

Domestic Construction

INSURANCE POLICY

Residential Builders Australian Capital Territory

POLICY

This Policy is underwritten by QBE Insurance (Australia) Limited
ABN 78 003 191 035 of 82 Pitt Street, Sydney.



ABOUT THIS BOOKLET

This booklet contains 2 separate parts:

General Information and the Policy Terms and Conditions.

General Information

This part of the booklet contains information you need to know before you take out a Policy. Please read it carefully before taking out this insurance.

Policy Terms and Conditions

The Policy part of this booklet contains the Policy Terms and Conditions, which detail all the terms, conditions and exclusions relating to the Policy. It forms part of your legal contract with us.

If we issue you with an insurance policy, you will be given a Policy Schedule. The Policy Schedule sets out the specific terms applicable to your cover and should be read together with the Policy Terms and Conditions.

The Policy Terms and Conditions and the Policy Schedule we send to you form your legal contract with us so please keep them in a safe place for future reference.

If you require further information about this product, please contact your Financial Services Provider.

About QBE Australia

QBE Insurance (Australia) Limited is a member of the QBE Insurance Group (ASX: QBE). QBE Insurance Group is Australia's largest international general insurance and reinsurance group, and one of the top 25 insurers and reinsurers worldwide. The company has been operating in Australia since 1886 and continues to provide industry-leading insurance solutions that are focused on the needs of intermediaries and their clients.

QBE is a household name in Australian insurance, backed by sizeable assets, and well known as a strong and financially secure organisation.

Index

Page

About this Booklet	1
About QBE Australia	1
General Information for Domestic Construction Residential Builders Act Insurance Policy	2
Our Agreement with you	2
Your Policy	2
Paying your premium	2
The General Insurance Code of Practice	2
Words with special meanings	2
Policy Terms and Conditions for Domestic Construction Residential Builders Act Insurance Policy	5
Residential builders warranty insurance	5
The insurer	5
Who is covered by this policy?	5
What is covered by this policy?	5
How much will we pay?	5
What we don't pay	5
How long are you covered for?	6
How long do you have to claim?	6
Making a claim	6
Failures by the builder	6
Other important matters	6
Conflict with the Act	7
The builder's duty of disclosure	7
Privacy promise	7

GENERAL INFORMATION FOR DOMESTIC CONSTRUCTION RESIDENTIAL BUILDERS ACT INSURANCE POLICY

The information contained in this part is general information only and does not form part of your contract with us. The Policy Terms and Conditions in the rest of this booklet contain details of your contract.

Our Agreement with you

We agree to provide You with the insurance cover set out in each of the Policy sections which You select and which are listed in the Policy Schedule.

You have paid or agree to pay Us the premium set out in the current Policy Schedule.

The insurance cover is in force for the Period of insurance set out in the Policy Schedule. We will cover You for loss, damage and liability occurring during that Period of insurance, subject to the provisions of the Policy.

We will not pay any more than the sum insured or limit of liability for each section which is shown in the Policy Schedule.

We will not pay the Excesses shown in the Policy Schedule. If any loss or damage leads to a claim under more than one Section of this Policy, You must pay the highest applicable Excess, but You need to pay only one Excess.

Your Policy

Your Policy consists of the Policy Terms and Conditions in this booklet and the Policy Schedule we give you.

Please read your Policy carefully, and satisfy yourself that it provides the cover you require.

If you want more information about any part of your Policy, please ask us, or your Financial Services Provider.

The address and telephone number of your QBE branch are on your Policy Schedule.

You should keep your Policy Booklet and Policy Schedule together in a safe and convenient place for future reference.

Paying your premium

You must pay your premium by the due date. If we do not receive your premium by this date or your payment is dishonoured this Policy will not operate and there will be no cover.

The General Insurance Code of Practice

QBE Insurance (Australia) Limited is a signatory to the General Insurance Code of Practice. The Code aims to:

- promote more informed relations between insurers and their customers;
- improve consumer confidence in the general insurance industry;
- provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- commit insurers and the professionals they rely upon to higher standards of customer service.

