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Response to: [Consultation Paper on HBC Construction Type definitions](#)

The Swimming Pool and Spa Association of Australia (SPASA Australia) has reviewed the HBC Construction Type Definitions proposed and submits the following response.

Whilst SPASA Australia is not opposed to the definitions, **we are concerned that the basis for doing so is to divide the overall risk “pool” into segments that have familiar characteristic.**

Whilst the intended outcome might be that some contractors (and their customers) are charged lower premiums on average for lower risk types of projects, and higher premiums on average for higher risk types of projects, many contractors will be left paying higher premiums despite their individual risk profile not increasing.

SPASA Australia has always advocated that contractor behaviour, workmanship, claim profile and business financials remain the best indicators for a successful building company.

As with other insurance products and statutory insurance schemes, SPASA supports risk based pricing. A pool builder’s eligibility for HBCF insurance and the premium they pay should be determined by the claims risk posed by that individual builder.

Individual risk-based pricing provides a price signal to builders with an incentive to reduce the probability of defective works, disputes and adopt a more financially sound and risk averse business model, which in turn can mitigate against the likelihood of claims.

Pool builders who are successful, compliant, and solvent with no claim’s history do not need greater risk controls, increased costs imposed on them or to be pooled with other construction sectors with the sole view of cross subsidising other construction sectors who have a history of higher claims.

The eligibility system is not effective when specialised industries are funnelled into a one-size-fits-all model.

Pool Builders and all contractors should be assessed on their risk profile and Industries should be treated as specific sectors rather than being bundled into a group of sectors with varying risk profiles.

For these reasons, SPASA Australia supports:

Option 1 - Require icare to define the construction types it proposes to price against as part of its premium filings instead of defining construction types in SIRA Guidelines

Benefits for the Swimming Pool and Spa Construction industry include:

- Providing specific industry sectors with their own definition and base premiums based on risk
- Record and published detailed industry sector information
- Remove cross subsidisation of low claim industry sectors against high claim sectors
- Holding the industry sectors more accountable for their performance
- Insurers would be more accountable and transparent regarding claims, eligibility and premiums

Yours Sincerely

Chief Operation
Officer