Dear Homeowner,

These documents are your Home Warranty Insurance Policy and Insurance Certificate.

The QBCC Home Warranty Insurance is provided by the QBCC because you have chosen a QBCC licensed builder to construct your home. This booklet explains the terms and conditions of the Home Warranty Insurance the QBCC provides for your property and the certificate shows details of the policy, your builder, the value of the contract and your policy’s expiry date.

Please do not throw these documents away.

You should read this booklet carefully and then store it in a safe place. You may need to refer to it if you encounter difficulties with your construction and wish to make a claim.

Please note this booklet reflects Insurance Policy Conditions Edition 8 approved by the Queensland Building and Construction Commission Regulation 2003. For assistance to homeowners all references to the BSA have been amended to read QBCC.

If you have any questions regarding the contents of this booklet or the details on your certificate please phone 139 333 or visit your nearest QBCC office.
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Insurance policy conditions

Subject to the terms of this policy, the Queensland Building and Construction Commission (“QBCC”) will pay for loss for:

- Non-completion;
- Vandalism and forcible removal;
- Fire, storm and tempest;
- Defective construction; and
- Subsidence or settlement

of the insured work referred to in the certificate of insurance.

These policy conditions apply to residential construction work covered by the Statutory Insurance Scheme for which a premium has been paid, a contract entered, or work commenced (whichever is the earliest) on or after the date of commencement of this policy.

To remove doubt, earlier versions of these Insurance Policy Conditions do not apply to residential construction work covered by the Statutory Insurance Scheme for which a premium has been paid, a contract entered into or work commenced on or after the date of commencement of this policy.

Note: In this policy, certain words and phrases used throughout are defined in Part 11 and are shown in italics when used, e.g. Insured.
Part 1: Non-completion

1.1 Payment for non-completion
Subject to the terms of this policy, the QBCC agrees to pay for loss suffered by the Insured in the event of the contractor failing to complete the contract for the residential construction work.

1.2 Termination of contract
The QBCC is only liable to pay for loss under this Part when the contract is for a fixed price and the Insured has properly terminated the contract with the contractor.

1.3 Works commenced
For the purposes of this Part contracted works are commenced when:

(a) construction of the permanent footing system of a building comprising residential construction work is commenced; or

(b) in the case of a contract for residential construction work where no footing system is to be constructed - when change to the existing structure is physically commenced.

To remove doubt, work has not commenced if only preparatory work has been performed.

1.4 Amount of payment where work has not commenced
Subject to Parts 6, 7 and 8 of this policy, where the contractor has not commenced the contracted works in accordance with clause 1.3, the amount of the payment is limited to the total of:

(a) the lower of:

(i) the amount of any unrefunded deposit paid by or on behalf of the Insured to or on behalf of the contractor; or

(ii) if the contract price is equal to or more than $20,000 – 5% of the contract price (however this amount is limited to the QBCC’s maximum liability of $200,000 specified in Part 6 of this
policy); or
(iii) if the contract price is less than $20,000 – 10% of the contract price;
and
(b) interest on the amount payable under paragraph (a) at the rate stated in the certificate for the period from when the deposit was paid until the date when the contract was properly terminated by the Insured.

1.5 Amount of payment where works have commenced

Subject to the provisions of Parts 6, 7 and 8 of this policy, where the contractor has commenced the contracted works in accordance with clause 1.3, the amount of the payment under this Part is limited to the total of:

(a) the QBCC’s assessment of the reasonable cost of completing the contract less the Insured’s remaining liability under the contract (exclusive of any amount by way of liquidated damages or damages for delay) at the date of termination of the contract;

and

(b) in the case of a contract for residential construction work other than a contract involving building work to a related roofed building, an amount the QBCC determines is reasonable for alternative accommodation of the Insured, removal and storage costs, necessarily incurred by the Insured as a result of the non-completion and because the residential construction work is, in the opinion of the QBCC, uninhabitable.

Any such payment will be limited to those reasonable alternative accommodation, removal and storage costs necessarily incurred as a result of the contractor’s failure to complete the contract for the period from:

- the date nominated or stated in the contract for practical completion; or
the date when the Insured has properly terminated the contract with the contractor; or
the date the Insured gives notification of the claim to the QBCC;

whichever date is the latest, until the date that the residential construction work referred to in paragraph (b) is substantially complete in the opinion of the QBCC.

For the period between receipt of the formal claim approval from the QBCC, and the making of a contract for recommencement of construction, the payment is limited to those expenses incurred over a maximum period of 7 days.

1.6 Limit on right to payment

(a) Where, in the opinion of the QBCC, the value of the contracted works to be undertaken clearly exceeds the price to be paid, the QBCC will reduce the amount payable under this policy by the amount of that excess as determined by the QBCC.

(b) Where in the opinion of the QBCC, the Insured pays to or on behalf of the contractor any moneys for the contracted works before they become due ("prepayment"), the QBCC will reduce the amount payable under this policy by the value of that prepayment. (The value of the prepayment is the QBCC’s assessment of the value of the incomplete work in the stage of the contract for which the prepayment was made).

1.7 Expiry of cover

The QBCC is only liable to pay for loss under this Part where the Insured has properly terminated the contract with the contractor within 2 years from the date of payment of the insurance premium or the date of entering into the contract (whichever is the earlier).
1.8 Time limit for making a claim

The *Insured* is NOT ENTITLED to payment for loss under this Part unless the claim is made under this Part within 3 months of the *Insured* properly terminating the *contract*, or within such further time as the *QBCC* may allow.

1.9 No liability in certain circumstances

The *QBCC* is not liable under this Part:

(a) in relation to a *contract* or contracts for:

(i) *residential construction work* involving more than two living units between the *Insured* and the one *contractor*, or

(ii) *residential construction work* to the *common property* of a *multiple storey dwelling* other than a *duplex* between the *Insured* and the one *contractor*, unless at least 50% of the units were occupied when the *contract* was entered into, and when the *contract* was terminated; or

(iii) *residential construction work* involving the construction of a *multiple storey dwelling* other than a *duplex*.

(b) where the *Insured* has exercised the *Insured*'s right to withdraw from the *contract* during the “cooling off period” in accordance with the terms of the *contract*, or pursuant to the provisions of the *Domestic Building Contracts Act 2000*.

For sub-section 1.9(a)(i):

(a) a single detached dwelling is taken to be 1 living unit; and

(b) a *residential unit* is taken to be 1 living unit; and

(c) a *duplex* is taken to be 2 living units.
Part 2: Non-completion, acts of vandalism and forcible removal

2.1 Payment for vandalism and forcible removal
Subject to the terms of this policy, the QBCC agrees to pay for loss suffered by the Insured in the event of another person causing damage to or destruction of standing work through vandalism or forcible removal.

