate in many matters so both consumers and builders have been able to resolve their differences without needing the legal system.

I have also participated in building education for an extended period of time as I am also a qualified trainer workplace assessor.

I report the minimum educational requirements for builders is a national qualification Yet each state has separate: Builders registration requirements,

Building Act's

Statutory Acts

And regulatory control requirements.

It is my experience these state requirements are not necessarily identified or addressed so the precise qualification and what it stands for does not automatically lead to builder registration. (in Victoria.)

State boundaries require dual registration where builder's practice on both sides of a boarder. This places onerous restrictions on builders.

This blame gain that appears to have been adopted is hurting small business who for the main part are providing a quality building, and to what end, to the benefit of the legal profession.

We continually pursue those that have made mistakes (often unintentionally) While not addressing and managing the cause.

While we have people from outside the building industry running the industry the industry itself cannot get its own house in order.

These are some of my thoughts.

I trust my submission assists you with your endeavours.