

From: andris blums [andrisdg@yahoo.com]

Sent: Sunday, 3 February 2008 5:38 PM

To: Irvine, Jill

Subject: PC EMAIL 2 -----Re: Any Whistleblowers listening /Tasmanian press release consigns builders warranty insurance to the dust bin / First Domino and not the last

STAFF MEMO -AON / HIA / MBA / VERO / SUNCORPS / TABCORPS

Author - Andris Blums

Date - 22/1/08

Distribution - public document

Interesting press release from Tasmanian minister Steve Kons [see below]the media follow up is more telling including a damning editorial

Take Dr Silberberg's reported comments on this press release reported in the media that the HIA supports that the consumer have the option to purchase this insurance as a normal voluntary commercial decision based on there personal preferences .

Dr Silberberg must be given the benefit of the doubt and this statement accepted at face value as there is a published instance several years ago were he expressed the same personal view .

But given the history of this matter and the HIA involvement in the establishment of the current BWI arrangements , plus the financial benefits accruing to HIA via commissions from the sale of this insurance ,recently reported in the Australian as in the order of \$20 to \$30 million per annum , is this the whole story

I would be interested in seeing all the documentation produced by the HIA in the last 12 to 18 months advocating a voluntary option as the first preference option in their discussions with all branches of the Tasmanian government, in court if that's still the HIA and some HIA staff preferred modus operandi to public discourse on public issues of public interest with critics as evidenced by the historical past and more recent events re Mr Dwyer of the Builders Collective of Australia

My gut feeling is that the documentation may reveal that the HIA position in reality was at all times a vigour's defence of the status quo ,a statutory mandatory consumer protection fraud ,till the inevitable became reality ,that the voluntary option was to be imposed over their dead body ,so to speak .

On that premise I would also expect to find no HIA documentation lobbying the NSW or Victorian governments for a voluntary system for the current scheme .As evidence one could cite the NSW council committee report issued Jan 08 which is completely silent on the voluntary option . This silence appears to be on the basis that as good corporate citizens whose publicly professed prime concern is the welfare of builders the HIA made no public submission to the inquiry supporting a voluntary system in NSW on behalf of consumers

I stand to be corrected Dr Silberberg if my supposition that the voluntary option is not a 5th order of financial preference for the HIA prior to the 6 th and final option ,

ABOLITION and that HIA documentation will not show a consistent pattern of lobbying spanning several years to all state governments vigorously supporting this statutory mandatory consumer protection fraud .

Please advise by return e-mail if this supposition re HIA lobbying efforts re BWI is incorrect Dr Silberberg .

If as I expect re HIA standard practise I receive no response then as of 1/2/08 I will be legal entitled henceforth to assume that my suppositions on this matter re HIA lobbying are correct and true in all respects and that HIA and its staff have no past or future cause for legal action re anyone who expresses the above suppositions as to HIA lobbying efforts in this regards re BWI

In fact I am advised that it has been for the last 5 years and still is HIA policy to lobby the QLD government to scrap their current scheme and replace it with the now to be scrapped Tasmanian scheme and its equivalents in NSW and Victoria

Care to comment for the public record Dr Silberberg ,a simple confirmation or denial will do .

It is also interesting to note that on my advise that Suncorps ,the parent company of Vero did not submit any financial data re BWI to the recently completed NSW parliament council committee of inquiry .nor did any of the other major financial beneficiaries .

Cats got the tongue twisted or are all the major financial beneficiaries ,excluding the odd rare species the consumer got the funk and hiding down private rabbit holes to avoid public scrutiny and debate

Nor it would seem was financial data submitted to the Productivity Commission whose Dec 07 draft report opts for the introduction of the QLD model via COAG Australia wide

In fact the public record will show that Suncorps and the HIA made NO submissions to any public inquiry on builders warranty in 07 in the public domain .If any submissions exist they are private and commercially in confidence ,opps in confidence .Any takers to produce the documents in court .

There is a respectable academic and legal argument that much of what is hidden by the term commercial in confidence and accepted at face value by the system would not have any legs to stand on in court were the issues involve public policy and the public interest as is clearly the case with BWI

Behind closed doors in secret conclaves is no way to conduct a public debate on a public policy issue of public importance and interest which since 02 has grossed \$2 billion in premiums and just maybe paid out a few paltry million in claims ,totalling substantial less in monetary terms than the amounts earned in commissions by the HIA and others on the sale of builders professional indemnity policies falsely, deceptively and misleading called builders warranty or home owners warranty insurance and promoted as a consumer protection product equivalent to or superior to the QLD model

More telling is the Afr article [17/1] on minister Kons press release .