Words with special meanings

The following definitions apply in this policy:

Word or Term	Meaning
Act	the Building Act 2004 and regulations. The regulations when referred to separately are referred to as the regulations.
Builder	the builder licensed under the Construction Occupation (Licensing) Act 2004 who is stated to be the builder in the building commencement notice for the residential building work or building and named in the certificate of insurance as the builder. For the purposes of the cover we give under the heading 'What is covered in this Policy?', builder includes an individual contracted by the builder to perform the work.
Building	The residential building(s) described in the certificate of insurance.
Building code	The Building Code of Australia prepared and published by the Australian Building Codes Board, as amended from time to time.
Building commencement notice	A building commencement notice that is issued by a certifier under section 37 of the Act for the work.
Building contract	The contract between you or a developer and the builder or between you and a speculative builder pursuant to which residential building work is done or is to be done in connection with the building.
Building work	Any work in relation to the erection, alteration or demolition of a building and includes the disposal of waste materials generated by the alteration of a building and work in relation to repairs of a structural nature. Building work does not include: <ul style="list-style-type: none"> • work in relation to the demolition of a whole building; • the installation, alteration or removal of an externally mounted photovoltaic panel or solar water heater for a class 1 or class 10a building, if the building work: <ul style="list-style-type: none"> – does not involve any alteration that would affect the structural sufficiency or stability of the building; and – does not affect the building complying with the building code. • The installation, alteration or removal of an externally mounted air conditioning unit for a class 1 or class 10a building, if:

Word or Term	Meaning
Building work (continued)	<ul style="list-style-type: none"> – the building work does not involve any alteration that would affect the structural sufficiency or stability of the building; and – the building work does not involve any alteration that would affect the structural sufficiency or stability of the building; and – the building work does not affect the building complying with the building code; and – the unit is not the main source of ventilation for a particular room if the unit is installed for a particular room, or for a building if the unit is installed for that building; or <ul style="list-style-type: none"> • work declared by the regulations not to be residential building work.
Certificate of insurance	the certificate the we produce that includes important information and details about this policy. The certificate of insurance will be evidence that we have accepted cover under this policy.
Class	A class of a building under the building code.
Cost	the cost of the building work determined in accordance with section 86 of the Act.
Date of occupancy	The day that the certificate of occupancy is issued for the work under the Act.
Deposit	An amount that was paid tor payable by the owner to the builder under the building contract to carry out the residential building work before the beginning of the work.
Developer	<p>An individual, partnership or corporation on whose behalf residential building work is done in connection with a building or residential development where 4 or more of the existing or proposed residential buildings are or will be owned by the individual, partnership or corporation.</p> <p>A developer does not include a company that owns a building under a company title scheme.</p>
Disappearance	Includes cannot be found, after due search and enquiry.

Word or Term	Meaning
Insolvency	<ul style="list-style-type: none"> • In relation to an individual, that the individual is insolvent under administration (within the meaning of the Corporations Act 2001). • In relation to a corporation, that the corporation is an externally-administered body corporate administration (within the meaning of the Corporations Act 2001).
Policy	This policy wording, any endorsements and the certificate of insurance.
Residential building	<p>A building or portion of a building that is designed, constructed or adapted for use as a residential building (such as a detached or semi-detached house, transportable house, terrace or town house, duplex, villa-home, strata or company title unit or residential flat) if:</p> <ul style="list-style-type: none"> • the building has no more than 3 storeys at any point, excluding any storey used exclusively for parking; or • for a part of a building, the part provides structural support or is structurally integral adjunct to the building. <p>Residential building does not include:</p> <ul style="list-style-type: none"> • any paving; • any structure that is a fence; • any retaining wall; • any outdoor swimming pool or ornamental pond; • any mast, antenna or aerial; • any advertising device, notice or sign. <p>Residential building does not include buildings or portions of buildings declared by the regulations to not be a residential building.</p>
Residential building work	Any building work in relation to a residential building.
Sale contract	The contract between you and the speculative builder for the sale by the speculative builder of land on which work is done or is to be done in connection with the building.
Speculative builder	<p>An individual or corporation who owns land and carries out residential building work on it, is licensed under the Act and named on the certificate of insurance as a speculative builder.</p> <p>For the purposes of the cover we give in clause 5.1 speculative builder includes an individual contracted by the speculative builder to perform the work.</p>