2.2 Commencement of cover
Subject to clause 2.10, the QBCC’s liability under this Part commences when the QBCC receives the Insured’s claim under Part 1 of this policy and only where:

(a) the claim is for loss suffered by the Insured because the contractor failed to complete residential construction work under a contract; and

(b) standing work formed part of the contracted works under the contract.

To remove doubt the QBCC is not liable and the Insured is not entitled to payment under this policy for loss resulting from a defined event occurring prior to the lodgement of a claim under Part 1 of this policy.

2.3 Lodgement of claim
The QBCC is only liable to pay for loss under this Part if the Insured lodges a claim under this Part within 14 days of the defined event which caused the loss.

2.4 Reporting of defined event to police
The Insured must make a formal complaint to the police about the defined event prior to lodging a claim under this Part, and must provide the information required in accordance with clause 2.11 to the QBCC at the time the claim is lodged.
2.5 Excess
An excess of $2,500 is payable by the Insured for each defined event for which loss is claimed under this Part.

2.6 Amount of payment
Subject to Parts 6, 7 and 8 of this policy, if a claim is made under this Part payment is limited to the reasonable cost, as determined by the QBCC, of undertaking those works necessary to reinstate the standing work to the same state that it was immediately prior to the defined event less the Insured’s remaining liability under the contract after assessment of the Insured’s claim under Part 1 of this policy.

2.7 Rectification without approval
The Insured is not entitled to payment for loss under this Part if the damaged or destroyed standing work is rectified or otherwise reinstated without the prior written approval of the QBCC.

2.8 Expiry of cover under this part
The QBCC ceases to be liable under this Part on the earliest of the following:

(a) 6 months from the date the contract for residential construction work was properly terminated;

(b) the date the Insured enters into a contract to complete the work that was contracted to be performed under the terminated contract under which the standing work was performed;

(c) 7 days after the QBCC’s written approval of a claim under Part 1 for which the standing work formed part of the contracted works.
2.9 Expiry of cover for loss caused by a particular defined event

Without limiting clause 2.8, the QBCC ceases to be liable under this Part for a particular defined event on the earliest of the following:

(a) the date the Insured enters into a contract to rectify or reinstate damage or destruction to the standing work caused by the particular defined event;

(b) 7 days after the QBCC’s written approval of a claim under this Part for loss caused by the particular defined event.

2.10 Exclusion from cover where the QBCC is not liable under Part 1

The QBCC is not liable under this Part if the QBCC is not liable under Part 1 of this policy, or the Insured is not entitled to payment under Part 1 of this policy, for non-completion of a contract for which the standing work formed part of the contracted works.

This clause does not apply in circumstances where the Insured would be entitled to a payment under Part 1 but for the operation of either clause 1.5(a) or clause 6.6 of this policy.

2.11 Information to be provided to the QBCC

The Insured is not entitled to payment under this Part if the Insured fails to provide the QBCC with the following information:

(a) evidence of the Insured’s complaint to the police about the defined event; and

(b) all other information reasonably required by the QBCC as being necessary to assess the claim.

2.12 Access to assess a claim

The Insured is not entitled to payment under this Part if the Insured refuses the QBCC or a delegate of the QBCC access to the standing work for the purposes of assessing the damage or destruction caused by the defined event.
2.13 No liability in certain circumstances
The QBCC is not liable under this Part for any of the following:

(a) loss in relation to public or legal liability for the payment of compensation in respect of death, bodily injury or illness, occurring on the premises during the period of insurance, or loss suffered as a result of defective products;

(b) loss to other property, including but not limited to adjoining properties and associated building work as a result of the defined event;

(c) loss in relation to the cost of removing tree stumps or any part of a tree that has not fallen or caused damage to standing work.

Part 3: Non-completion - fire, storm or tempest

3.1 Payment for fire, storm or tempest
Subject to the terms of this policy, the QBCC agrees to pay for loss to the Insured in the event of damage to, or destruction of standing work caused by a fire, storm or tempest.

3.2 Commencement of cover
Subject to clause 3.8, the QBCC’s liability under this Part commences when the QBCC receives the Insured’s claim under Part 1 of this policy and only where:

(a) the claim is for loss suffered by the Insured because the contractor failed to complete residential construction work under a contract; and

(b) standing work formed part of the contracted works under the contract.

To remove doubt the QBCC is not liable and the Insured is not entitled to payment under this policy for loss resulting from a defined event occurring prior to the lodgement of a claim under Part 1 of this policy.
3.3 Lodgement of claim
The QBCC is only liable to pay for loss under this Part if the Insured lodges a claim under this Part within 14 days of the defined event which caused the loss.

3.4 Amount of payment
Subject to Parts 6, 7 and 8 of this policy, if a claim is made under this Part, payment is limited to the reasonable cost, as determined by the QBCC, of undertaking those works necessary to reinstate the standing work to the same state that it was immediately prior to the defined event less the Insured’s remaining liability under the contract after assessment of the Insured’s claim under Part 1 of this policy.

3.5 Rectification without approval
The Insured is not entitled to payment for loss under this Part if the damaged or destroyed standing work is reinstated without the prior written approval of the QBCC.

3.6 Expiry of cover under this part
The QBCC ceases to be liable under this Part on the earliest of the following:
(a) 6 months from the date the contract for residential construction work was properly terminated;
(b) the date the Insured enters into a contract to complete the work that was contracted to be performed under the terminated contract under which the standing work was performed;
(c) 7 days after the QBCC’s written approval of a claim under Part 1 for which the standing work formed part of the contracted works.

3.7 Expiry of cover for loss caused by a particular defined event
Without limiting clause 3.6, the QBCC ceases to be liable under this Part for a particular defined event on the earliest of the following:
(a) the date the Insured enters into a contract to rectify damage or destruction to the standing work caused by the particular defined event;

(b) 7 days after the QBCC’s written approval of a claim under this Part for loss caused by the particular defined event.

3.8 Exclusion from cover where the QBCC is not liable under Part 1

The QBCC is not liable under this Part if the QBCC is not liable under Part 1 of this policy, or the Insured is not entitled to receive a payment for loss under Part 1 of this policy, for non-completion of a contract for which the standing work formed part of the contracted works.

This clause does not apply in circumstances where the Insured would be entitled to a payment under Part 1 but for the operation of clause 1.5(a) or clause 6.6 of this policy.

3.9 Fire caused by vandalism or forcible removal

To remove doubt, the QBCC is not liable under this Part for loss to standing work that has been damaged or destroyed by fire caused by or arising out of vandalism, forcible removal or other unlawful act.

3.10 Information to be provided to the QBCC

The Insured is not entitled to payment under this Part if the Insured fails to provide the QBCC with all information reasonably required by the QBCC as being necessary to assess the claim.

