

Home building premium consultation summary

October 2017

Introduction

In August 2017, the State Insurance Regulatory Authority (SIRA) called for stakeholder comment in response to its *Home building compensation premium guidelines: discussion paper*.

The consultation period opened on 18 August and closed on 15 September 2017.

Five submissions were received. This paper provides a high level summary of the key themes articulated in those submissions. All non-confidential submissions are available on our website.

Submissions

Source	Number of submissions
Consumer	1
Contractor	1
Insurer	1
Associations	1
Other	1
Total	5

Background and context

Stakeholders were invited to respond to a number of questions with respect to four premium focus areas. In addition, stakeholders were invited to comment more broadly on premium issues or concerns.

Discussion paper focus areas

Premium principles

There was general consensus that the principles suggested are adequate.

Premium filings

The submissions indicated a general consensus that premium filing requirements should be prescriptive with broad support for SIRA to provide a template. There was also consensus that premium filings should be supported by appropriate actuarial analysis.

Transparency in the premium filings was important for industry representative groups; while potential HBC providers raised the need to preserve their competitive advantage in the premium filing process.

Risk-based premiums

The submissions demonstrated broad support for risk based premiums, with some differing views as to which risks should be measured. There was broad agreement that contractors with lower risk profiles should have the benefit of lower premiums and that the process should encourage/incentivise contractors to lower their risk profile.

As with the premium filing process, there was support for increased transparency around how premiums are priced; balanced with protecting commercially sensitive material.

Premiums for new HBC products

Stakeholder feedback generally indicated a preference for decreased prescription regarding new HBC products, with a view to increasing innovation.

Other themes

There is general consensus that communication should be in plain English, ensuring it is as transparent as possible and easily understandable for contractors and home owners.

Next steps

The information provided through this public consultation will be used to develop detailed premium guidelines, with the aim of finalising and implementing the new guidelines by January 2018.

SIRA will continue to consult and engage with stakeholders through the development and implementation phases.

Any questions or enquiries in relation to this submissions summary or the home building compensation reform 2017 should be emailed to hbcreform@sira.nsw.gov.au

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Website www.sira.nsw.gov.au

Catalogue no. SIRA08801 | ISBN 978-0-7347-4617-7 © State Insurance Regulatory Authority NSW 1017