The only identifiable financial beneficiaries of this statutory mandatory consumer protection fraud ,the HIA and MBA and the insurer's like Suncorps/Vero apparently had nothing or at least nothing newsworthy publicly to say in defence of the insurance policies they sell as statutory mandatory product to a captive market .

But then again if Suncorps/Vero ,defended the indefensible in public ,the most likely effect would be to result in brand damage in marketing terms and hasten the ABOLITION of the product by statutory fiat .

You can not defend the indefensible and even the publication by the NSW OFT of what purports to be a statistical financial snapshot of BWI as at 31/3/07 and 30/6/07 on there web site to support the case for BWI as a consumer protection product only confirms that the indefensible cannot be defended in the sense that even a numerical illiterate will quickly arrive at the conclusion that the figures are a nonsense that hid every thing and reveal nothing of substance

The only relevant figure to this debate is not published by the NSW OFT , that is the final full cost the consumer pays including on costs which based on Vero's rate cards sent to brokers indicate the starting price for a policy is in the order of \$3000 plus , plus builders margin of 10% to 15% , not the NSW OFT approved nonsense which excludes either all on costs 31/3/07 or includes a selective few on costs 30/6/07 and results in a average figure that is a laughable fraction of the actual cost paid by consumers for JUNK INSURANCE

So the issue of comment was left to the poor hapless industry body the Insurance Council of Australia ,who in the Afr it is reported were unable to comment .

Compare this with commenting on catastrophic hail or flood damage, the ICA is always at the forefront as a consumer benefactor on behalf of policy holders often with specific damage cost estimates not only for the industry per se but also specific insurers such as Suncorps share of the projected payouts within 24 hours of the disasters occurrence

Dear Mr Story ,Chairman of Vero /Suncorps /Tabcorps .

I entered this debate in Sept 05 on the premise that the chairman of the then owners of Vero ,Mr Leo Tutt of Promina Group was and could be held personally responsible for this consumer protection fraud .You have now assumed that mantle as chairman of Suncorps as you have had about a year to address the issues and withdraw the product from market

My advise is that Mr Tutt now as a board member of Suncorps ,the current owner of Vero has made the Suncorps board ,including yourself and senior management aware of the issues . I and others have also raised the issues with you personally and requested that you act positively on this consumer policy fraud as early as the due diligence stage of the Promina Group take over ,without avail

In addition those same Suncorps board members and senior management have been made aware of those issues by myself and others and to this date you,the board members and senior management have taken no action that I know of to cease selling this product ,known as builders warranty insurance to the public on the false ,deceptive and misleading premise that it is consumer protection when all the

evidence is clearly to the contrary that it is no such thing

You have had in the vicinity of a year to act on this issue and withdraw the product from sale or take other action to provide a consumer protection product that in fact protects consumers on an equivalent basis as does the QLD model at a comparable cost .

The facts are it seems that instead Suncorps has taken no action or contemplated any such action to terminate what in the Tasmanian parliament has been described ,in my opinion accurately ,a fraud on consumers

I now see no reason why in the public domain I should now not hold you personally responsible ,morally ,ethically and legally for the continuation of the sale of this mandatory product to consumers on the false ,deceptive and misleading premise that it is consumer protection .

Alternatively if you wish to avoid the potential reputational issues that would reflect poorly on your stewardship of Suncorps re this product you may care to advise me by return email ,but no later than 31/1/07 that you and your business partners HIA/MBA etc are now willing to enter into discussions with all stakeholders ,including myself to terminate the current arrangements and implement the Productivity Commission draft report of Dec 07 which recommends the Australia wide implementation of the QLD model

You may recall that I suggested in emails to you early in 07that such meetings be established and that you personally on behalf of Suncorps could earn publicly brownie points for good corporate citizenship . Instead Suncorps and the other insurers and business partners ,like the HIA by not acting on the issues positively have now earned their just desserts .adverse press coverage

The implementation of the QLD model would leave the private insurers ,like Vero and there business partners ,the HIA/MBA out of the loop completely as should be the case as a inviolable first principle in any matter of consumer protection

Surprise me Mr Story with a reply indicating that this is an area that private insurers should not be involved in and that Suncorps will now work with all stakeholders to implement the QLD model

There is also and alternative legal option for you Mr Story ,one that Mr Tutt has never exercised ,which could be described as the jihadists self immolation option to commercial martyrdom .An option Mr Jameson has also rejected and can be described as a mickey mouse stop writ or as the academics now call it a SLAPP's writ

Co-operation on the issue with all stakeholders to transit the present arrangements to the QLD model is the wiser option .I am sure that the wiser and smarter legal and public relations professionals that Suncorps employs will advise that the best short and long term way forward is to cut and run and not to continue to defend a commercial indefensible product that the Australian Consumer Association describes correctly as JUNK INSURANCE .