3.11 Access to assess a claim

The Insured is not entitled to payment under this Part if the Insured unreasonably refuses the QBCC or a delegate of the QBCC access to the standing work for the purposes of assessing the damage or destruction caused by the defined event.
3.12 No liability in certain circumstances

The QBCC is not liable under this Part for any of the following:

(a) loss caused gradually out of repeated exposure to fire or smoke;

(b) loss in relation to public or legal liability for the payment of compensation in respect of death, bodily injury or illness, occurring on the premises during the period of insurance, or loss suffered as a result of defective products;

(c) loss to other property, including but not limited to adjoining properties and associated building work as a result of fire, storm or tempest commencing or occurring on, or otherwise affecting, the residential construction work subject to this policy;

(d) loss in relation to the cost of removing tree stumps or any part of a tree that has not fallen or caused damage to standing work.

Part 4:
Defective construction

4.1 Payment for Defective Construction

Subject to the terms of this policy, the QBCC agrees to pay the cost of rectifying defects in the residential construction work that is primary building work, other than for defects from subsidence or settlement referred to in Part 5 of this policy.

4.2 Amount of Payment

(a) Subject to clause 4.2(c) and Parts 6, 7 and 8 of this policy, the amount of the payment under this Part will be limited to the reasonable cost, as determined by the QBCC, of undertaking those works necessary to rectify the defects, less, where the Insured contracted with the contractor
for the undertaking of the residential construction work which is defective, the owner’s remaining liability under the contract.

Under this clause 4.2(a), for the purpose of determining the owner’s remaining liability under the contract, the QBCC may credit the owner with an amount for which the contractor has, for valuable consideration, waived payment and an amount for which the contractor is liable to the owner in respect of the contract for the contracted works.

(b) Where the QBCC has admitted a claim for payment for loss relating to defects, it may if it thinks fit, having given prior written approval, pay the Insured for the reasonable alternative accommodation of the Insured and any removal and storage costs of the Insured as determined by the QBCC as having been necessarily incurred by the Insured as a result of the need to rectify the defects and because the residential construction work is, in the opinion of the QBCC, uninhabitable.

(c) Where, in the opinion of the QBCC, the undertaking of remedial works is unnecessary or unreasonable, the payment under this clause 4.2 will be limited to the loss in value, if any, as determined by the QBCC in the residential construction work, produced by the departure from the plans or specifications or by the defective workmanship or materials.

4.3 Limits on Right to Payment

The QBCC’s liability to pay under this Part will not arise:

(a) where, in the opinion of the QBCC, the Insured unreasonably refuses access to the contractor or his/her agent to undertake rectification; or

(b) in circumstances where the QBCC issues a direction to rectify defective work, until
the QBCC is satisfied that the contractor will not comply with that direction or the requirements of the Tribunal or a Court in relation to that direction; or

(c) in circumstances where the contractor has a continuing obligation to complete the residential construction work.

4.4 Expiry of Cover

(a) Subject to clause 4.4(c), the QBCC is only liable to pay for loss under this Part for a category 1 defect where the defect first became evident within 6 years and 6 months after:

(i) the date of payment of the insurance premium, or the date of entering into the contract (and where more than one date, whichever is the earlier); or

(ii) where no insurance premium was paid and there was no written contract, the date of commencement of construction.

(b) The QBCC is only liable to pay for loss under this Part for a category 2 defect where the defect first became evident within 6 months after the date of practical completion of the residential construction work.

(c) Where the residential construction work, (and residential construction work comprising more than one separate residence will be considered separately), has not reached practical completion within 6 months after:

(i) the date of payment of the insurance premium, or the date of entering into the contract (and where more than one date, whichever is the earlier); or

(ii) where no insurance premium was paid and there was no written contract, the date of commencement of construction,

the period of insurance cover under this policy in respect of category 1 defects.
will be extended by the amount of time by which the time taken to reach **practical completion** of the **residential construction work** (and **residential construction work** comprising more than one separate residence will be considered separately) exceeds the period of **6 months** from that date.

4.5 Time Limit for Making a Claim

The **Insured** is NOT ENTITLED to payment for loss under this Part unless:

(a) in the case of a **category 1 defect**, the claim is made within **3 months** of that defect first becoming evident (in the opinion of the QBCC); or

(b) in the case of a **category 2 defect**, the claim is made within **7 months** of the date of **practical completion**, or within such further time as the QBCC may allow.

4.6 No Liability in Certain Circumstances

The QBCC is not liable under this Part for that part of **residential construction work** that is **associated building work**.

**Part 5: Subsidence or settlement**

5.1 Payment for Subsidence or Settlement

(a) Subject to the terms of this policy, the QBCC agrees to pay for the cost of remedying subsidence or settlement damage to the **residential construction work** that is **primary building work**.

(b) For the purposes of this policy, “subsidence or settlement” means movement in the foundations of the **residential construction work** which adversely affects the structural adequacy or serviceability, performance or functional use of that work.
5.2 Amount of Payment

Subject to Parts 6, 7 and 8 of this policy, the amount of the payment under this Part will be:

(a) (i) where the residential construction work has been completed and the Insured contracted with the contractor for the undertaking of the residential construction work whose foundations have subsided or settled, the reasonable cost of remedying the residential construction work less the owner's remaining liability under the contract; or

(ii) where the residential construction work has been completed and the Insured purchased the land on which the residential construction work has been performed, the reasonable cost of remedying the residential construction work; or

(iii) where the residential construction work has not been completed, the reasonable cost of remedying the residential construction work; and

(b) where the QBCC has admitted a claim for payment for loss in relation to subsidence or settlement, it may if it thinks fit, having given prior written approval, pay the Insured for the reasonable alternative accommodation of the Insured and any removal and storage costs of the Insured necessarily incurred by the Insured as a result of the need to remedy the subsidence and settlement damage and because the residential construction work is, in the opinion of the QBCC, uninhabitable.

5.3 Limits on Right to Payment

The QBCC’s liability for payment under this Part will not arise:

(a) where, in the opinion of the QBCC, the Insured unreasonably refuses access to the contractor or his/her agent to undertake rectification; or
(b) in circumstances where the QBCC issues a direction to rectify defective work, until the QBCC is satisfied that the contractor will not comply with that direction or the requirements of the Tribunal or a Court in relation to that direction.

5.4 Expiry of Cover

(a) Subject to clause 5.4(b), the QBCC is only liable to pay for loss under this Part where the subsidence or settlement first became evident within 6 years and 6 months after:

(i) the date of payment of the insurance premium, or the date of entering into the contract (and where more than one date, whichever is the earlier); or

(ii) where no insurance premium was paid and there was no contract, the date of commencement of construction.

