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10TH April 2013

Inquiry into Western Australia's Home Indemnity Insurance Arrangements
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

Dear Sir,

In reply to your circular, in respect to Home Indemnity Insurance.

No one would deny that Home Indemnity Insurance is an important and essential protection for consumers when purchasing a new home or addition.

I believe however that the original legislation went too far, by including a 6 year warrantee provision to also be covered by the insurer. This provision added additional risk and contingent liability to the insurer, who passed the costs onto the purchaser of the policy.

In today's highly regulated building industry the builder is policed by all manners of government agency and risks loss of license.


Builders in protecting their reputation automatically provide reasonably an ongoing maintenance, as should be the case.

The idea of insurance originally was to protect the consumers deposit and any subsequent progress payments prior to hand over. Once paid the client is no longer at risk other than a potential warrantee claim.

I believe the very stringent penalties for builders to comply with the codes, commission overview and penalties that can be awarded against the builder for faulty work, plus the risk of loss of license is more than sufficient to protect the consumers.

I believe the after construction warrantee period should be eliminated or reduced to 1 year.

Yours Faithfully,


Steve Nicholls
Director

From: Building Commission <bcinfo@commerce.wa.gov.au>
Sent: Monday, 8 April 2013 3:25 PM
To: Classic Home & Garage Innovations Pty Ltd
Subject: Economic Regulation Authority draft report

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Government of **Western Australia**
Department of **Commerce**

Building
Commission

Dear Building Practitioner

Inquiry into WA's Home Indemnity Insurance Arrangements - Draft Report

On Thursday 4 April 2013, the Economic Regulation Authority (ERA) released a draft report on the inquiry into WA's Home Indemnity Insurance (HII) arrangements. This draft report can be viewed on the [ERA's website](#).

The report contains the ERA's recommendations for the future of HII in WA and calls for public feedback in the form of written or electronic submissions by Tuesday 14 May 2013. Following the assessment of this feedback, the ERA will formulate a final report for consideration of the Treasurer by 28 June 2013.

As a professional building practitioner and vital stakeholder in the WA building industry, you are encouraged to provide any constructive feedback that you can. In so doing you will help shape the future of this type of insurance cover for the benefit of consumers as well as builders.

Please address your submissions to:

Inquiry into Western Australia's Home Indemnity Insurance Arrangements
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849
Email: publicsubmissions@erawa.com.au
Fax: (08) 6557 7999



Peter Gow
Building Commissioner