

## Lodging claims

The insurer must be notified of the claim or potential claim within 6 months after the claimant first becomes aware or ought reasonably to be aware of the circumstances of the claim. However, in relation to a claim for incomplete work, the insurer must be notified of the claim or potential claim within 12 months after the contract date, the date provided for commencement or the date work ceased, whichever is the latest.

The insurer should be advised of the details contained in the certificate of insurance covering the building work or kit home.

*Copies of the following documents should be attached to your claim:*

- Home Warranty Insurance certificate
- the building contract
- any document showing agreed variations.

*Other documents, which may also be helpful, are:*

- independent reports itemising defects and necessary rectification or completion work
- estimates of cost to fix the itemised defective or incomplete work
- relevant letters or documents supporting the claim.

If the insurer gives a written decision on a claim and you disagree with it, you have 45 days in which to lodge an appeal against that decision with the Consumer, Trader and Tenancy Tribunal. An appeal may be lodged after 45 days if the Tribunal grants leave or if the Tribunal considers that there are special circumstances.

If the insurer does not give a written decision within 45 days after the date the claim was lodged, unless you have agreed to extend the time, it will be deemed by law to be a refusal of the claim. You may then lodge an appeal against the insurer at the Tribunal without any time limitations.

Contracts for residential building work entered into, or work commenced prior to 1 May 1997, are covered by an insurance scheme administered by the Department of Fair Trading. If your work fits within this category you should

contact a Fair Trading Centre on 13 32 20 for more information. You should also contact the Department for information on making claims against insurers who are no longer selling home warranty insurance.

## Consumer, Trader and Tenancy Tribunal

Persons who are in dispute with their contractor about the quality of, or time being taken for the completion of, the work should contact the Department of Fair Trading for advice on options for resolving the dispute.

Should you be unsuccessful in resolving a building dispute, then the Consumer, Trader and Tenancy Tribunal may be able to assist. The Tribunal's Building Conciliation Service (BCS) handles disputes about home building matters.

The BCS was established on 1 January 2002 and its role is to assist both consumers and contractors to resolve their disputes without the need for costly and time consuming litigation.

The BCS must be notified of the dispute in writing on a Notification of Dispute Form, which is available through Fair Trading Centres and Tribunal Registries. The BCS will then contact you and the other party to assist in finding a way to resolve the dispute.

## Approved Insurers as at 1 July 2002

**Allianz Australia Insurance Ltd**  
Policies for building contractors and tradespeople.  
Agent: Dexta Corporation  
Tel: 1300 367 032

**Royal & Sun Alliance Insurance Australia Ltd**  
Policies for building contractors, tradespeople, and owner-builders.  
Agent: HIA Insurance Services  
Tel: 9808 7222  
For other RSA brokers,  
Tel: 1800 772 729

**Reward Insurance Ltd**  
Policies for building contractors, tradespeople, and owner-builders.  
Master agent: Australia Home Warranty P/L (AHW)  
Tel: (03) 9486 1500  
Sub agent of AHW – BRIC  
Tel: (03) 9859 7933

**Australian Unity General Insurance Ltd**  
Policies for owner-builder work.  
Agent: Builddsafe Independent Housing Group Pty Ltd  
Tel: 1800 019 233  
Agent: Building Industry Solutions Pty Ltd  
Tel: 1800 244 224



13 32 20

For help on any fair trading issue call your nearest Fair Trading Centre or Government Access Centre or call the service listed below which is relevant to your inquiry.

### Fair Trading Centres – call 13 32 20

Albury	Gosford	Orange	Tamworth
Armidale	Grafton	Parramatta	Tweed Heads
Blacktown	Hurstville	Penrith	Wagga Wagga
Broken Hill	Lismore	Port Macquarie	Wollongong
Coffs Harbour	Liverpool	Queanbeyan	
Dubbo	Newcastle	Sydney	

### Building Disputes

Building Conciliation Service .....1300 135 399  
(if you have already lodged a dispute)

Fair Trading Centres .....13 32 20  
(for advice prior to lodging a dispute)

### Specialist Services

Tenancy Inquiries .....9377 9100  
1800 451 301 (outside Sydney)

Strata Schemes .....9338 7900  
1800 451 431 (outside Sydney)

TTY .....9338 4943  
(telephone service for the hearing impaired)

Language assistance .....13 14 50  
(ask for an interpreter in your language)

Department of Fair Trading  
1 Fitzwilliam Street Parramatta NSW 2150  
PO Box 972 Parramatta NSW 2124  
9895 0111

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

This brochure must not be relied on as legal advice. For more information about this topic, please refer to the appropriate legislation.