(b) Where the residential construction work, (and residential construction work comprising more than one separate residence will be considered separately), has not reached practical completion within 6 months after:

(i) the date of payment of the insurance premium, or the date of entering into the contract (and where more than one date, whichever is the earlier); or

(ii) where no insurance premium was paid and there was no written contract, the date of commencement of construction,

the period of insurance cover under this policy in respect of subsidence or settlement will be extended by the amount of time by which the time taken to reach practical completion of the residential construction work (and residential construction work comprising more than one separate residence will be considered separately) exceeds the period of 6 months from that date.
5.5 Time Limit for Making a Claim
The Insured is not entitled to payment for loss under this Part unless the claim is made within 3 months of the subsidence or settlement first becoming evident (in the opinion of the QBCC), or within such further time as the QBCC may allow.

5.6 No Liability in Certain Circumstances
The QBCC is not liable under this Part for the cost of remedying subsidence or settlement damage for residential construction work that is associated building work.

Part 6: Limits of liability

6.1 Limits of Liability
In no case will the QBCC be liable to an Insured for an amount in excess of the maximum amount of payment for loss calculated in accordance with this policy.

6.2 Maximum Liability - Single Detached Dwelling, Duplex or Related Roofed Building (that is not part of a contract for other Residential Construction Work) - Prior to Practical Completion
(a) This clause applies to liability under this policy in relation to:
   (i) a single detached dwelling; or
   (ii) a duplex; or
   (iii) a related roofed building that is not erected or constructed, rectified or otherwise altered as part of a contract for the performance of other residential construction work.
(b) The maximum amount of payment for which the QBCC will be liable for all claims in the aggregate under this policy, in respect of a building mentioned in
paragraph (a), that includes any or all of the following components:

(i) loss resulting from non-completion of works;
(ii) loss to standing work resulting from vandalism and forcible removal;
(iii) defects that become apparent prior to practical completion of works;
(iv) subsidence or settlement that becomes apparent prior to practical completion of works;

will be the replacement value of the residential construction work or $200,000, whichever is less. That amount includes, where applicable, a maximum of $5,000 for alternative accommodation, removal and storage costs.

6.3 Maximum Liability – Single Detached Dwelling, Residential Unit or Related Roofed Building (that is not part of a contract for other Residential Construction Work) - After Practical Completion

(a) This clause applies to liability under this policy in relation to:

(i) a single detached dwelling; or
(ii) a residential unit; or
(iii) a related roofed building that is not erected, constructed, rectified or otherwise altered as part of a contract for the performance of other residential construction work.

(b) The maximum amount of payment for which the QBCC will be liable for all claims in the aggregate under this policy, in respect to a building mentioned in paragraph (a), that includes any or all of the following components:

(i) loss resulting from defective work that becomes apparent after practical completion;
(ii) subsidence or settlement that becomes apparent after practical completion;
will be the replacement value of the residential construction work or $200,000, whichever is less. That amount includes, where applicable, a maximum of $5,000 for alternative accommodation, removal and storage costs.

6.4 Maximum Liability – Contracted Works that comprise of a Related Roofed Building and other Residential Construction Work

(a) This clause applies to liability under this policy in relation to contracted works that includes the erection or construction of, or construction on, at least one related roofed building and other residential construction work.

(b) The maximum amount of payment for which the QBCC will be liable for all claims in the aggregate under this policy, in respect of contracted works mentioned in paragraph (a), that includes any or all of the following components:

(i) loss resulting from non-completion of works;
(ii) loss to standing work resulting from vandalism and forcible removal;
(iii) loss resulting from defective work that becomes apparent prior to practical completion of works;
(iv) subsidence or settlement that becomes apparent prior to practical completion of works;

will be:

(v) for a single detached dwelling and the related roofed building or buildings - the replacement value of the contracted works or $200,000, whichever is the lower amount;

(vi) for each residential unit and the related roofed building or buildings - the replacement value of the contracted works or $200,000, whichever is the lower amount.
(c) The maximum amount of payment for which the QBCC will be liable under this policy for a claim, in respect of contracted works mentioned in paragraph (a), that includes any or all of the following components:

(i) loss resulting from defective work that becomes apparent after practical completion;

(ii) subsidence or settlement that becomes apparent after practical completion;

will be:

(iii) for a single detached dwelling and the related roofed building or buildings - the replacement value of the contracted works or $200,000, whichever is the lower amount;

(iv) for each residential unit and the related roofed building and buildings - the replacement value of the contracted works or $200,000, whichever is the lower amount.

6.5 Maximum Liability – Common Property

(a) This clause applies to liability under the Scheme for the common property component of contracted works.

(b) The maximum amount of payment for which the QBCC will be liable under the Scheme for all claims in the aggregate, in respect of the common property in paragraph (a), that includes any or all of the following components:

(i) loss resulting from non-completion of works;

(ii) loss resulting from defective work;

(iii) subsidence or settlement;

will be:

(iv) $1,000,000; or
(v) $200,000 times the number of residential units in the building; or
(vi) an amount calculated by the QBCC as the replacement value of the contracted works;
whichever is the lowest amount.

(c) Unless otherwise required by the Body Corporate and Community Management Act 1997, any payment approved under the Scheme for common property is to be apportioned between the residential units in the building according to their interest schedule lot entitlements of their respective lots and their respective policies under the Scheme.

6.6 Maximum Liability – Failure to Complete Works

(a) The maximum payment that can be made for all claims in the aggregate to the Insured under Part 1 where the Insured has entered into one contract with a contractor for residential construction work is the lower of:
   (i) the QBCC’s assessment of the amount of payment under Part 1 of this policy; or
   (ii) $200,000; or
   (iii) the balance remaining from $200,000 after the deduction of all amounts approved under Part 2 of this policy.

(b) However, if the Insured has entered into more than one contract with the same contractor for residential construction work, the maximum payment that can be made for all claims in the aggregate to the Insured under Part 1 of this policy, is the lower of:
   (i) the QBCC’s assessment of the amount of payment under Part 1 of this policy; or
   (ii) $200,000; or
   (iii) the balance remaining from $200,000 after the deduction of the following:
       A. all amounts approved under Part 2 of this policy; and
B. all amounts approved under the Scheme for the other contract or contracts in relation to loss associated with the contractor failing to complete the other respective contract or contracts for residential construction work; and

C. all amounts approved under the Scheme for the other contract or contracts in relation to one or more claims for loss associated with damage to or destruction of standing work through vandalism or forcible removal.

6.7 Maximum Liability – Vandalism and Forcible Removal

The maximum payment that can be made to the Insured for all claims in the aggregate under Part 2 of this policy where the Insured has entered into one contract with a contractor for residential construction work is the lower of:

(a) the reasonable cost, as determined by the QBCC, of undertaking those works necessary to reinstate the standing work to a condition substantially the same as, but not better or more extensive than immediately prior to the defined event; or

(b) $200,000; or

(c) the balance remaining from $200,000 after the deduction of the following:

(i) all amounts approved under Part 1 of this policy; and

(ii) all amounts approved under Part 2 of this policy for the same or another defined event.

