

NSW Home Warranty Insurance Scheme

Information on the Scheme as at

30 June 2010



28 April 2011

NSW Fair Trading
Department of Finance and Services
McKell Building, 2-24 Rawson Place
SYDNEY NSW 2000

Dear Sirs

HWI Scheme Data as at 30 June 2010

Finitly Consulting Pty Limited (Finitly) was engaged by NSW Fair Trading to review the publication of data for the Home Warranty Insurance (HWI) Scheme.

Finitly has reviewed the descriptions of the data and the presentation of tables and graphs to make sure the data is presented fairly and is not likely to be misinterpreted. Note that Finitly has not reviewed the accuracy of the data provided by the insurers nor the accuracy of the summary tables prepared by Fair Trading, but, where possible, has considered them for reasonableness.

We particularly draw the attention of the reader to Section 2 of the publication – Caution in Interpreting the Information.

Yours sincerely



David Minty



Geoff Atkins

Fellows of the Institute of Actuaries of Australia

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HWI SCHEME INFORMATION

1 PREAMBLE

The *Home Building Act 1989* establishes a home warranty insurance (HWI) scheme. The scheme involves approved private insurers and provides protection for consumers where builders fail to complete residential building work or rectify defects.

NSW Fair Trading, within the Department of Finance and Services, has certain regulatory responsibilities in relation to home warranty insurance. One of the roles of Fair Trading is to collect data from insurers offering HWI to enable monitoring of the financial progress of the scheme.

In New South Wales, HWI may only be offered by insurers approved by the Minister under the Act. Up to December 2009 there were five groups of licensed insurers approved to offer HWI in New South Wales. In July 2009 two insurers (CGU Insurance Limited and Wesfarmers General Insurance Limited, trading as Lumley General), announced they were withdrawing from the home warranty insurance market. These two insurers, which then accounted for about a quarter of the market in terms of builder eligibilities and written premium, ceased writing new home warranty insurance policies from 1 December 2009 and 1 January 2010 respectively. The remaining approved insurers ceased writing business on 30 June 2010. However, all approved insurers will continue to manage and settle claims on policies written up until that date.

Since September 2005 insurers in the HWI scheme have been providing data on a quarterly basis to Fair Trading. The following information on the operation of the scheme applies only to the version of the scheme in operation since 1 July 2002 which from that date made it clear that the protection offered applied only in the event of the death, disappearance or insolvency of a builder. For policies issued from 19 May 2009, cover extends to situations where a builder's licence is suspended for a failure to comply with a mandatory monetary order of the Consumer, Trader and Tenancy Tribunal or a court in favour of the homeowner.

This publication summarises the data that has been provided since June 2006 for the insurance period 1 July 2002 to 30 June 2010. The information provided has been aggregated across insurers. Data provided by individual insurers is commercially confidential and has not been disclosed.

New home warranty insurance arrangements

New Home Warranty Insurance arrangements for NSW commenced on 1 July 2010 when the NSW Self insurance Corporation took over as the sole provider of home warranty insurance within NSW. The NSW Self Insurance Corporation trades as the NSW Home Warranty Insurance Fund.

QBE Insurance (Australia) Limited, Calliden Insurance Limited and Vero Insurance Limited (until 30 September 2010) have been appointed as insurance agents of the NSW Self Insurance Corporation through a contractual arrangement.

The new Scheme is underwritten and capitalised by the Government and funded by warranty insurance premiums.

For further information, refer the following websites:

Fair Trading

http://www.fairtrading.nsw.gov.au/About_us/News_and_events/Whats_new/New_home_warranty_insurance_arrangements.html

Home Warranty Insurance Fund

<http://www.homewarranty.nsw.gov.au>

2 CAUTION IN INTERPRETING THE INFORMATION

HWI is a 'long tail' class of insurance business, which means:

- there may be significant delay between the date a project certificate is issued and the commencement of the project;
- the duration of building projects may range from a few weeks to several years;
- coverage remains in place for six years after project completion; and
- it may take some time for home owners to identify a loss, lodge a claim with an insurer and for the insurer to assess the claim and arrange rectification.

Therefore, care must be taken in basing conclusions on trends that have emerged to date. The data in this publication relates only to project certificates issued from 1 July 2002 and to claims that have been notified to date on those certificates. **It does NOT include claims that have not yet been reported to insurers on those certificates, or any provisions made by insurers in their accounts for either the cost of unreported claims or cost escalation on reported claims.** Experience with the former Government administered schemes showed that claims may be lodged with insurers as long as ten years after the issue of HWI.

It is only possible to make an assessment of the financial performance of the HWI scheme by comparing premiums collected with all the relevant costs of insurers over the full life of the HWI cover. At this time, there is insufficient information to make such an assessment although useful information will emerge as the business matures.

Claims experience of HWI can vary greatly from year to year depending on economic conditions in both the home building market and in the community generally. The nature of insurance is also that there are good years and bad years depending on the state of the insurance cycle and the degree of competition in the insurance market both in Australia and globally. For the first few years after the new HWI scheme commenced, the NSW economy performed reasonably well, and conditions were generally favourable for home builders.

As over 90% of home warranty claims arise from the insolvency of the builder, the downturn in the economy in 2008 drove a significant increase in claims on the scheme as even some larger builders have been subject to material financial stress. Poor business decisions are also more likely to convert into business failure if additional financing is unexpectedly required when lending or investing conditions are tight. Any serious assessment of the scheme should place substantial weight not only on the long tail nature of the scheme, but also that different economic circumstances can yield significantly different claims results.

3 DATA

Part I Information Related only to Licensed Builders

A Eligibility Information

Under the HWI scheme in force at 30 June 2010, licensed builders may apply to an insurer of their choice for HWI eligibility. Eligibility is a form of pre-approval for the issue of HWI project certificates. Eligibility for HWI does not apply to owner-builders.

A.1 Builder eligibilities

Table A1 shows the number of builder eligibilities at the end of each quarter by turnover band. It excludes builders with eligibility pending, but includes builders who may have eligibility with more than one insurer at the time of reporting. Turnover refers to the total annual turnover for which the builder has eligibility from the insurer at the end of the quarter for all types of cover.