Word or Term	Meaning
Statutory warranty	<p>Each of the following warranties:</p> <ul style="list-style-type: none"> • That the building work will be performed in a proper and workmanlike manner and in accordance with the approved plans and specifications set out in the contract. • That, if the building work involves the handling of asbestos or the disturbance of loose asbestos, the building work will be in accordance with the approved plans that comply with the Act in relation to asbestos. • That all materials used in carrying out the building work will be good and proper for the building work. • That the building work will be done in accordance with, and will comply with, the Act and any other law. • Where the contract does not stipulate a date by which, or period within which, the work is to be completed, that the building work will be carried out with reasonable promptness. • Where the building owner expressly makes known to the builder, or a person with express or an employee or agent of the builder, the particular purpose for which the building work is required, or the result which the building owner desires the building work to achieve, so as to show that the building owner relied of the builder's skill and judgment, that the building work and materials used in carrying out the building work will be reasonably fit for that purpose or of such a nature and quality that they might reasonably be expected to achieve the result.
Structural defect	<p>Any defect in a structural element of a building that is attributable to defective design, defective or faulty workmanship or defective materials (or a combination of these) and that:</p> <ul style="list-style-type: none"> • results in, or is likely to result in, the building or any part of the building being required by or under any law to be closed or prohibited from being used; • prevents, or is likely to prevent, the continued practical use of the building or any part of the building; • results in, or is likely to result in: • the destruction of the building or any part of the building; or • physical damage to the building or any part of the building; or

Word or Term	Meaning
Structural defect (cont)	<ul style="list-style-type: none"> • results in, or is likely to result in a threat of imminent collapse that may reasonably be considered to cause destruction of the building or physical damage to the building or any part of the building.
Structural element of a building	<ul style="list-style-type: none"> • any internal or external load-bearing component of the building that is essential to the stability of the building or any part of it; • any component (including weatherproofing) forming part of the external walls or roof of the building.
We/our/us	QBE Insurance (Australia) Limited ABN 78 003 191 035.
Work	Residential building work which is done or is to be done by the builder under the building contract, by the speculative builder to the building.
You/Your	<p>The person on whose behalf the work is done or is to be done, and any successor in title to that person.</p> <p>You/your does not include:</p> <ol style="list-style-type: none"> any developer; the speculative builder; the builder; a person who does residential building work other than under a contract; the holder of a builder's licence who and that carried out the work; or any related bodies corporate of those above, within the meaning of section 50 of the Corporations Act 2001.

A reference to any legislation is a reference to the legislation as amended from time to time.

POLICY TERMS AND CONDITIONS FOR DOMESTIC CONSTRUCTION RESIDENTIAL BUILDERS ACT INSURANCE POLICY

Residential builders warranty insurance

Residential builders warranty insurance protects the person on whose behalf work is to be done and the subsequent homeowners. The policy covers loss or damage resulting from the non-completion of the work or breach of statutory warranty because of:

- Death; or
- Disappearance; or
- Insolvency

of the builder.

A builder takes out this insurance policy, but the beneficiary is the homeowner or subsequent homeowner.

The builder must provide a Residential Builders Warranty Certificate to the homeowners for each job they undertake.

A copy of this policy wording is held by the builder and a copy is also provided to each homeowner with the Certificate.

The insurer

QBE Insurance (Australia) Limited
 ABN: 78 003 191 035
 82 Pitt Street, Sydney NSW 2000

Who is covered by this policy?

