

JLT NEWS FLASH

Home Warranty Insurance

Builders, Contractors & Trades



January 2005

VERO Home Warranty

Jardine Lloyd Thompson Builders Insurance Services (JLT BIS) utilise a facility with Vero to be able to offer the building industry a diverse range of products from Vero.

Retaining Vero and changing Brokers

This process is simple. All you are required to supply is this:

- Completed Letter of Authority
- Completed Builder Profile Change Assess Application
- Copy of your most recent Financial Statements
- Copy of your most recent Certificate of Eligibility.

Once this information has been provided, Vero can offer new terms within 72 hours of receipt.

Express Assess

Majority of Builders in Australia have an annual turnover of less than \$2 million and most are eligible for an Express Assess application. The only information to be accompanied by Application is a copy of your builders licence. No Financials are required and minimum Net Tangible Worth required is as follows:

- \$50,000 where previous years turnover above \$1,000,000; or

- 5% of previous years turnover (when less than \$1,000,000).

Within 72 hours of Vero receiving your application, Vero advise that you can have your eligibility approved with \$2,000,000 annual limits, and limits up to \$350,000 for dwellings, alterations, and additions and \$50,000 for improvements.

First Assess

If you are a Company or trust, plan on building Multi-unit developments, Pool Builder or seeking to do architect tendered projects, then this product is not appropriate for you.

However, if you are new to the industry, applying for your own license for the first time, then this is the appropriate product.

The first Assess is a 24 month process, which will allow you to undertake one project at a time, to a maximum value of \$250,000. You can get up to \$1,000,000 in turnover approved, and re-assessment is only required when you reach this limit, the anniversary of initial approval, or the Insurers discretion.

Experienced Builder Assess

This product is appropriate for all other builders, particularly those that have been in the industry for a length of time.

This assessment takes account of financial performance, level of growth, net tangible worth, experience, individuals involved and any adverse information. Key financial factors include:

- Gross profit margin
- Debtor collection days
- Creditor payment days
- Turnover growth
- Changes to work in progress
- Builder size and areas of construction activity
- Length of time in industry
- Adverse commercial and claims information
- Frequency of financial reporting
- Job costing system.

Renewal

Vero will not seek reviews for 2 years unless the builder is requesting a category reassessment, claims issue or if there are any underwriting changes.

Trusts New to Vero

Vero do NOT accept Trusts new to Vero after 31st October 2004. Those Trust entities that qualify for the Express Assess product will continue to be considered for Eligibility.

Discounts

Vero Loyalty Discount (if you were approved Home Warranty Insurance with Vero before May 2004 – (10%). Professional Association Discount (ie MBA, HIA, SPASA) – applies to 1 membership only (5%). CPD Discount - yet to be implemented (5%).

Licence only Eligibility

Vero will not provide eligibility or have it renewed/extended for the purposes of builders renewing their licence only.

Builder Forums

Vero conducts forums for builders on a monthly basis in both NSW & Victoria, which provides builders with information in relation to Vero Products and requirements for eligibility. It will also provide builders with an opportunity to discuss their own position and situation. If you would like more information or would like to register your interest regarding the Builder Forums call Vero on 131813 or register your interest at www.vero.com.au

Retrospective Insurance

Retrospective Insurance refers to insurance provided on a project where work has already commenced prior to applying for Home Warranty Insurance.

As a builder you are required by law to provide home warranty insurance certificate on all projects whereby you have entered into a contract with a consumer for residential construction. However, builders may overlook the requirement for Home Warranty Insurance.

Although it is not normal practice for Vero to issue Retrospective Insurance, they may consider an application and review on a case by case basis. Eligibility would need to have been current with Vero at the time when the project commenced and have a current eligibility profile.

CGU offers Retrospective Insurance on multi-unit rectification and maintenance work only. Lumley insurance does not offer retrospective insurance at this stage.

On Line Certificate Issue

JLT BIS can also offer On Line Certificate issue with Vero. Once we receive a completed Project Application, we can then issue the Certificate from our office. This will cut down on previous timeframes for issue of your Certificates.

Call and speak to one of our experienced staff members to find out more.

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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