Table A1 Number of builder eligibilities by turnover band

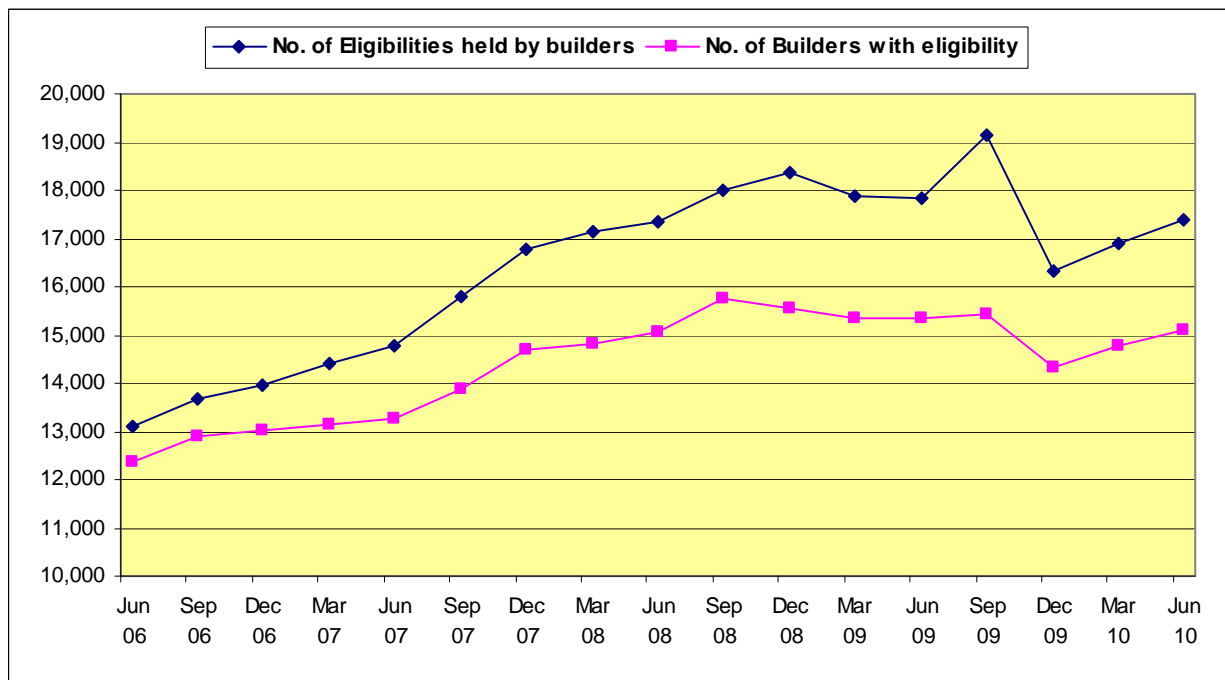
Turnover band (\$' m)	\$0 - <0.5m	\$0.5 - <1m	\$1 - <2m	\$2 - <3m	\$3 - <5m	\$5 - <20m	\$20+m	Change in Turnover Requested	unlimited	Totals
Jun 07	1,299	1,405	4,126	3,977	2,581	769	108	135	377	14,777
Sept 07	1,526	1,528	4,356	4,010	2,980	832	122	11	425	15,790
Dec 07	1,708	1,668	4,561	4,168	3,166	904	117	3	487	16,782
Mar 08	1,738	1,718	4,651	4,160	3,383	911	131	59	408	17,159
Jun 08	2,081	1,777	4,528	4,024	3,499	903	134	107	286	17,339
Sep 08	2,103	1,852	4,680	3,817	3,922	1,052	140	11	433	18,010
Dec 08	2,142	1,948	4,743	4,072	3,921	925	145	3	452	18,351
Mar 09	2,227	1,915	4,677	3,852	3,892	818	125	2	373	17,881
Jun 09	2,225	1,983	4,768	3,788	3,860	780	122	2	298	17,826
Sep 09	2,381	2,219	5,477	3,882	3,952	799	126	16	286	# 19,138
Dec 09	1,906	1,886	4,514	3,305	3,923	706	106	0	0	# 16,346
Mar 10	2,089	1,995	4,619	3,393	3,986	711	107	0	0	16,900
Jun 10	2,241	2,127	4,731	3,403	4,039	749	107	1	0	17,398

Note: # As at September 2009 the high proportion of builders with eligibility from multiple insurers was largely due to existing builders who were then insured by CGU and Lumley, obtaining alternative eligibility with the remaining insurers. During the December 2009 quarter, as CGU and Lumley withdrew from the market, the total number of builders with multiple eligibilities fell accordingly.

Most licensed builders have eligibility for annual turnover within the \$1 million to \$5 million bands. As at 30 June 2010, 2,257 builders (or 14.9% of the total 15,109 eligible builders) had established eligibility for cover with two or more insurers. The proportion last quarter was 14.1%.

From 1 October 2010, the Home Warranty Insurance Fund has put in place a multiple eligibility cleansing process, so that each builder will only be able to have one active eligibility at any one time with either one of the insurance agents QBE or Calliden.

Figure A1 - Trend in: a) number of licensed builders with eligibility, and b) number of current eligibilities held by licensed builders, as at end of each quarter



B Securities and Indemnities Information

In some circumstances an insurer may require a security or indemnity of some form before granting eligibility to a builder. The most common form of security is an indemnity (usually provided by an individual director or other third party) and/or a bank guarantee. The information on securities does not include owner-builders.