You are the person covered under this policy. We do not cover anyone except you.

What is covered by this policy?

1. We will pay for the following sustained by you, but only if you cannot recover compensation from the builder or speculative builder or have the builder or speculative builder rectify the loss or damage, because the insolvency, death or disappearance of the builder or speculative builder:
 - (a) loss or damage resulting from being unable to enforce or recover under the building contract under which work has been, or is to be, carried out; or
 - (b) loss or damage arising from a breach of a statutory warranty implied into the building contract or applicable to the sale contract by the Act; or
 - (c) loss or damage resulting, because of the builder's or the speculative builder's negligence, from subsidence of the land.

How much will we pay?

1. We may do two things, at our option, when we pay a claim under this policy. We will either make good the loss or damage or pay the amount of that loss or damage.
2. However, the following limitations apply to what we will pay:
 - (a) We will not pay the first \$500 of each claim under this policy.

- (b) We will not pay more than \$85,000 in total (or such other minimum amount as may be prescribed from time to time by the Act) in the aggregate for all claims under this policy for each residential building.
- (c) If the claim is in respect of loss or damage resulting from non-completion of the work because the insolvency of the builder and the building owner has paid the builder part or all of the cost of the work:
 - (i) we will not pay any amount by which the amount paid by the building owner exceeds the cost of the work done;
 - (ii) where the cost of the work done is less than the amount of the deposit, we will pay the amount of deposit paid less the cost of any work done, however, we will not pay more than \$10,000 for the work.

What we don't pay

1. We will not pay under this policy for claims:
 - (a) for work where the total aggregate cost of the work is less than \$12,000.
 - (b) for loss or damage that could reasonably be expected to result from fair wear and tear of the work, or from your failure to maintain the work.
 - (c) for loss or damage caused by the normal drying out of the building if the builder or speculative builder has taken all reasonable precautions in allowing for the normal drying out when carrying out the work.
 - (d) for damage due to or made worse by the failure by you to take reasonable and timely action to minimise the damage (except and to the extent that this exclusion limits the operation of a statutory warranty).
 - (e) in relation to an appliance or apparatus (such as a dishwasher or air conditioning unit) if the claim is made after the expiry of the manufacturer's warranty period for the appliance or apparatus concerned, or, if there is no warranty period, outside the reasonable lifetime of the appliance or apparatus (except and to the extent that this exclusion limits the operation of a statutory warranty).
 - (f) for legal liability resulting from any event unless expressly insured under this policy (except and to the extent that this exclusion limits the operation of a statutory warranty).
 - (g) for a deposit or payment to the extent that it exceeds the amount specified for such a deposit in section 93 of the Act.
 - (h) arising from, connected with or relating to personal injury, death (other than of the builder or speculative builder), disease or illness of a person or for injury to or impairment of a person's mental condition (except and to the extent that this exclusion limits the operation of a statutory warranty).

- (i) connected with or relating to:
 - (A) your failure to maintain appropriate protection against pest infestation or exposure to natural timbers.
 - (B) the action of vermin, termites, moths or other insects unless, and to the extent that, the work involved the treatment of the termites, moths or other insects or the prevention of the action of the vermin, termites, moths or other insects.
- (j) for any loss, cost, expense or obligation of any kind directly or indirectly arising from or relating to mould, fungus, mildew or spores unless, and to the extent that, the work involved the treatment of mould, fungus, mildew or spores or the prevention of mould, fungus, mildew or spores.
- (k) for any claims insured under another policy of insurance issued under or pursuant to the Act.
- (l) for any claims that were allowed to be excluded by the Act as at the date the certificate of insurance was issued.
- (m) for claims relating to work that was not required to be carried out under the building contract or any obligation outside the scope of normal building practices or that would be expected to be performed in the normal process of building by the builder.
- (n) for loss or damage that occurred prior to the date of the building contract.
- (o) any claim, or circumstances that could give rise to a claim, that was known to you as at the date the certificate of insurance was issued, whether or not that claim or circumstance was stated at the time of applying for this policy (except where this will limit the operation of a statutory warranty).