If the Insured has entered into more than one contract with the same contractor for residential construction work, the maximum payment that can be made to the Insured under Part 2 of this policy, is the lower of:

(a) the QBCC’s assessment of the amount of payment under Part 2 of this policy; or
(b) $200,000; or

(c) the balance remaining from $200,000 after the deduction of the following:
   (i) all amounts approved under Part 1 of this policy; and
   (ii) all amounts approved under Part 2 of this policy for the same or another defined event; and
   (iii) all amounts approved under Part 1 of the Scheme for the other contract or contracts in relation to one or more claims for loss associated with the contractor failing to complete the other respective contract or contracts for residential construction work; and
   (iv) all amounts approved under the Scheme for the other contract or contracts in relation to one or more claims for loss associated with damage to or destruction of standing work through vandalism or forcible removal.

6.8 Maximum Liability - Fire, Storm and Tempest - Single Defined Event

(a) Subject to clause 6.9, the total maximum amount of payment for which the QBCC will be liable for all claims in the aggregate under Part 3 of this policy for a single defined event is the lower of:
   (i) the QBCC’s assessment of the total amount of payment under Part 3 of this policy; or
   (ii)$200,000.

(b) However, if the Insured has entered into more than one contract with the same contractor for residential construction work, the total maximum payment that can be made to the Insured under Part 3 of this policy for all claims in the aggregate, notwithstanding that loss may arise as a result of more than one defined event, is the lower of:
   (i) the QBCC’s assessment of the total amount of payment under Part 3 of this policy; or
(ii) $200,000; or
(iii) the balance remaining from $200,000 after deduction of all amounts approved under the Scheme for any other contract or contracts with the same contractor in relation to loss caused by fire, storm or tempest.

To remove doubt for clause 6.8(b)(iii), the reference to fire, storm or tempest in this clause is not limited to the same single defined event referred to in clause 6.8(b).

6.9 Maximum Liability - Fire, Storm and Tempest - Multiple Defined Events

(a) The total maximum amount of payment for which the QBCC will be liable for all claims in the aggregate under Part 3 of this policy where there are multiple defined events during the period of cover under this policy is the lower of:

(i) the replacement value of the standing work to reinstate it to the state it was, as far as practicable, immediately prior to the first relevant defined event; or
(ii) $200,000.

(b) However, if the Insured has entered into more than one contract with the same contractor for residential construction work or the claim is in relation to multiple residential units under construction, the maximum payment that can be made to the Insured under Part 3 of this policy for all claims made in relation to the defined events, is the lower of:

(i) the replacement value of the standing work to reinstate it to the state it was, as far as practicable, immediately prior to the first relevant defined event; or
(ii) $200,000; or
(iii) the balance remaining from $200,000 after deduction of all amounts
approved under the Scheme for any other contract or contracts with the same contractor in relation to loss caused by fire, storm or tempest.

To remove doubt for clause 6.9(b)(iii), the reference to fire, storm or tempest in this clause is not limited to the same single defined event referred to in clause 6.9(b).

6.10 Total Maximum Liability

(a) To remove any doubt, the maximum amount payable by the QBCC for all claims in the aggregate under this policy in relation to a single detached dwelling, residential unit or related roofed building, is $600,000.

(b) To remove any doubt, the QBCC is not liable for a claim in relation to defective work or subsidence or settlement which becomes apparent after practical completion, if the same defect was, or in the opinion of the QBCC should have been, apparent to the Insured, its agent or delegate prior to practical completion.

6.11 Taxes

(a) Any payment made by the QBCC under this policy is inclusive of all relevant taxes on the amounts paid or payable.

(b) All maximum liability amounts stated in this policy are inclusive of all relevant taxes in respect of those amounts.

(c) Where the amount of any payment to be made by the QBCC under this policy is to be assessed or calculated by reference to costs expected to be incurred by the Insured, those costs are to be determined:

(i) after reduction for the amount of any input tax credits to which the Insured is, or in the opinion of the QBCC could reasonably be expected to be, entitled to claim in respect of those costs; and
(ii) exclusive of any GST liability for supplies made, or which may be made, by the Insured.

In forming its opinion of whether the Insured is, or could reasonably be expected to be entitled to claim input tax credits in respect of any cost, the QBCC may have regard to whether it is likely that the acquisition for which the cost was incurred, will relate to a taxable supply, given:

- the status of the Insured as registered for GST purposes;
- the nature of the enterprise ordinarily carried out by the Insured; and
- the balance of any other evidence available to the QBCC that the Insured would be likely to deal with the property in such a way that the acquisition would relate to a taxable supply, rather than an input taxed supply.

(d) Where the assessment or calculation of the amount of any payment to be made by the QBCC under this policy involves an adjustment for the remaining liability under a contract entered into after 30 June 2000 and where GST has been included in that contract liability, then the adjustment for that remaining liability may be determined after reduction for the amount of any input tax credits to which the Insured could, in the opinion of the QBCC, reasonably have been expected to be entitled to claim in respect of that remaining liability.

(e) In this clause “registered” has the same meaning as in the GST Act.

6.12 Additional Limits for Residential Units

(a) The maximum amount of the payment for loss to the owner of a residential unit under this policy will be reduced where the QBCC has a liability to pay a claim, or has paid a claim, at the time of loss in relation to any of the common property of the community titles scheme of which the residential unit forms a part.
(b) The amount of this reduction is calculated in accordance with the following formula:

\[ \text{Amount} = F \times G \]

Where:
- \( F \) is the amount paid or payable in relation to the common property;
- \( G \) is the Insured’s lot entitlement as a proportion of the sum of the lot entitlements in the community titles scheme, or, if there is no community titles scheme, then \( G \) is the floor area of the residential unit as a proportion of the total floor area of the building or buildings (excluding any car park) to which the claim for common property relates.

6.13 Additional Limits Where Commercial Works are Involved

(a) Subject to the terms of this policy, where the insured work is contained in a building or buildings ("building") that incorporates both residential purposes and commercial purposes, the QBCC’s liability to the Insured under Parts 4 or 5 of this policy in relation to common property is limited to:

(i) where there is a community titles scheme, an amount calculated in accordance with the following formula:

\[
\text{Liability} = \text{Loss} \times \frac{\text{Lot entitlement of residential units in building}}{\text{Total lot entitlement of building}}
\]

or

(ii) if there is no community titles scheme, an amount calculated in accordance with the following formula:

\[
\text{Liability} = \text{Loss} \times \frac{\text{Floor area of residential units in building}}{\text{Total floor area of building (excluding any car park and common property)}}
\]
(b) For the purpose of this clause, “loss” is the total cost to rectify defects or remedy subsidence and settlement damage to common property.