B.1 Number and type of securities held by insurers

Table B1 Number of Securities and Indemnities – current as at end of each quarter

Quarter	Bank Guarantee	Indemnity	Multiple Securities	Other Security	Totals	% of Total Builder Eligibility
Jun 07	209	1,312	123	4	1,648	11.2%
Sept 07	227	1,380	133	4	1,744	11.0%
Dec 07	229	1,354	132	4	1,719	10.2%
Mar 08	207	1,461	144	2	1,814	10.6%
Jun 08	139	1,381	120	1	1,641	9.5%
Sep 08	144	1,372	112	1	1,629	9.0%
Dec 08	135	1,405	117	1	1,658	9.0%
Mar 09	154	1,126	58	1	1,339	7.5%
Jun 09	155	1,118	59	1	1,333	7.5%
Sep 09	150	1,254	56	1	1,461	7.6%
Dec 09	136	1,184	53	0	1,373	8.4%
Mar 10	23	539	11	0	573	3.4%
Jun 10	22	606	11	0	639	3.7%

B.2 Dollar value of securities held by insurers

Table B2 Value of Securities and Indemnities (\$'000) - current as at end of each quarter

Quarter	Bank Guarantee	Indemnity *	Multiple Securities#	Other Security	Totals
Jun 07	24,739	N/A	14,582	122	39,443
Sep 07	26,740	N/A	16,679	122	43,541
Dec 07	26,077	N/A	16,614	109	42,800
Mar 08	23,749	N/A	18,469	14	42,232
Jun 08	16,718	N/A	15,832	14	32,564
Sep 08	14,799	N/A	10,957	14	25,770
Dec 08	16,909	N/A	12,363	14	29,286
Mar 09	20,332	N/A	8,457	14	28,803
Jun 09	21,222	N/A	8,297	14	29,533
Sep 09	20,037	N/A	8,297	14	28,348
Dec 09	19,740	N/A	7,397	0	27,137
Mar 10	7,096	N/A	1,435	0	8,531
Jun 10	6,946	N/A	1,435	0	8,381

* No value is required to be placed on an indemnity.

Identifies those builders with more than one form of security, such as a bank guarantee, a group trading agreement (involving associated companies) and/or an indemnity.

B.3 Average value of securities and indemnities over the period

Table B3. Average Value of Securities and Indemnities (\$'000)

Quarter	Bank Guarantee	Indemnity *	Multiple Securities	Other Security
Jun 07	118	N/A	119	30
Sep 07	118	N/A	125	31
Dec 07	114	N/A	126	27
Mar 08	115	N/A	128	7
Jun 08	120	N/A	132	14
Sep 08	103	N/A	98	14
Dec 08	125	N/A	106	14
Mar 09	132	N/A	146	14
Jun 09	137	N/A	141	14
Sep 09	134	N/A	148	14
Dec 09	145	N/A	140	0
Mar 10	309	N/A	130	0
Jun 10	316	N/A	130	0

* No value is required to be placed on an indemnity.

C Project Certificate Information – Builder

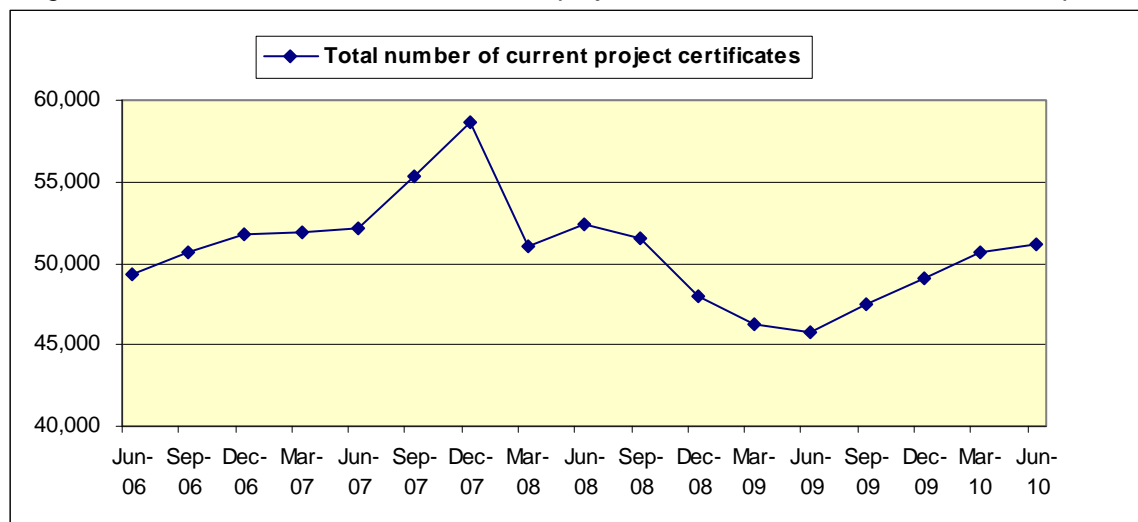
Generally an insurer issues a project certificate in relation to a project prior to building commencement. The project certificate is evidence of the HWI contract.

Insurers report to Fair Trading the number of project certificates issued during each quarter and the number of project certificates for projects still in progress (current) at the end of the quarter. This latter figure involves some degree of estimation as insurers are not necessarily advised by builders on whether all individual projects are complete or still in progress.

C.1 Current project certificates - Builder

Figure C1 shows the trend in the total number of current project certificates for “work in progress” as at the end of each quarter as reported by insurers. These figures do not include owner builder projects.

Figure C1 Trend in total number of current project certificates - as at the end of each quarter



Note: Since December 2007, insurers have been instructed to assume that a project has been completed 12 months after certificate issue unless they know its status to be uncompleted. The decrease in number of current project certificates as at 31 March 2008 was mainly due to overcoming a backlog of lapsed/deemed completed project certificates from preceding quarters. The data for December 2007 and earlier quarters is therefore overstated as it includes projects that should have been deemed completed.

C.2 New project certificates issued - Builder

Tables C1, C2 and figure C2.1 show the number and value of new project certificates issued during the quarter, reduced by the number (or value) of project certificates cancelled in the quarter. A cancellation occurs when a project certificate is terminated because the project did not commence. If a project certificate applies to more than one type of cover, then it is classified under the type of cover that represents the greatest value under the contract.

