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For Homeowners

HBCF Homeowner Fact Sheet

Home building compensation (HBC) insurance is issued by the icare Home Building Compensation Fund (HBCF). It provides a safety net for homeowners with incomplete or defective residential building work, where the builder is no longer able to meet their contractual obligations.

What are you covered for?

HBC insurance gives you protection for losses arising from defective and incomplete work when an insurable 'trigger event' activates your insurance policy.

There are limits on what you can be paid under this insurance, both for non-completion of the works and as a total policy limit. The total limit (including non-completion of building work, defective building work and any other costs covered by the policy) is $340,000 per dwelling, with a sub-limit for incomplete building work of 20% of the contract price (as varied). This policy will never pay more than 20% of the contract price (as varied) for the non-completion of building work, and never more than $340,000 per dwelling for all loss, damage, costs and liabilities covered. Please review the policy wording for those limits.

What are trigger events?

Your insurance policy provides coverage when the builder doesn't complete the work within a reasonable time and when they breach a statutory warranty. The policy is only activated if an insurable '**trigger event**' occurs and you are unable to recover from the builder because of it. **Trigger events** are:

- the builder dies
- the builder becomes insolvent
- the builder disappears
- the builder's licence is suspended because they didn't comply with an NCAT or Court order to pay you.

What are your periods of cover?

The *Home Building Act 1989* sets these insurance periods and a claim is only valid if you make it within the relevant insurance period.

Incomplete work

- **within twelve months** of the date the work stopped or failed to start

Completed work

- **within six years** of the completion date for major defects
- **within two years** of the completion date for other defects

Note: Refer to your policy for definitions of defects.

This cover protects you and anyone you sell your home to.

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Things to consider before you start building

Builders that take on residential work over $20,000 need HBC insurance cover and must get it before starting any work or taking any money under the contract, including the deposit. This is compulsory for all licensed builders and contractors (unless exempted under the *Home Building Act 1989*).

Check your builder's eligibility

Before builders can apply for HBC cover for a project, they must have an icare HBCF-issued Certificate of Eligibility. The Certificate sets out the types of construction and how much work a contractor or builder can take on.

Check your builder's licence

Check your chosen builder or contractor's licence by visiting the Service NSW Public Register (www.onegov.nsw.gov.au/publicregister/#/publicregister/search/Trades) to confirm whether your builder is able to contract for work requiring HBC insurance.

Your certificate of insurance

Your builder must give you the certificate of insurance before they take a deposit from you and before they start work.

You can check your cover at the State Insurance Regulatory Authority's (SIRA) HBC check www.sira.nsw.gov.au/insurance-coverage/home-building-compensation-insurance/hbc-check. If you don't have insurance you will not be able to make a claim.

Your certificate of insurance should contain:

- your name and the builder's name
- the site address of the building work
- contract price
- a brief description of the building work.

Make sure you know if you are contracting with an individual, partnership or company. Check that the builder's or contractor's name shown on your certificate is exactly the same as that on the building contract and the licence issued by Building Commission NSW.

Check the validity of your certificate of insurance

You can check the validity of a certificate of insurance on the publicly available, online Certificates Register (www.sira.nsw.gov.au/insurance-coverage/home-building-compensation-insurance/hbc-check). This register contains all certificates issued by icare HBCF and any other providers.

You should notify Building Commission NSW if your builder fails to give you the certificate of insurance.

How do you notify us of a potential claim?

You can send icare HBCF a Loss Notification form if you think the builder is not doing the work as specified in your contract with them. You don't have to wait until a trigger event occurs.

You must notify icare HBCF of your loss within your insurance periods. Your notification will protect your claim rights, so you may be able to make a claim after the insurance periods expire.

Once you have notified icare HBCF of your possible claim, contact your builder and ask them to complete the work. If you are unsuccessful contacting your builder, or they have refused to complete the work, you should then:

- Lodge a complaint with Building Commission NSW.
- Lodge a claim with NCAT or a Court (depending on value) to have the builder finish any incomplete or rectify any defective work.

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How do you make a claim?

To make a claim a trigger event must occur. The policy is only activated if an insurable trigger event occurs. You should make a claim as soon as you become aware of one of these trigger events.

Claims management service standards

Note: icare HBCF tries to determine claims within 90 days, but some claims are very complex and have unique issues. For these claims, we will estimate how much longer it will take and ask you to agree to a new date for our determination.

icare HBCF strives to meet the service standards defined in the document titled *Claims Information for Homeowners* (www.icare.nsw.gov.au/builders-and-homeowners/homeowners/claims).

Things to look out for

Warning signs of building work not going to plan:

- project delays without asking for an extension of time
- going outside of the contract period
- difficulties getting the builder on site
- the builder demanding progress payments without finishing the work or outside of the contract
- attempting to carry out defective work or work not agreed under the contract, etc.
- asking you to pay subcontractors direct when that was not what was originally agreed.

Note: Note: If you pay the builder amounts that are outside or in excess of the building contract (excluding variations), your HBCF insurance policy may not cover you for these amounts.

More information

You can find more detailed information about your insurance in these documents available on the icare HBCF website (www.icare.nsw.gov.au):

- *Claims Information for Homeowners*
- *Complaint and dispute guide for Homeowners*

Note: This document contains general information only. It is not specific to the circumstances of your policy or claim. You should not rely upon this document for specific policy or claim issues. You should raise those issues with icare HBCF.

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