6.14 Other Insurance

(a) If any loss insured by this policy is covered by any other policy or policies of insurance (“relevant policies”), the QBCC will pay only the amount in excess of the amount payable under any relevant policies.

(b) If the Insured elects not to claim or pursue payment or indemnity under any relevant policies, the QBCC will only be liable to pay the Insured the amount in excess of the amount that would have been payable under any relevant policies.

(c) The Insured shall notify the QBCC in writing of any insurance or insurances already effected covering, whether in whole or in part, the property or liability hereby insured.

6.15 Effect of Release of Contractor or Provision of Indemnity

(a) Where the contractor or other person has been released from any liability in relation to the insured works the QBCC is thereby released from liability under this policy to the same extent.

(b) Where the contractor or other person has been indemnified by the Insured in relation to the insured works the Insured thereby releases the QBCC from liability under this policy to the extent of that indemnity.

6.16 Process for Assessment of Claims under Part 1

Where a claim is made under Part 1 of this policy and a subsequent claim is made under either Parts 2 or 3 of this policy, the claim under Part 1 is to be assessed first. To remove doubt, where claims are assessed concurrently the claim under Part 1 is deemed to be assessed first.
7.1 Completion or Rectification Without Approval

The QBCC may refuse to make a payment for loss under this policy where residential construction work has been completed or rectified (as applicable) without the prior written approval of the QBCC.

7.2 Subsequent Purchasers

Where the Insured purchased the land on which residential construction work has been performed, the Insured is NOT ENTITLED to payment for loss under Parts 2, 3, 4 or 5 of this policy where the damage, destruction, defect, subsidence or settlement was, in the opinion of the QBCC, evident prior to completing the contract to purchase the land.

7.3 Alterations and Additions

Where the residential construction work involves primary building work to an existing residence or related roofed building the Insured is not entitled to payment for loss under this policy for any defects or subsidence or settlement which occurs in relation to that existing residence or related roofed building other than those which are directly caused or contributed to by the performance of the residential construction work.

7.4 Other Exclusions

The Insured is not entitled to payment for loss where the loss is caused by or contributed to by:

(a) defective design:

(i) in the case of a multiple storey dwelling (and subject to clause 7.6) - where the Insured is the person who contracted with the engineer, architect or building designer for the design of the residential construction work; or

(ii) in any other case - unless the design was prepared by or on behalf of the contractor or by:

Part 7: General exclusions
• an engineer;
• an architect; or
• a building designer; or

(b) the gradual deterioration of the residential construction work caused by fair wear and tear or by the lack of maintenance or neglect of the Insured; or

(c) the failure of any person other than the contractor or the contractor’s agent, employee, subcontractor, supplier or invitee to undertake reasonable maintenance, inspections and treatments or to carry out reasonable recommendations given by the QBCC; or

(d) pressure waves caused by aircraft or other aerial devices; or

(e) earthquake, erosion, flood, landslip, tidal wave, change of water course, failure of artificial devices for the storage or conveyance of water or gas (unless constructed as part of the residential construction work by the contractor), or accidental damage; or

(f) in relation to public or legal liability for the payment of compensation in respect of death, bodily injury or illness, occurring on the premises during the period of insurance, or loss suffered as a result of defective products.

Other than as provided in Parts 2 and 3 of this policy the Insured is not entitled to payment for loss where the loss is caused by or contributed to by:

(a) the act, omission or inaction of any person other than the contractor or the contractor’s agent, employee, subcontractor, supplier or invitee;

(b) malicious damage, vandalism, theft including forcible removal, storm, fire and tempest.
7.5 No Liability in Certain Circumstances

The QBCC is not liable under this policy:

(a) in relation to vandalism or forcible removal, where the damage is caused by any person who is acting with the express or implied consent of either the Insured or someone with the Insured’s authority;

(b) in relation to vandalism caused by the Insured, or the Insured’s agent or invitee;

(c) where the loss is caused by someone who has entered the residential construction work or the site of residential construction work with the consent of the Insured or the consent of someone with the Insured’s authority;

(d) in relation to public or legal liability for the payment of compensation in respect of death, bodily injury or illness, occurring on or arising from the premises during the period of insurance, or loss suffered as a result of defective products;

(e) for loss to other property, including adjoining properties as a result of vandalism, forcible removal, fire, storm or tempest occurring on, emanating from or otherwise affecting the residential construction work subject to this policy;

(f) cost of removing tree stumps or any part of a tree that has not fallen or caused damage to the residential construction work.

7.6 Insured as the Contractor or an Associate of the Contractor

(a) Where the Insured is:

(i) a building contractor (other than a subcontractor); or

(ii) an associate of a building contractor,

and that building contractor has performed or caused performance of the residential construction work then the Insured is not entitled to payment for loss under Part 1 (Non-Completion) or Part 4 (Defective Construction) of this policy in relation to the insured works.
(b) For the purposes of clause 7.6(a) an *Insured* is taken to be an associate of a building *contractor* if:

(i) in the case of the building *contractor* being a company – the *Insured* is:

- an officer of the company;
- an individual, other than an officer of the company, who is in a position to control or substantially influence the conduct of the company’s affairs, including for example, a shareholder with a significant shareholding, a financier or a senior employee;
- the spouse (including a de facto spouse) or child of an officer of the company or an individual, other than an officer of the company, who is in a position to control or substantially influence the conduct of the company’s affairs, including for example, a shareholder with a significant shareholding, a financier or a senior employee;
- a trustee of a trust where the company, or another entity that is an associate of the company because of another sub-paragraph of this clause, benefits or is capable of benefiting under the trust;
- another company whose majority voting interest is held by the company; or
- another company who holds a majority voting interest in the company.

(ii) in the case of the building *contractor* being an individual – the *Insured* is:

- the spouse (including a de facto spouse) or child of the individual;
- a trustee of a trust where the individual, or another entity that is an associate of the individual because of another sub-paragraph of this clause, benefits or is capable of benefiting under the trust;
• a company whose majority voting interest is held by the individual; or
• a company in which the individual, the individual’s spouse (including a de facto spouse) or child is in a position to control or substantially influence the conduct of the company’s affairs, including for example, a shareholder with a significant shareholding, a financier or a senior employee.

(c) Where the Insured is a building contractor (other than a subcontractor), and has performed or caused performance of the residential construction work, then the Insured is not entitled to payment for loss under Part 5 (Subsidence or Settlement) of this policy unless:

(i) the residential construction work in question is the contractor’s permanent residence; and

(ii) the footing was designed by an engineer and that design has been faithfully followed.

7.7 Carpet & Vinyl

The Insured is not entitled to payment for loss which relates to repair, replacement or cleaning of carpet or vinyl floor coverings irrespective of whether they are defective, damaged or improperly installed.