Table C1. Number of project certificates issued by type of cover

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals
Jun 07	4,016	0	1,280	3,738	1,254	2,715	222	13,225
Sept 07	4,227	0	1,358	4,129	1,383	3,760	165	15,022
Dec 07	4,222	0	1,249	3,834	1,580	3,488	234	14,607
Mar 08	3,702	0	970	4,030	1,043	3,551	207	13,503
Jun 08	3,881	0	983	4,221	1,019	3,881	253	14,238
Sep 08	3,529	0	1,204	4,307	1,090	3,725	165	14,020
Dec 08	3,020	0	762	3,167	921	3,017	175	11,062
Mar 09	3,008	0	884	3,222	933	2,928	267	11,242
Jun 09	4,206	0	700	3,630	830	3,821	304	13,491
Sep 09	4,965	0	852	4,114	1,321	3,707	238	15,197
Dec 09	4,028	0	969	3,782	1,156	2,899	149	12,983
Mar 10	3,828	0	787	4,317	823	2,487	87	12,329
Jun 10	4,209	0	904	3,903	830	2,652	111	12,609

- * A project certificate is issued for each unit in a multi-unit development.
- # Alterations and additions - structural (i.e. the majority of the work is structural).
- ^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

More than half of the project certificates issued in June 2010 were for alterations (31%) and renovations (21%). 41% of certificates were issued for new single and multi-unit dwellings.

The number of certificates issued in the June quarter was up 2% compared with the March quarter. Over the 12 months to June 2010, 53,118 certificates were issued, which was 7% up from that of the previous 12 months (49,815).

Figure C2.1 Total Number of project certificates issued during each quarter

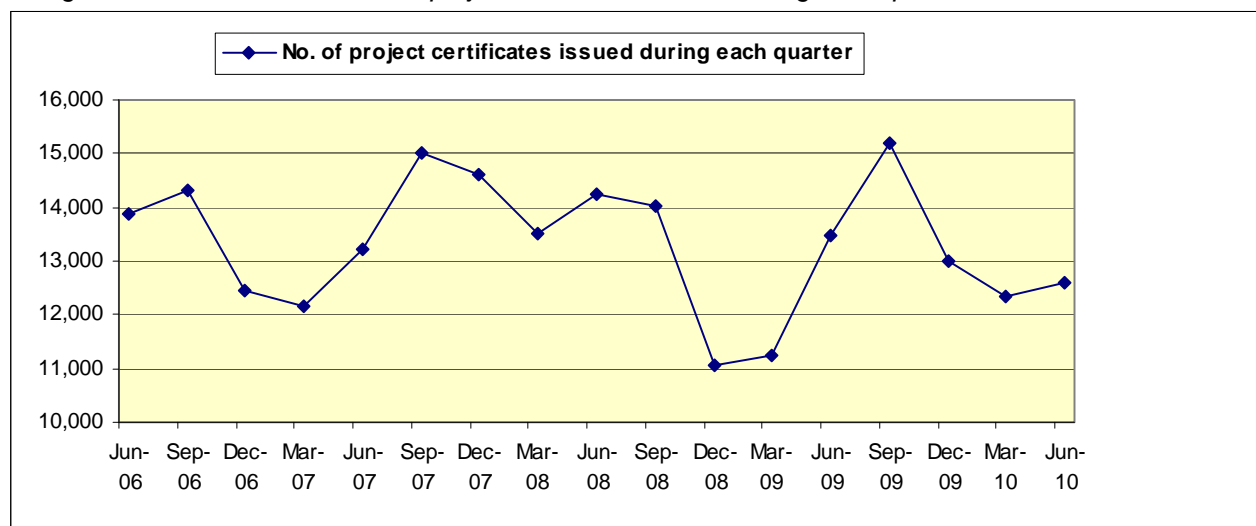


Table C2. Value of project certificates issued by type of cover during each quarter – (\$'million)

Quarter / Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations / Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'million)	Average Value per Project Certificate (\$'000)
Jun 07	1,118	0	264	455	47	93	22	1,999	151
Sept 07	1,170	0	242	471	53	133	20	2,089	139
Dec 07	1,189	0	256	412	53	113	22	2,045	140
Mar 08	1,059	0	187	437	38	113	18	1,852	137
Jun 08	1,123	0	207	470	41	135	22	1,998	140
Sep 08	1,023	0	203	454	40	132	14	1,866	133
Dec 08	903	0	158	334	34	96	17	1,542	139
Mar 09	850	0	163	361	33	92	19	1,518	135
Jun 09	1,166	0	123	414	33	119	22	1,877	139
Sep 09	1,355	0	155	483	50	118	19	2,180	143
Dec 09	1,240	0	226	433	42	94	17	2,052	158
Mar 10	1,116	0	152	439	30	66	10	1,813	147
Jun 10	1,274	0	181	469	34	71	13	2,042	162

- * A project certificate is issued for each unit in a multi-unit development.
- # Alterations and additions - structural (i.e. the majority of the work is structural)
- ^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

C.3 Building approvals versus new project certificates issued – Builder and Owner-Builder

The following figures and Table C3 compare new project certificates issued with building approvals for new dwellings granted based on Australian Bureau of Statistics (ABS) data collected from NSW local government authorities. The ABS data does not distinguish between builders and owner-builders so we have combined them for this part of the analysis. We have endeavoured to exclude public sector work from the building approval data.

Figures C3.1 and C3.2 show the detailed comparisons for numbers and values respectively of new dwellings and project certificates.

Table C3. Building approvals versus project certificates issued - All new dwellings of three storeys or less

Quarter	Numbers			Value of (\$m)		
	Certificates issued	Building Approvals	Ratio	Certificates issued	Building Approvals	Ratio
	(1)	(2)	(3)	(4)	(5)	(1)/(5)
Mar-08	4,951	5,039	98%	1,326	1,254	106%
Jun-08	5,102	5,769	88%	1,403	1,411	99%
Sep-08	4,958	5,321	93%	1,305	1,359	96%
Dec-08	3,954	4,414	90%	1,115	1,119	100%
Mar-09	4,118	3,727	110%	1,076	930	116%
Jun-09	5,128	4,372	117%	1,354	1,078	126%
Sep-09	6,086	5,715	106%	1,598	1,393	115%
Dec-09	5,257	5,694	92%	1,546	1,437	108%
Mar-10	4,839	4,942	98%	1,334	1,243	107%
Jun-10	5,334	5,811	92%	1,531	1,546	99%