DEPARTMENT OF FAIR TRADING  
NSW Consumer Protection Agency

# Home Warranty Insurance

DFT211 August 2002



The Home Warranty Insurance Scheme was established under the Home Building Act 1989 and commenced on 1 May 1997.

The scheme provides cover for home owners against defective and incomplete work and covers subsequent owners against defects.

Home Warranty Insurance cover is provided by private insurance companies and is required to be taken out by the contractor before commencement of residential building work. Home warranty insurance is also required to be provided by suppliers of kit homes. A certificate of insurance must be given to the customer before commencement of the work or supply of the kit home.

The contractor is not entitled to receive any payment (including a deposit) until insurance is in place and a certificate of that insurance given to the customer. Where new dwellings are sold by builders or developers a certificate of insurance must be attached to the sale contract. In the case of off-the-plan sales a certificate of insurance must be given to the purchaser within 14 days of the insurance being taken out by the builder. Owner-builders only need to provide home warranty insurance if they sell their property within 6 years of completion of the work. Prior to 1 July 2002, the relevant period was 7 years.

Between 1 May 1997 and 1 April 2002 insurance was required where the contract price for the work or kit home exceeded \$5,000. From 2 April 2002 insurance is required where the price exceeds \$12,000.

In May 2002 the NSW Parliament passed the *Home Building Amendment (Insurance) Act 2002* which makes certain changes to the coverage provided under the scheme. These changes came into effect on 1 July 2002 and apply to insurance contracts taken out from that date. The coverage provided under certificates of insurance issued between 1 May 1997 and 30 June 2002 is not affected.

Set out opposite is a table providing information on insurance issued before and after 1 July 2002.

Insurance cover	Certificates issued between 1 May 1997 - 30 June 2002	Certificates issued after 1 July 2002
<b>Minimum cover which must be provided</b>	\$200,000 - subject to limitations relating to deposits and progress payments and other limitations specified in the policy.	\$200,000 - subject to limitations relating to deposits and progress payments and other limitations specified in the policy. Limitations on non-completion claims equal to 20% of the contract price (including any agreed variation to the contract price) for the work.
<b>Period of cover for breach of statutory warranty</b>	7 years from completion of work.	<ul style="list-style-type: none"> <li>Structural defects – 6 years from completion of work.</li> <li>Other defects – 2 years from completion of work.</li> </ul>
<b>Period of cover for non-completion</b>	12 months after failure to commence or cessation of work.	12 months after failure to commence or cessation of work.
<b>Period to notify claims for breach of statutory warranty</b>	6 months after claimant first becomes aware, or ought reasonably to be aware, of circumstances of claim.	6 months after claimant first becomes aware, or ought reasonably to be aware, of circumstances of claim.
<b>Type of cover provided</b>	<p>Loss or damage resulting from:</p> <ul style="list-style-type: none"> <li>non-completion of the work because of the insolvency, death or disappearance of the contractor</li> <li>non-supply of kit home because of the insolvency, death or disappearance of the supplier.</li> </ul> <p>Loss or damage arising from:</p> <ul style="list-style-type: none"> <li>breach of statutory warranty</li> <li>faulty design (provided by contractor or supplier)</li> <li>cost of alternative accommodation, removal and storage costs reasonably and necessarily incurred</li> <li>loss of deposit or progress payment</li> <li>materials and components used in kit home not good or suitable for purpose</li> <li>design of kit home faulty</li> <li>non-completion of work because of early termination of the building contract because of the contractor's or supplier's failure or refusal to complete the work.</li> </ul>	<p>Loss or damage resulting from:</p> <ul style="list-style-type: none"> <li>non-completion of the work because of the insolvency, death or disappearance of the contractor</li> <li>non-supply of kit home because of the insolvency, death or disappearance of the supplier.</li> </ul> <p>Loss arising where the claimant cannot recover compensation from the contractor or have the contractor rectify because of the insolvency, death or disappearance of the contractor in respect of:</p> <ul style="list-style-type: none"> <li>breach of statutory warranty</li> <li>faulty design (provided by contractor or supplier)</li> <li>cost of alternative accommodation, removal and storage costs reasonably and necessarily incurred</li> <li>loss of deposit or progress payment</li> <li>materials and components used in kit home not good or suitable for purpose</li> <li>design of kit home faulty</li> <li>non-completion of work because of early termination of the building contract because of the contractor's or supplier's failure or refusal to complete the work</li> <li>legal or other reasonable costs incurred by claimant in seeking to recover compensation from the contractor or supplier for the loss or damage or in taking action to rectify the loss or damage.</li> </ul>