But if you personally elect that we cannot debate and co-operate on the issues so be it that is your choice and you must them accept primarily the full and unequivocal personal responsibility for the continued sale in the market place of the current BWI

product by Vero and others ,which is not consumer protection by any stretch of the imagination as defined by the common man in the street

NOTES

Not a bad 2 months Dec 07 / Jan 08 so far in exposing BUILDERS WARRANTY INSURANCE as a fraud on consumers .

The Productivity Commission draft report Dec 07 call for a complete revamp and suggested the Qld model

NSW legislative council committee report Jan 08 is less than wholesome about the current arrangements and a further inquiry re the current tribunal arrangements is in the wind

NSW OFT release a 2nd set of garbage financial figures re BWI to 30/6/07 ,that purport not to tell a whole load of falsehoods re the operations of the current junk insurance arrangements

And now we have Tassie opting out

Interesting times we live in . A much abused traditional Chinese saying .

So which state is the next cab of the rank to ditch this CONSUMER FRAUD and take up the challenge of the direction things are pointing to ,That is IMPLEMENTING the QUEENSLAND MODEL .

All these events/reports lead inexorable to the QLD MODEL

P.S. To whom it may concern or feels brave enough to reply ,all replies will be gratefully appreciated as even a rent seeker like the HIA ,who are to embarrassed to be open and transparent about the commissions they receive on BWI policy sales have stated in the press reports of 17/1/08 that they have lobbied for , I suspect the purpose of retaining some of there undisclosed commission cash flow , that junk insurance to be voluntary not mandatory

Rank hypocrisy masquerading as a public benefit a cynic might well conclude ,but then thats for the reader to decide

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Government Media Statement

16 January 2007

STEVEN KONS

Minister for Justice

Scrapping of Mandatory Housing Indemnity Insurance

The Minister for Justice and Workplace Relations, Steven Kons, today announced plans to scrap the mandatory housing indemnity insurance scheme.

Mr Kons said the scheme would be replaced with a range of other measures that would better protect consumers.

“Currently home owners who are having their house built are required to pay high premiums to take out the insurance which they believe guards against building defects.

“On average, this costs more than \$1500 for a project worth between \$200,000 and \$250,000.

“Consumers are then left thinking they are covered if something goes structurally wrong.

“But because housing indemnity is last resort insurance, claims can only be made if a builder dies, disappears or becomes insolvent, and if a builder disputes an allegation of faulty work, the consumer can be left with little recourse.

“A legislatively mandated scheme of last resort insurance is simply not good enough for Tasmanian consumers. It risks leaving families with an unsaleable or devalued house due to faulty workmanship and little recourse.

“This insurance does not provide the resolution or security that people expect nor peace of mind.

“It is not the sort of insurance cover that the consumer thinks they are buying, and often leaves home owners with no option but to turn to the courts, which can be both time-consuming and costly.”

“Many Tasmanians aspire to build their own home, and the State Government wants to ensure that these people remain in control of their investment by having access to proper recourse and advice

should they experience problems into the future.”

Mr Kons said the insurance scheme for residential building work would be phased out in Tasmania during the next 18 months.

“Replacing it will be a new statutory framework, which will include a program allowing the resolution of disputes between consumers and builders as an alternative to the courts.

“The Office of Consumer Affairs and Fair Trading will administer this program to quickly and equitably deal with complaints between consumers and builders.

“It will include a quick response approach to deal with issues as soon as they emerge and will establish powers to make rectification orders to remedy faulty workmanship.”

Mr Kons said the new framework would mandate the use of standard form contract provisions and also include the parties having to agree to variations in writing for all residential building work.

“In the short term, the Housing Indemnity Act will be amended to mandate the disclosure to the consumer that housing indemnity insurance is a last resort scheme.

“We will also require that consumers are given a fact sheet advising them of their rights and responsibilities,” Mr Kons said.

Mr Kons said while he expected the insurance industry to be critical of this decision, the State Government was acting in the best interests of consumers.

“We have acted responsibly by undertaking consultation on this issue, and the recent Productivity Commission Report supports this move to give Tasmanians a fairer system and greater protection,” Mr Kons said.

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<http://www.tas.gov.au>

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