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NEW INSURANCE LIFTS LID ON BUILDER CAPACITY

A new home warranty insurance initiative covering Australia's 24,000 small to medium builders has the potential to double their activity levels from \$9 billion to almost \$18 billion in an overall \$43 billion a year industry.

The initiative – launched today by the nation's peak building industry body HIA, leading Australian-owned insurers Royal & SunAlliance and Australia's largest insurance broker Aon - will also significantly shorten the time spent by home buyers and renovators waiting for builders to become available.

With the collapse of HIH Insurance in 2001 and the withdrawal of the underwriting agency Dexta from the Australian home warranty insurance market in 2002, new prudential standards were introduced to ensure consumer protection for Australia's home owners was not compromised.

Since that time HIA builder members have demonstrated the financial and management capacity to operate successfully at greatly increased levels of activity.

As a result, HIA builder members representing about 80 per cent of Australia's builders will today have their established annual turnover profile lifted to \$2 million, without the need for additional financial scrutiny or capital.

HIA's Executive Director – New South Wales, Ms Elizabeth Crouch said today's launch of the New Simplified Home Warranty Product was great news for both new home buyers, renovators and home builders.

For home builders, the new Simplified Warranty Insurance means:

- Automatic upgrades of the annual turnover profiles of existing HIAIS/ Royal & SunAlliance Category 1, 2 & 3 builders
- The opportunity to expand their business by taking on additional work;
- Simplified administration under a "Light Touch, Low Maintenance" approach;
- Increased limits on the value of any one project to \$350,000 for new homes, renovations and additions and to \$50,000 for pools, kitchens and bathrooms and home improvements.

Ms Crouch said the new system had been made possible by recent legislative reforms for Home Warranty Insurance achieved by HIA working constructively with State Governments.

"The commitment of State Governments has enabled a more positive underwriting attitude towards Home Warranty Insurance and allowed actuaries far greater certainty in calculating performance projections," Ms Crouch said.

"Furthermore, these improvements to the system have come about because we have listened to the people we represent – Australia's builders – and addressed their needs when and where they've identified them."

FURTHER INFORMATION PLEASE CALL 1300 650 620