Notes: ABS8731.0 Building Approvals, Australia; Tables 12, 22 and 43

"Dwelling units approved in new residential buildings - New South Wales"

Figure C3.1 Numbers of building approvals versus certificates issued - Trend

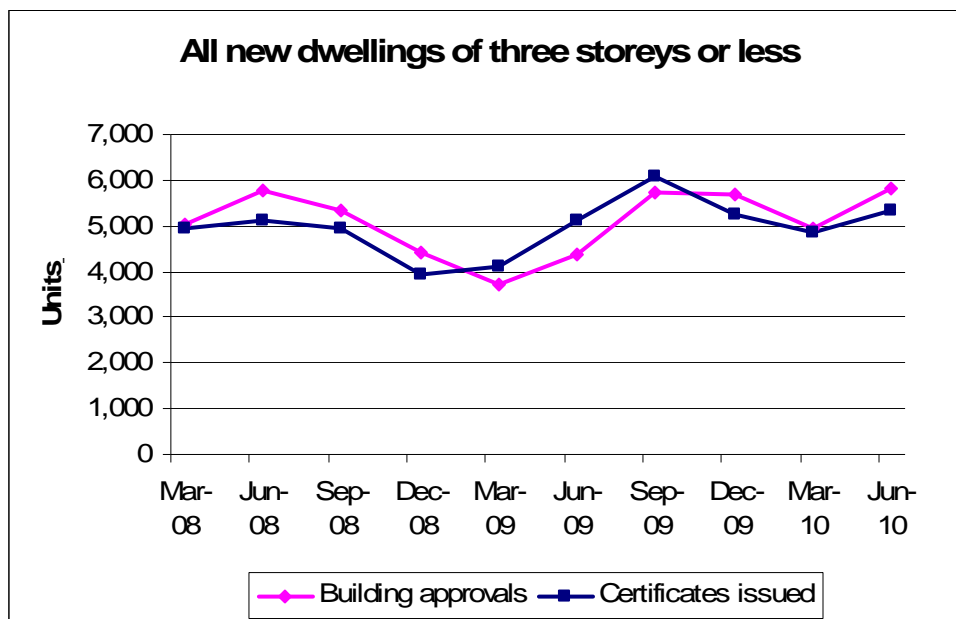
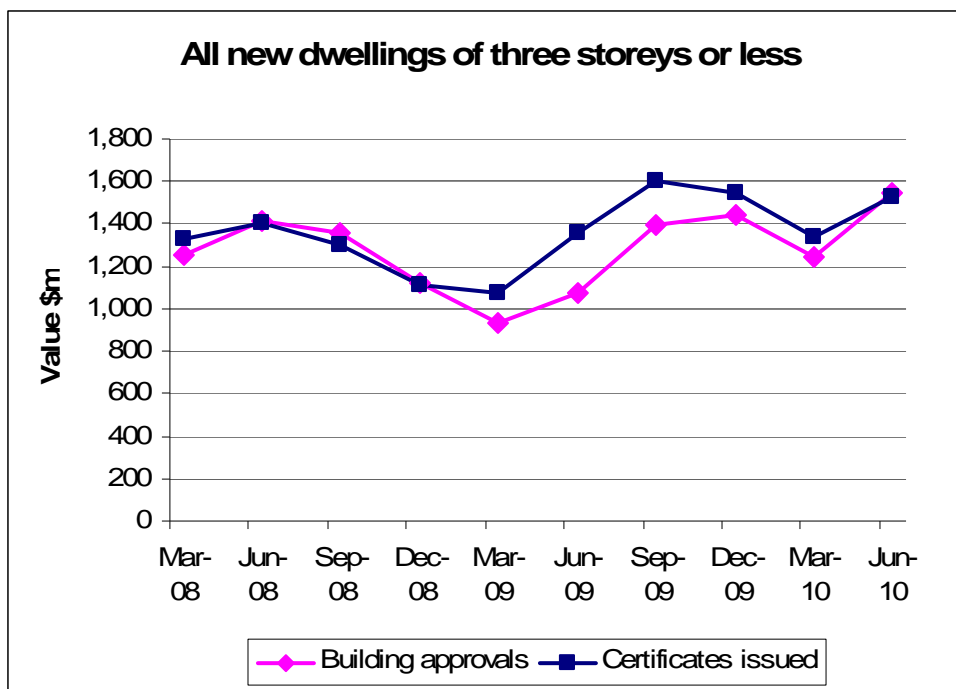


Figure C3.2 Value of building approvals versus certificates issued - Trend



D Premium Information - Builder

Insurers provide information to Fair Trading on the premium charged for project certificates issued to builders during the quarter. For the reports below, premium is shown on two bases: including charges and excluding charges. "Charges" refer to all commissions, government and other charges (i.e. GST, stamp duty, government levies and credit card surcharges) as reported by insurers to Fair Trading.

Premium excluding charges is the amount retained by the insurer to pay claims and the insurer's expenses.

Premium including charges is intended to represent the amount paid by the builder including statutory charges such as GST. However, it excludes any fees charged by brokers or intermediaries in addition to the insurer's premium. Based on information received from insurers, such brokerage fees are understood generally to be a flat dollar amount per certificate ranging from \$50 to \$400 depending on the volume of business of a particular broker with a particular builder. Any margin added by the builder in on-charging the premium to consumers also is not captured in the insurers' data and is therefore not reported in the figures below.

