



CONSULTATION

Inquiry into Western Australia's Home Indemnity Insurance Arrangements

ISSUES PAPER

The Economic Regulation Authority (Authority), at the request of the Treasurer, is conducting an inquiry into Western Australia's home indemnity insurance arrangements. The inquiry Terms of Reference, received by the Authority on 11 June 2012, were referred under Section 38(1)(a) of the *Economic Regulation Authority Act 2003*, which provides for the Treasurer to refer to the Authority inquiries on any matter relating to an industry that is not a regulated industry.

In accordance with the inquiry's Terms of Reference, the Authority will determine the effectiveness of Western Australia's home indemnity insurance arrangements. In doing so, the Authority will give consideration to how Part 3A of the *Building Contracts Act 1991* (Act) currently operates, including measures taken by the State Government to underwrite the private provision of home indemnity insurance since the Act was amended in 2002. The Authority will also investigate whether there is an ongoing need for the mandatory provision of home indemnity insurance, and any alternative regulatory models that could be applied to replace or improve current arrangements (including but not limited to the establishment of a fidelity fund).

In addition, the Authority will investigate whether the State's home indemnity insurance arrangements should also address the costs to homeowners of damage caused by ground subsidence due to underlying geological causes.

The Terms of Reference also require the Authority to consider:

- red tape burdens on the insurance and building industries;
- possible implications for home affordability; and
- costs and financial risks to the State Government.

The Authority has published an Issues Paper to help interested parties understand the matters under review and to facilitate public submissions.

Interested parties are invited to make submissions in print or electronic form on any matters raised in the Issues Paper or by the Terms of Reference by **4:00 pm (WST) on Thursday, 16 August 2012**.

The Terms of Reference, Issues Paper and details on how to make a submission to the inquiry are listed on the Authority's [website](#).

Submissions should be addressed to Economic Regulation Authority, Inquiry into Western Australia's Home Indemnity Insurance Arrangements:

Postal address: PO Box 8469, PERTH BC WA 6849
Office address: Level 4, Albert Facey House, 469 Wellington Street, Perth WA 6000
Email address: publicsubmissions@erawa.com.au
Fax: 61 8 6557 7999

Confidentiality

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed. Any claim of confidentiality will be considered in accordance with the provisions of the *Economic Regulation Authority Act 2003*.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

For further information contact:

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STEVE EDWELL
MEMBER
4 July 2012