



# Building Services Authority

## ***MEDIA RELEASE***

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### **BSA's Home Warranty Insurance Scheme outperforms Builder's Warranty Scheme in NSW**

Queensland's Statutory Home Warranty Scheme continues to outperform schemes administered in other states, including New South Wales, said Minister for Public Works, Housing and Information and Communication Technology, Robert Swarten.

According to a report commissioned by the New South Wales Office of Fair Trading companies offering builder's warranty insurance in NSW have only paid out \$7.4 million in claims since the scheme was established five years ago, despite taking more than \$42M in premiums during the twelve months leading up to March.

"In contrast, BSA's Statutory Home Warranty Insurance Scheme last financial year finalised 1,312 claims to the value of \$26M and issued more than 93,000 policies for a premium value of \$64M," said Mr Swarten.

Mr Swarten said the NSW scheme established in 2002 is a last resort scheme only covering consumers for defective work if their contractors die, disappear or become insolvent.

"The NSW scheme has been criticised for favouring insurance companies at the expense of builders and consumers," he said.

"BSA's Insurance Scheme on the other hand has received wide praise as being a provider of consumer protection. The Scheme covers consumers for 6.5 years and up to \$400,000 if their contractor performs defective work, dies, disappears, becomes insolvent or if the work experiences subsidence or settlement.

"867 claims have been made against the NSW scheme since it was established in 2002. Of these claims, only 326 were fully or partially paid out.

"During 2006/07 1,342 new claims were made against BSA's Home Warranty Insurance Scheme, 1,312 of which were either completely or partially paid out. The Scheme's effectiveness as a consumer protection mechanism was affirmed with 98% of consumers being compensated.

"These figures clearly demonstrate the continued success of Queensland's Home Warranty Insurance Scheme in providing the best consumer protection in Australia," said Mr Swarten.

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