D.1 Total premiums by project type - Builder

Table D1.1 Written premium for project certificates issued (including charges) - (\$'000)

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Jun 07	4,611	0	1,649	3,917	736	914	189	12,016
Sept 07	4,334	0	1,332	3,756	698	1,094	133	11,347
Dec 07	4,309	0	1,265	3,377	775	1,042	172	10,940
Mar 08	3,810	0	1,032	3,301	518	970	136	9,767
Jun 08	3,809	0	923	3,456	525	1,076	166	9,955
Sep 08	3,501	0	1,140	3,571	553	1,029	122	9,916
Dec 08	3,153	0	875	2,588	458	833	126	8,033
Mar 09	3,049	0	859	2,721	430	776	156	7,991
Jun 09	4,738	0	834	3,403	438	1,020	181	10,614
Sep 09	6,060	0	1,492	4,187	707	1,037	198	13,681
Dec 09	6,141	0	1,777	3,859	667	792	127	13,363
Mar 10	5,525	0	1,620	4,150	465	600	81	12,441
Jun 10	6,690	0	2,322	4,393	510	635	109	14,659

Table D1.2 Written premium for project certificates issued (excluding charges) - (\$'000)

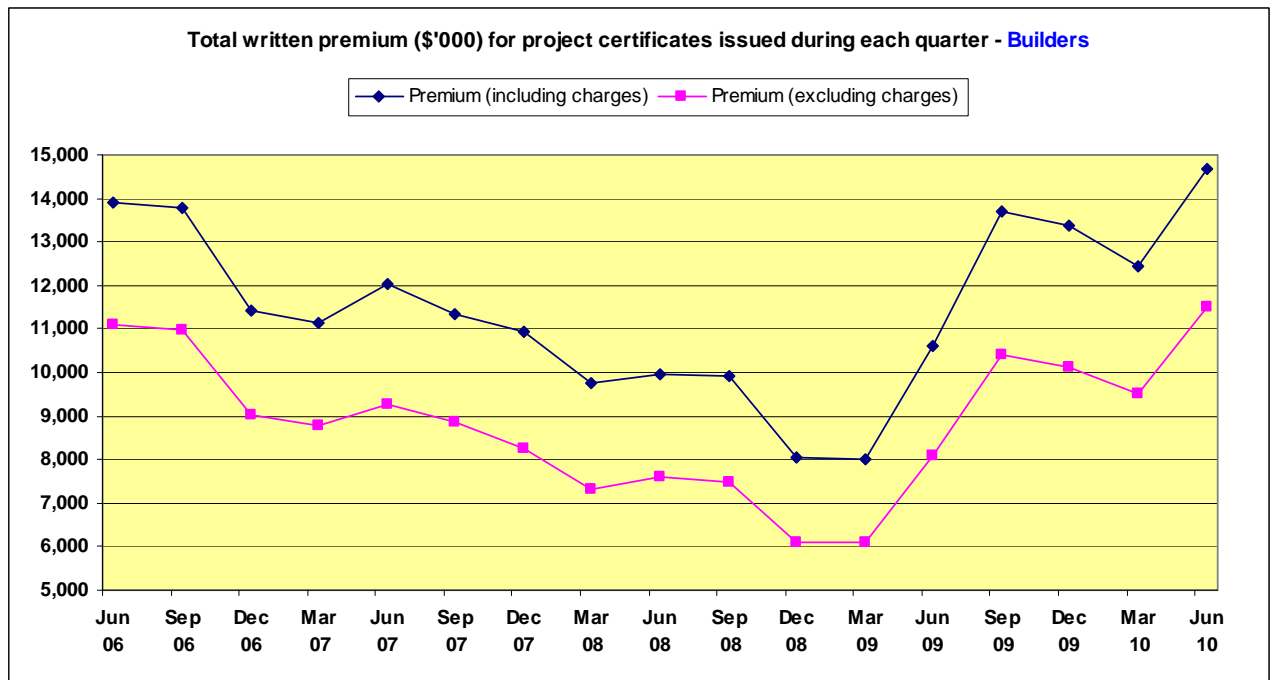
Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Jun 07	3,577	0	1,248	3,063	537	691	149	9,265
Sept 07	3,376	0	1,044	2,946	534	858	109	8,867
Dec 07	3,284	0	955	2,573	533	768	131	8,244
Mar 08	2,879	0	768	2,514	360	717	99	7,337
Jun 08	2,936	0	703	2,650	380	797	123	7,589
Sep 08	2,694	0	820	2,736	395	761	87	7,493
Dec 08	2,424	0	668	1,982	328	612	94	6,108
Mar 09	2,347	0	661	2,075	317	575	118	6,093
Jun 09	3,629	0	632	2,596	319	753	141	8,070
Sep 09	4,665	0	1,120	3,184	519	759	155	10,402
Dec 09	4,711	0	1,317	2,922	489	566	99	10,104
Mar 10	4,263	0	1,225	3,162	351	458	66	9,525
Jun 10	5,322	0	1,674	3,509	391	508	91	11,495

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural)

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

Figure D1.1 Trend in written premiums for project certificates issued during each quarter



D.2 Average premium per project certificate - Builder

Table D2.1 Average Premium (including charges) per Project Certificate Issued by Type of Cover – (\$)

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Average per certificate issued \$
Jun 07	1,148	0	1,287	1,048	587	337	853	909
Sept 07	1,025	0	981	910	505	291	807	755
Dec 07	1,021	0	1,013	881	491	299	736	749
Mar 08	1,029	0	1,065	819	496	273	656	723
Jun 08	981	0	939	819	516	277	657	699
Sep 08	992	0	947	829	507	276	740	707
Dec 08	1,044	0	1,148	817	497	276	722	726
Mar 09	1,014	0	972	845	461	265	583	711
Jun 09	1,126	0	1,192	937	528	267	597	787
Sep 09	1,221	0	1,751	1,018	535	280	834	900
Dec 09	1,525	0	1,834	1,020	577	273	849	1,029
Mar 10	1,443	0	2,059	961	565	241	928	1,009
Jun 10	1,590	0	2,569	1,125	614	240	981	1,163

Table D2.2 Average Premium (including charges) per \$1,000 of Value of Project Certificates issued by Insurer