7.8 Terrorism

(a) This policy excludes loss, damage, cost, or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any act of Terrorism, as defined herein, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

(b) This policy also excludes loss, damage, cost, or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against, or responding to any act of Terrorism.
7.9 **Electronic Data**

This policy does not insure:

(a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of electronic data;

(b) error in creating, amending, entering, deleting or using electronic data; or

(c) total or partial inability or failure to receive, send, access or use electronic data, for any time or at all, from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

7.10 Entitlements Subject to the Act

Notwithstanding anything stated in this policy, the Insured is not entitled to a claim, payment or other entitlement under this policy if it is prohibited by or contrary to the Act or Regulation.

*Example – section 70A of the Act*

“70A Persons not entitled to indemnity under insurance scheme

(1) A building contractor who carries out speculative residential construction work is not entitled to indemnity under the statutory insurance scheme for the work.

(2) Where a person has entered into 1 or more building contracts, in force at the same time, to construct 3 or more living units, the person is not entitled to indemnity under the statutory insurance scheme for the work.

(3) For subsection (2)—

(a) a single detached dwelling is taken to be 1 living unit; and

(b) a residential unit is taken to be 1 living unit; and

(c) a duplex is taken to be 2 living units.

(4) A policy of insurance for residential construction work, in the terms stated in the board’s policies, may include other circumstances in which a person is not entitled to indemnity under the statutory insurance scheme.
(5) Nothing in this section affects the right of a subsequent owner of residential construction work mentioned in this section to claim indemnity under the statutory insurance scheme.

**Part 8: Claims**

8.1 Procedure for Claims

(a) Prior to making a claim under this policy for defective construction or subsidence or settlement, the *Insured* will (except in the case of insolvency or death of the *contractor*) notify the *contractor* of the facts and circumstances giving rise to the claim and will allow the *contractor* a reasonable opportunity in which to rectify the defects or subsidence or settlement.

(b) All claims will be in writing and will be in such form and contain such information as the *QBCC* may direct.

8.2 Admission of Claims

Before admitting a claim, the *QBCC* will determine whether a direction should be made requiring the *contractor* to rectify the *residential construction work*.

8.3 Duty of Good Faith

(a) The *Insured* has a duty to the *QBCC* to act in utmost good faith in respect of any matter arising under or in relation to this policy.

(b) This duty includes, but is not limited to, a responsibility to disclose to the *QBCC* every matter the *Insured* knows, or could reasonably be expected to know, which may be relevant to a determination of the liability or the extent of the liability of the *QBCC* to pay a claim under this policy.

(c) If the *Insured* fails in the duty of utmost good faith, the *Insured* is liable to pay the *QBCC* any amount paid in excess of the *QBCC*'s actual liability to pay for loss under this policy, and the *QBCC* may recover such sum accordingly.
8.4 Subrogation

The QBCC is subrogated to the rights of the Insured to the extent of any payment it has made or undertaken to make.

Part 9: Payments

9.1 Payment

Where the QBCC admits a claim under this policy, the QBCC may, at its own discretion, and in full discharge of its liability, do any of the following:

(a) pay the amount of the claim to a licensed contractor engaged by the Insured with the approval of the QBCC to rectify or complete the insured works; or

(b) arrange and pay for the rectification or completion of the insured works by a licensed contractor appointed by the QBCC to the extent of the Insured’s entitlement; or

(c) pay the amount of the claim to the Insured; or

(d) pay such part of the amount of the claim which is to be used for rectification or completion of the insured works to a licensed contractor and any balance to the Insured; or

(e) pay the amount of the claim or any part of it to a body corporate in payment of any contribution or levy owing by the Insured under the Body Corporate and Community Management Act 1997; or

(f) pay the amount or part of the amount of a claim made by a body corporate to one or more lot owners in the community management scheme to which the claim relates.
Part 10: Reviewable decisions

10.1 Decisions of the QBCC which are Reviewable

Section 101 of the Queensland Civil and Administrative Tribunal Act 2009 provides that the Tribunal may review a reviewable decision for which the Tribunal is given jurisdiction under an empowering Act. Section 86 of the Queensland Building and Construction Commission Act 1991 provides that the Tribunal may review the following decisions of the QBCC:

- a decision about the scope of works to be undertaken under the Statutory Insurance Scheme to rectify or complete tribunal work; or
- a decision to disallow a claim under the Statutory Insurance Scheme wholly or in part; or
- a decision that a domestic building contract has been validly terminated having the consequence of allowing a claim for non-completion under the Statutory Insurance Scheme.

10.2 Application for Review

(a) If the Insured is affected by a reviewable decision of the QBCC, the Insured may apply to the Tribunal for a review of the decision in accordance with Section 102 of the Commercial and Consumer Tribunal Act 2003.

(b) An application to review a decision of the QBCC must be made within 28 days after the Insured receives written notice of the decision.
11.1 Definitions

In this policy –

“Act” means the Queensland Building and Construction Commission Act 1991;

“architect” means a person registered as an architect under the Architects Act 2002;

“associated building work” means associated building work as defined in Section 12 of the Regulation;

“building designer” means a person who holds a licence under Parts 11, 12 or 13 of the Regulation operating within the scope of work permitted within the scope of the licence;

“building work” means building work as defined in Schedule 2 of the Act;

“category 1 defect” means building work that is faulty or unsatisfactory because it either:

(a) adversely affects the structural performance of a building;
(b) adversely affects the health or safety of persons residing in or occupying a building;
(c) adversely affects the functional use of the building; or
(d) allows water penetration into a building.

“category 2 defect” means building work that is faulty or unsatisfactory, other than a category 1 defect, because:

(a) it does not meet reasonable standards of construction or finish; or
(b) it has caused a “settling in period” defect in a new building.

“certificate” means certificate of insurance issued under the Act;

“commercial purposes” means purposes other than those related to residential occupancy or other than for the purpose of using a residence for residential purposes;

“common property” means common property as defined by the Body Corporate and Community Management Act 1997;

“community titles scheme” means community titles scheme as defined by the Body Corporate and Community Management Act 1997;
“contract” means a contract for the performance of the residential construction work referred to in the certificate, or, where there is no certificate issued, a contract for the performance of residential construction work which is afforded the benefits of this policy by virtue of the Act;

“contracted works” means the residential construction work to be performed under a contract;

“contractor” means:
(a) the licensed contractor referred to in the certificate; or
(b) where there is no certificate, a contractor who holds a licence which appears to signify that the contractor may enter into contracts with consumers to carry out residential construction work covered by the Statutory Insurance Scheme, who enters into a contract with a consumer to carry out residential construction work or otherwise carries out residential construction work other than as a subcontractor; or
(c) a person fraudulently claiming to hold a licence permitting that person to enter into contracts with consumers to carry out residential construction work covered by the Statutory Insurance Scheme, who enters into a contract with a consumer to carry out residential construction work.