How long are you covered for?

1. This policy covers loss, damage or expense:
 - (a) for a builder, from the date that a building commencement notice is issued for the work and ending five years from the date of occupancy.
 - (b) for a speculative builder, from the date that the land is transferred to someone else and ending five years from the date of occupancy.

How long do you have to claim?

1. You must notify us of a claim for loss or damage resulting from all causes (other than incomplete work) within 90 days of when you first became aware of the fact or circumstance giving rise to the claim.
2. If you do not notify us in accordance with clause 1 above, we may refuse to pay the claim.
3. If you notify us of a structural defect or other defect, you are taken to have given notice of every defect to which the defect is directly or indirectly related, whether or not the claim in respect of the defect that was actually notified has been settled.

Making a claim

1. You must make a claim by completing our claim form. The claim form is available on our website www.qbe.com.
2. In answering any questions you must be honest and tell us everything you know. We will use this information to decide whether to pay a claim.
3. You must give us any assistance, information or documents which we request. This includes giving us, our nominated builder and your builder, reasonable access to inspect, rectify or complete the work (unless you have reasonable grounds to refuse access).
4. You must not make any admissions, offer, promise or payment in connection with any claim.
5. You must comply with your obligations under the policy, otherwise we may not have to pay your claim(s).
6. We will acknowledge receipt of your claim notification within 5 business days. At this time we will confirm that we have all the required information or we will tell you of any other information needed to enable us to assess your claim.
7. We will notify you within 30 days of receiving all the information necessary to assess your claim, if we accept that the builder is dead, has disappeared or is insolvent.

Failures by the builder

1. We will not either refuse to pay you claim under this policy or reduce any payment under this policy on the ground that the builder or speculative builder:
 - (a) failed to comply with the duty of disclosure; or
 - (b) made a misrepresentation to us.
2. We may, however, recover from the builder or speculative builder any amount we pay under this policy in those circumstances.

Other important matters

Enquiries and complaints

1. We believe that it is important that the good relationship we have with our clients is not damaged through any misunderstanding or dispute that may arise from our products or services.
2. Therefore, if you are:
 - (a) uncertain about any aspect of your insurance cover or any claim you have made on this policy; or
 - (b) concerned with delays in processing; or
 - (c) dissatisfied with any response from us or our agents including loss adjusters or investigators;

please make your concerns known to the staff in our Branch Office, in the first instance. Our Branch Staff have the knowledge and skills to resolve most misunderstandings that arise.

3. However, if any issue or complaint remains unresolved to your satisfaction, the matter can be referred to our Internal Dispute Resolution Panel. This Panel comprises senior managers who have the authority to review your dispute and attempt to reach an amicable outcome with you. It is our aim to respond to your complaint within 10 working days. If our internal dispute resolution process fails to satisfy your concerns, you are still able to use the options available to you through the normal legal process.
4. Our contact details are on the first page of this policy.

Our rights and obligations

We may, at our discretion, fulfil our obligations under this policy by either engaging or paying a builder to repair or rectify loss or damage or paying you the cost to you of doing so.

Loss prevention

You must take all reasonable steps to prevent and/or minimise any act, error or omission or event which might cause or contribute to a claim under this policy.

Recovery from others

1. If we pay a claim, we are entitled to be subrogated to your rights to recover against any other party (including the builder, or speculative builder, or a contractor or supplier or a liquidator or administrator or the estate of the builder, or speculative builder) to the extent of the amount paid by us.
2. You must not limit or exclude your rights against a party from whom you might otherwise be able to recover in respect of a loss or damage. If you do, our liability to you is reduced to the extent that we can no longer recover from that other party as a result of your actions.
3. You must provide us with reasonable assistance to recover damages or contribution from any other person.