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (less than or equal 3 storeys) *	Alterations/ Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Average rate per \$1,000 project value \$
Jun 07	4.12	N/A	6.25	8.61	15.66	9.83	8.59	6.01
Sept 07	3.70	N/A	5.50	7.97	13.17	8.23	6.65	5.43
Dec 07	3.62	N/A	4.94	8.20	14.62	9.22	7.82	5.35
Mar 08	3.60	N/A	5.52	7.56	13.63	8.51	7.56	5.27
Jun 08	3.39	N/A	4.47	7.35	12.94	7.97	7.47	4.98
Sep 08	3.42	N/A	5.62	7.87	13.31	7.82	8.70	5.31
Dec 08	3.49	N/A	5.55	7.74	13.47	8.69	7.63	5.21
Mar 09	3.59	N/A	5.28	7.55	12.96	8.41	8.12	5.26
Jun 09	4.06	N/A	6.79	8.21	13.26	8.58	8.14	5.65
Sep 09	4.47	N/A	9.61	8.67	14.21	8.80	10.29	6.28
Dec 09	4.95	N/A	7.85	8.92	15.94	8.44	7.47	6.51
Mar 10	4.95	N/A	10.64	9.45	15.66	9.07	8.20	6.86
Jun 10	5.25	N/A	12.80	9.37	15.21	8.97	8.37	7.18

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural)

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

Average premiums per \$1,000 value of certificate issued (Table D2.2) fell fairly consistently from September 2006 to June 2008 by about 27%. From June 2008 to June 2010, the average premiums have increased by 44%.

Total premiums have increased 18% during the quarter due to the combination of a 2% increase in the number of certificates issued, a 10% increase in the average value of work per certificate and a 5% increase in average premium rates.

E Claims information - Builder

The handling and management of claims by insurers is subject to *Claims Handling Guidelines* that are available on the Fair Trading website. Fair Trading is provided with data at the end of each quarter of all claims received by insurers in respect of HWI business issued after 1 July 2002.

The information set out below provides only a partial picture of HWI Scheme activity. Therefore, care must be taken in basing conclusions on trends that have emerged to date. The data in this publication relates only to project certificates issued from 1 July 2002 and to claims that have been notified to date on those certificates. **It does NOT include claims that have not yet been reported to insurers on those certificates or any provisions made by insurers in their accounts for the cost of unreported claims or cost escalation on reported claims.** Also, it does not include any information on claims arising from project certificates issued prior to 1 July 2002, even though claims relating to prior years continue to be reported and settled in the post 1 July 2002 period.

E.1 Number of claims by liability assessment status - Builder

Table E1 Cumulative Number of Claims by Liability Status at each quarter end

Quarter	Notification only #	Liability being assessed	Liability fully, partially or deemed accepted	Liability fully denied	Liability in dispute	Total
Jun 07	274	61	350	174	62	921
Sept 07	295	64	434	186	66	1,045
Dec 07	312	104	491	206	62	1,175
Mar 08	362	154	528	223	76	1,343
Jun 08	802	280	667	245	12	[^] 2,006
Sep 08	660	323	1,048	277	15	2,323
Dec 08	791	279	1,222	305	29	2,626
Mar 09	970	261	1,339	333	25	2,928
Jun 09	1,004	217	1,531	356	29	3,137
Sep 09	1,110	228	1,642	393	34	3,407
Dec 09	1,133	204	1,784	489	35	3,645
Mar 10	1,234	196	1,911	530	38	3,909
Jun 10	1,332	155	2,065	563	52	4,167

[^] The significant increase in the total number of claims in the June 2008 quarter was largely driven by the Beechwood Homes collapse in May 2008. As at 30 June 2010, about 17% of the claims reported to date under the scheme relate to the Beechwood Homes collapse.

[#] If a 'Notification' has not become a claim after an extended period, its status is recorded as 'Finalised' within the 'Notification' category. As at 30 June 2010, there were 1,053 such 'Notifications' which have been recorded as 'Finalised', including 177 relating to Beechwood.

E.2 Reasons claims denied - Builder

Table E2. Number of claims with liability fully denied - breakdown by Reason Claim Declined – cumulative at end of each quarter

Quarter	Incorrect Insurer	Out of time	Builder found	Builder not dead	Builder not insolvent	Not deemed a defect	Reason not available from insurer #	Total
Jun 07	0	35	22		38	42	37	174
Sept 07	0	37	24		41	47	37	186
Dec 07	0	38	29	1	51	50	37	206
Mar 08	0	40	30	1	60	92	0	223
Jun 08	0	40	34	1	64	106	0	245
Sep 08	0	46	36	1	68	126	0	277
Dec 08	0	49	42	1	88	125	0	305
Mar 09	0	32	50	1	114	136	0	333
Jun 09	0	32	54	1	114	155	0	356
Sep 09	0	35	59	2	121	176	0	393
Dec 09	1	40	66	2	123	257	0	489
Mar 10	1	43	65	2	131	288	0	530
Jun 10	1	50	66	2	133	311	0	563

[#] refers to claims declined by an insurer prior to the commencement of the data reporting requirements where the reason for the claim being declined was not reported in the insurer's systems. By 31 March 2008, insurers had identified the cause of all declined claims.

E.3 Claims experience - Builder

The remaining tables in this section show a further breakdown of the claims where liability has been accepted by the insurer in regards to builders (not owner-builders) as at **30 June 2010**. Information is shown separately between (a) claims that are finalised with all costs known and (b) those that are open, in which case at least part of the cost is an estimate of future payments.

Table E3. Claims Experience by Principal Cause (incl GST) – for Finalised Accepted* Claims

Principal Cause	No. of Claims	Sum Paid to Claimant	Sum Paid to Third Parties	Total Gross Paid \$	Average Claim Size \$
A01: Insolvency	1,293	52,223,428	3,894,880	56,118,308	43,402
A02: Death	15	770,806	38,397	809,203	53,947
A03: Disappearance	49	2,362,787	199,026	2,561,813	52,282
Total	1,357	55,357,021	4,132,303	59,489,324	43,839

*Accepted Claims are those in which liability is partially, fully or deemed accepted by the insurer.

"Paid to Claimant" includes all payments to the claimant or to suppliers involved in the rectification of the works. "Paid to Third Parties" includes payments to investigators, loss adjusters, legal expenses, etc. but not insurers' claims handling expenses (overheads).