“cost escalation clause” means a provision of a domestic building contract under which the amount to be paid by the consumer may be increased to reflect increased costs of labour and/or materials and/or in consequence of delays in carrying out the work;

“defined event”
(a) For Part 2 of this policy, means each single event of vandalism or forcible removal of residential construction work that gives rise to a claim under that Part;
(b) For Part 3 of this policy, means each single event of fire, storm or tempest which gives rise to a claim under that Part.

“duplex” means a building which is a detached dwelling comprising two residential units;

“excess” is the first amount that must be contributed by the Insured for each defined event for which loss is claimed;

“electronic data” means facts, concepts and information converted to a form usable for communications, display, distribution, interpretation or processing by electronic and electromechanical processing or electronically controlled equipment and includes programs, software
and other coded instructions for such equipment;

“engineer” means a person who is a registered professional engineer under the *Professional Engineers Act 2002*;

“fire” fire or explosion excluding:

- events where there is no flame (e.g. scorching); or
- fire that has not escaped the normal confines of a cooking, heating or electrical appliance; or
- fire occasioned by or happens through:
  - spontaneous fermentation or heating or its undergoing any process involving the application of heat; or
  - earthquake or subterranean fire; or
  - riot, civil commotion, war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power; or
  - arson, vandalism, forcible removal or other unlawful act; or
- explosions resulting in a claim for liquid damage to residential construction work.

“fixed price” means a price which is certain, except for the effect of provisional costs or sums, prime costs or sums, variations and any cost escalation clause;

“footing system” includes under slab plumbing and drainage;

“forcible removal” the application of force to remove fixed standing work without the express or implied consent of the owner;

“GST” has the same meaning as in the GST Act;

“GST Act” means *A New Tax System (Goods and Services Tax) Act 1999* as amended;

“input tax credit” has the same meaning as in the GST Act;

“input taxed” has the same meaning as in the GST Act;

“Insured” means:

(a) the owner of the land; or
(b) a consumer who has entered into a contract with the contractor to have residential construction work carried out in Queensland;

“land” means the land upon which the residential construction work is or is to be constructed and includes a lot or common property in a community titles scheme;

“multiple storey dwelling” means a building of not more than three storeys in height (excluding the lowest level if it consists only of a car park) comprising at least one residential unit, whether or not the building also includes
one or more commercial purposes or uses;

“owner” of land means:

(a) for freehold land - the registered owner of the land under the Land Title Act 1994; or
(b) for land held under a statutory lease or licence giving a right to possession of the land - the lessee or licensee; or
(c) for land in respect of which there is a determination of the type referred to in the Native Title (Qld) Act 1993 - a body corporate which by virtue of that determination has the exclusive right to regulate possession, occupation, use and enjoyment of residential construction work constructed on that land;
(d) for common property under the Body Corporate and Community Management Act 1997 - the body corporate.

“practical completion” means when the works are complete in accordance with the contract and all relevant statutory requirements and inspections have been satisfactorily completed or the works are occupied, whichever is first;

“preparatory work” means all work undertaken in relation to preparation, design, obtaining building and/or development approvals and site works, including (but not limited to) earthmoving, to make the site ready for the residential construction work;

“primary building work” means primary building work as defined in Section 11 of the Regulation;

“prior written approval”, for Parts 2, 3 and 7, means written approval provided by the QBCC to the Insured specifying work approved to be performed, but does not include:
(a) the issuing of a certificate of insurance;
(b) the issuing of a policy for residential construction work; or
(c) the issuing of a scope of work or variation of a scope of work.

“properly terminated” means lawfully under the contract or otherwise at law, upon the contractor’s default which extends to, but is not limited to:
(a) the cancellation or suspension of the contractor’s licence; or
(b) the death or legal incapacity of the contractor; or
(c) the insolvency of the contractor; or
(d) any breach of the contract by the contractor.

“QBCC” means the Queensland Building and Construction Commission;
“Regulation” means the Queensland Building and Construction Commission Regulation 2003 as amended;
“related roofed building” means a related roofed building as defined by Section 9 of the Regulation;
“residence” means residence as defined by the Regulation;
“residential construction work” means residential construction work as defined in Section 10 of the Regulation;
“replacement value” means any costs which would be reasonably incurred in respect of:
(a) replacing (not necessarily on the same land) or reinstating the building to a condition substantially the same as, but not better or more extensive, when new; and
(b) demolition and removal of debris to the extent that it is essential to enable the building to be reinstated or the site cleared;
“residential unit” means a part of a building designed for separate occupation as a residence;
“standing work” means residential construction work carried out under a fixed price contract, if:
(a) the contract is between the contractor and the Insured; and
(b) the work is carried out by the contractor; and
(c) the work has been commenced but not completed in accordance with the contract; and
(d) the Insured has properly terminated the contract prior to the completion of the work;
However, standing work does not include any of the following:
(e) work that is preparatory work only;
(f) materials or goods not supplied by the contractor or the contractor’s agent;
(g) any building work that existed prior to the commencement of the residential construction work.
“Statutory Insurance Scheme” or “Scheme” means the insurance scheme established under Part 5 of the Act;
“storm” a violent atmospheric disturbance producing strong wind, including cyclones, which may be accompanied by rain, lightning, thunder, hail or snow. A storm does not include:
• persistent bad weather, or heavy or persistent rain by itself;
• water rising up from the ground, whether through natural causes or not;
• an increase in sea level, including tsunami or other storm surge.
“supply” has the same meaning as in the GST Act;
“taxable supply” has the same meaning as in the GST Act;
“tempest” a violent storm, agitation or tumult;
“Terrorism” means any act or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in the pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- involves violence against one or more persons;
- involves damage to property; or
- endangers life other than that of the person committing the action; or
- creates a risk to health or safety of the public or a section of the public; or
- is designed to interfere with or disrupt an electronic system.

“Tribunal” means the Queensland Civil and Administrative Tribunal;
“vandalism” means wilful or unlawful damage or destruction of residential construction work, including arson, without the consent of the Insured;
“Work has been commenced”, for standing work under this policy, means the contractor has physically commenced work (other than preparatory work) under the contract to do either of the following:
(a) construct the permanent footing system of a building comprising residential construction work; or
(b) if no footing system is to be constructed under the contract, change the existing structure of a building comprising residential construction work.

11.2 Interpretation

(a) Unless the contrary intention appears, wherever terms defined by the Act or the Regulation appear in this policy, those terms have the same meaning in this policy as in the Act or the Regulation when the policy comes into force.

(b) Headings are for convenience only and are not to be used in interpreting this policy.
Need more information?
Visit qbcc.qld.gov.au or call us on 139 333.