Goods and services tax

1. Despite the other provisions of this policy, our liability to you will be calculated taking into account any input tax credit to which you would have been entitled to for any acquisition which is relevant to your claim.
2. You must tell us whether you were entitled to claim an input tax credit on the premium at the time of making a claim under the policy. If you do not provide us with this information we may deduct up to 1/11th of the amount otherwise payable in settlement of your claim.
3. If you are registered for GST, this represents the reduction in the cash settlement for claims that would apply based on your entitlement to claim an input tax credit on the replacement goods or services.
4. If you were not entitled to an input tax credit on the premium, this will equal the GST credit to which we would have been entitled if you had disclosed your entitlement.

5. If you are only entitled to a partial input tax credit on the premium, this represents the reduction in the cash settlement for claims that would apply based on your entitlement to claim an input tax credit on the replacement goods or services plus the GST credit to which we may have been entitled if you had disclosed your entitlement.
6. Unless stated otherwise, all amounts payable by us under this policy and all policy limits are inclusive of GST.
7. 'GST', 'input tax credit' and 'acquisition' have the meaning given under the A New Tax System (Goods and Services Tax) Act.

Application of laws

1. This policy is subject to the law of the Australian Capital Territory. The law of the Australian Capital Territory includes Commonwealth legislation such as the Insurance Contracts Act.
2. A reference to any legislation is a reference to the legislation as amended from time to time.

Conflict with the Act

This policy is intended to comply with the requirements set out under the Act. However, if this policy conflicts with, or is inconsistent with the Act, the policy must be read and enforceable as if it complies with the Act.

The builder's duty of disclosure

1. Before a person enters into a contract of general insurance with an insurer, that person has a duty, under the Insurance Contracts Act, to disclose to the insurer every matter they know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of insurance and, if so, on what terms.
2. You, the builder or speculative builder, have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.
3. Your duty however does not require disclosure of any matter:
 - (a) that diminishes the risk to be undertaken by the insurer.
 - (b) that is of common knowledge.
 - (c) that your insurer knows or, in the ordinary course of its business, ought to know.
 - (d) as to which compliance with your duty is waived by the insurer.

Privacy promise

1. As this policy is entered into by a builder and the beneficiary will be the homeowner(s), this privacy promise will apply to both those parties as appropriate. The builder will need to provide information to enable the policy to be issued and information about the homeowner will be obtained to enable the certificate of insurance to be issued. In the event of a claim, further information may be required about either or both parties.

2. We are bound by the National Privacy Principles, an industry code approved under the Privacy Act 1988 (Cth). We are committed to safeguarding your privacy and the confidentiality of your personal information. We will only collect personal information from you or about you, or the builder, which is relevant to this insurance policy, assessing and processing claims and use it in a way you would reasonably expect.
3. The personal information collected may include personal details, construction details financial information and arrangements.
4. Without this personal information we may not be able to issue insurance cover or process claims.
5. We, or our authorised agent may disclose personal information to:
 - (a) a financial institution, credit provider, credit/trade reference company, your major creditors including building material suppliers, accountant or other insurer (for the purpose of assessing the builder prior to a policy being issued);
 - (b) an investigator, assessor or State or Federal authority (for the purpose of investigating or assessing an application or a claim).
 - (c) a lawyer or recovery agent (for the purpose of defending an action or recovering our costs).
 - (d) another insurer (for the purpose of seeking recovery or to assist them to assess insurance risk) or a reinsurer who may be located overseas.
 - (e) any insurance reference bureau (for the purpose of recording any claims made upon us under this policy).
6. Personal information may also be obtained from the above people or organisations.
7. In addition, we will:
 - (a) give you the opportunity to correct your personal information, or obtain access to it (some restrictions and a fee may apply).
 - (b) provide our dispute resolution procedures to you in respect of any complaint you may have regarding your personal information.
8. Further information can be obtained by contacting our Compliance Manager by telephone (02) 9375 4656 or by fax (02) 9221 1330 or email to compliance.manager@qbe.com.

