

Builders, Contractors & Trades



Builders Residential Home Warranty

Available from Builders Insurance Services (BIS) through insurers Vero, CGU, Lumley and now QBE and Australian Home Warranty.

Contact one of our Home Warranty Brokers on 1300 300 431 or 1300 722 116 to arrange for an appointment to transfer to BIS.

Insurers' underwriting requirements take into consideration key assessment factors:

- financial performance
- growth in the business
- net tangible worth
- building experience
- builder size and areas of construction
- length of time in industry
- claim history
- quality control system and risk management procedures
- growth profit margin
- debtor collection days
- creditor payment days

If your business has minimal capital invested insurers may require additional security.

Northern Territory – changes to the Building Act will require all principal residential contractors working in building areas in the state to be registered. Most residential building works will require home warranty insurance. Changes are planned to start in 2006. For further information refer www.ipe.nt.gov.au

Tasmania – A review of the Housing Indemnity Act 1992 is currently being undertaken by the Department of Justice

(Consumer Affairs and Fair Trading) and due to be delivered to the Attorney-General by October 2005. For further information, refer <http://www.consumer.tas.gov.au>

Retrospective Builders Home Warranty Cover

Retrospective Builders Home Warranty refers to insurance provided on a project where work has already commenced or has been completed where you did not take out Home Warranty Insurance.

As a builder you are required by law to provide a Home Warranty Insurance Certificate on all projects whereby you have entered into a contract with a consumer for residential works over \$12,000.

Vero will consider an application for Retrospective Insurance and review on a case by case basis. Eligibility would need to have been current with Vero at the time when project commenced and current at the time of applying for Retrospective Insurance.

CGU will also consider Retrospective Cover on a case by case basis. You are required to have current eligibility with CGU prior to applying for Retrospective Insurance.

Contract Works & Liability – available from our select insurer panel including, Suncorp, Vero, Lumley, Allianz, QBE and CGU.

Included in our policy product range is a tailored coverage by BIS for you and your construction risks, including:

Section 1 – Material Damage / Loss

- Covers damage to works anywhere in Australia
- Existing Property of Principals can be covered where required
- Automatic inclusion of Principal Supplied Materials and off-site storage to policy limit
- Inland transit cover automatic to policy limit

- 25% escalation allowance
- Property in Care Custody and Control
- Up to 12 months automatic cover from commencement of construction on speculative constructions and display homes until such properties are sold or strata titled
- Contract periods up to 18 months
- Maintenance periods up to 12 months
- Wear, tear and corrosion exclusion limited to part only

Section 2 - Third Party Legal Liability

- Completed Operations liability
- General liability outside contract sites arising out of the insured business as declared
- Workers Recourse liability where required
- Cover also applies in respect to property owners liability for buildings anywhere in Australia, which do not exceed a total floor area of 2,500 square metres at any one building
- Liability as defined arising out of crane hire

Section 3 - Plant, Equipment and Tools of Trade

- Includes unregistered vehicles, plant unlicensed for road use and the like whether owned or held in trust or on commission by or under care, custody or control of the insured or where the insured has agreed to insure
- Anywhere in Australia

Not all Contract Works & Liability policies are the same

- Are you covered for damage to existing structures you are working on?
What if the damage is not as a result of your negligence?
Who is responsible to make good damage to the existing structures?;
- Do you carry out pre-fabrication other than on the construction site, if so, does your policy extend to cover this risk?;
- Are you responsible for materials included in the building contract whilst in transit?
Does your policy extend to cover loss &/or damage from this cause?;

- Where you build speculative homes or other projects, are they covered until sold?;
- Do you have property in your care, custody or control which you are responsible to insure?;

Consider whether you need to extend your Contract Works & Liability policy to cover these risks.

Do you use Sub-Contractors or Hired Labour?

When a Sub-Contractor causes injury to third parties, your employees or damage to third party property, who is responsible and is the Sub-Contractor adequately insured?;

Does your policy cover against On-Site injury caused to Contractors, Sub-Contractors &/or Hired Labour?

Excess Liability Coverage – do you have enough cover?

Cover under your liability policy is normally on a “losses occurring” basis. The indemnity limit needs to be set at an adequate amount to meet an award handed down by the courts in future years.

Depending on your business profile, turnover, third party injury and third party property damage exposures, you should ensure selection of a relevant level of cover.

In our experience, most builders carry a minimum indemnity limit of \$10,000,000 any one occurrence, whilst large builders are insuring in excess of this amount.

Normally, the costs of increasing your limit is reasonable. Why not obtain a quote to increase your indemnity limit either now or at next renewal.

Professional Indemnity – Do you carry out Pre-Purchase Inspections or Project Management? If so, BIS can assist you with cover for your professional liability risks.

JLT Operational Highlights for six months to 30/6/2005 (information for our clients)

- Worldwide sales turnover up by 3% to A\$600.25m (income)
- 2004 full 12 months turnover A\$1.12 Billion
- Australasia grew well with income revenues of A\$79.25m (income), increasing by approx. 10%
- Profit before tax down 25% to A\$115.1m
- Interim dividend per share unchanged at A\$0.20.35 cents

Disclaimer

The information in this publication is of a general nature as a service to clients and other interested parties. The articles included are not intended to provide a complete discussion of each subject. While the information is believed to be correct, no responsibility is accepted for its accuracy. No liability is accepted for any statements of opinion or any error or omission.

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