

ATTENTION MR PETER GOW
BUILDING COMMISSIONER

RE : INQUIRY INTO WA HOME IDEMNITY INSURANCE ARRANGEMENTS-DRAFT REPORT

DEAR SIR

We refer to the above request to provide constructive feedback.

Over the last 15 years we and many builders have been subject to restrictions on our building activities due to the requirement of homeowner warranty compliance for builder/developers, whereby HII is not required and is a flaw in the legislation which has cost our company dearly .

In summary the HII is in place to cover a home owner and provide protection whilst their home is being built to cover the completion cost if the builder closes up. The question we have raised on numerous occasions is if a builder is constructing on the basis that it is a turn key strata titled development and that the third party buyer does not pay for the unit until it is completed and strata titled then what is the risk to the buyer?

There is none whatsoever, but we are not permitted to have a building licence (now a building permit) issued unless there is home owners warranty insurance certificate issued to the local council to carry out construction ,at a large cost to that builder like us if it is a multi unit residential development.

This has been income for the insurers and the govt at nil risk because if a builder developer does not complete the project then the insurer will not cover the completion of this, as builder and developers are excluded .Obviously once building is completed and a third party buys the unit there is always the small risk that there may be a structural issue within 6 years which may require attention by the builder .

Therefore there should be the legislation to put in place a builders warranty insurance to cover for this 6 year period incase the builder is not around .This should cost considerably less than having to pay for and obtain HII for the council which holds up the project in times like now .This only needs to be provided prior to settlement the same as is done now when we provide HII certificate to the unit buyer prior to settlement .

This is a simplified and logical cost effective process which should have been in place from day one of the legislation which we and many others have paid the price for ,and which is only an added cost to the end product like all statutory fees and charges.

This together with the limited amount of insurers in the past and now presently ,with only really one insurer left will impose further financial ramifications for builders who are also developers such as ourselves, which have been burdened with this unnecessary requirement of home owners warranty upfront on projects as explained,

More importantly we have had our insurance with CGU before they left the market then upto now Callidens .We now can not get renewal from them for the reason that our multi –unit profile no longer fits their risk appetite and that we need to be transitioned to QBE .This is now a further dilemma that we are faced with and must be immediately resolved in the industry

I trust that this is a brief insight as to our position and we await your response as to how this will be viewed upon.

Yours faithfully

JOSEPH TILLI
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PRIMESTYLE HOMES