Table E4. Claims Experience by Principal Cause (incl GST) – for Open* Accepted Claims

Principal Cause	No. of Claims	Sum of Paid to Claimant	Sum of Paid to Third Parties	Net Outstanding Estimate \$	Estimated Total Claims Cost	Average Claim Size \$
A01: Insolvency	657	28,441,637	4,202,859	29,284,275	61,928,771	94,260
A02: Death	8	302,199	15,031	118,838	436,068	54,508
A03: Disappearance	43	1,020,582	169,882	1,888,361	3,078,825	71,601
Total	708	29,764,418	4,387,772	31,291,474	65,443,664	92,435

*Open claims are claims which are not finalised.

Table E5. Claims Experience by Claim Code (incl GST) - for Finalised Accepted Claims

Claim Code	No. of Claims	Sum Paid to Claimant	Sum Paid to Third Parties	Total Gross Paid \$	Average Claim Size \$
T01: Failure to commence	113	2,942,131	87,505	3,029,636	26,811
T02: Failure to complete	699	34,576,604	2,417,937	36,994,541	52,925
T03: Structural defect	290	7,902,745	785,103	8,687,848	29,958
T04: Other loss#	255	9,935,541	841,758	10,777,299	42,264
Total	1,357	55,357,021	4,132,303	59,489,324	43,839

Table E6. Claims Experience by Claim Code (incl GST) – for Open Accepted Claims

Claim Code	No. of Claims	Sum of Paid to Claimant	Sum of Paid to Third Parties	Net Outstanding Estimate \$	Estimated Total Claims Cost	Average Claim Size \$
T01: Failure to commence	13	100,301	22,347	250,922	373,570	28,736
T02: Failure to complete	143	9,149,098	1,395,274	3,430,192	13,974,564	97,724
T03: Structural defect	431	16,900,140	2,264,926	20,182,838	39,347,904	91,294
T04: Other loss#	121	3,614,879	705,225	7,427,522	11,747,626	97,088
Total	708	29,764,418	4,387,772	31,291,474	65,443,664	92,435

'Other loss' claims are generally for non-structural defects.

Table E7. Claims Experience by Type of Cover (incl GST) – for Finalised Accepted Claims

Type of Cover	No. of Claims	Sum of Paid to Claimant	Sum of Paid to Third Parties	Total Gross Paid \$	Average Claim Size \$
C01 : New single dwelling construction	934	38,875,550	2,682,929	41,558,479	44,495
C02: New multi dwelling (greater than 3 storeys) *	0	0	0	0	0
C03 : New multi dwelling (3 storeys and less) *	121	3,657,033	413,881	4,070,914	33,644
C04 : Alterations/Additions	169	9,147,707	773,429	9,921,136	58,705
C05: Swimming Pools	77	1,524,006	199,759	1,723,765	22,387
C06 : Renovations (including kitchens and bathrooms)	26	685,914	41,103	727,017	27,962
C07: Other	30	1,466,811	21,202	1,488,013	49,600
Total	1,357	55,357,021	4,132,303	59,489,324	43,839

Table E8. Claims Experience by Type of Cover (incl GST) – for Open Accepted Claims

Type of Cover	No. of Claims	Sum of Paid to Claimant	Sum of Paid to Third Parties	Net Outstanding Estimate \$	Estimated Total Claims Cost	Average Claim Size \$
C01 : New single dwelling construction	352	12,235,654	2,137,048	9,295,578	23,668,280	67,239
C02: New multi dwelling (greater than 3 storeys) *	8	597,311	188,924	3,383,005	4,169,240	521,155
C03 : New multi dwelling (less than or equal 3 storeys) *	207	11,563,477	1,416,371	15,170,667	28,150,515	135,993
C04 : Alterations/Additions	77	4,329,178	486,664	2,452,199	7,268,041	94,390
C05: Swimming Pools	47	635,145	96,954	270,358	1,002,457	21,329
C06 : Renovations (including kitchens and bathrooms)	9	334,888	22,426	584,007	941,321	104,591
C07: Other	8	68,765	39,385	135,660	243,810	30,476
Total	708	29,764,418	4,387,772	31,291,474	65,443,664	92,435

*Multi-unit claims for common areas are averaged over all units within a development

E.4 Claims experience by year certificate issued

Table E9. Scheme Claims Experience to date by year of issue of project certificates (incl GST) – for all Accepted liability (finalised and open) claims: **builders and owner-builders combined**

Certificate calendar year of issue	No. of Claims	Sum of Paid to Claimant	Sum of Paid to Third Parties	Net Outstanding Estimate \$	Estimated Total Claims Cost	Average Claim Size \$
2002 (from 1/7/2002)	118	10,644,969	1,171,334	3,793,899	15,610,203	132,290
2003	286	12,785,387	1,479,905	10,116,122	24,381,414	85,250
2004	347	13,309,627	2,039,421	6,045,039	21,394,087	61,654
2005	233	8,086,290	1,059,900	3,637,818	12,784,009	54,867
2006	290	10,795,506	1,025,704	2,903,030	14,724,240	50,773
2007	529	18,868,718	1,425,642	2,572,303	22,866,663	43,226
2008	272	11,147,862	641,006	2,366,226	14,155,093	52,041
2009	47	2,238,296	62,754	618,054	2,919,103	62,109
Total	2,122	87,876,655	8,905,666	32,052,491	128,834,812	60,714

This table shows the claims experience to date split by the year the project certificate was issued. For reasons explained in Section 2, this data provides an incomplete view of the claims experience for each year. For all years of issue, even for the earliest under the current scheme with certificates issued in 2002 and 2003, the number of claims and amount paid on claims will continue to increase over the next few years because:

- there may be significant delay between the date a project certificate is issued and the commencement of the project;

- the duration of building projects may range from a few weeks to a few years;
- coverage remains in place for six years after project completion; and
- it may take some time for home owners to identify a loss, lodge a claim with an insurer and for the insurer to assess the claim and arrange rectification.

The impact of these factors is even greater for more recent years.

Insurers have also estimated additional costs of \$15m in respect of claims in which liability have **not** been determined.

Insurers do manage to recover some claim payments, generally as creditors of insolvent builders. Since the scheme commenced, some \$4.6m has been recovered or about 3.6% of estimated total claims cost to date.

A significant proportion of the Accepted Liability claims for project certificates issued in the 2006, 2007 and 2008 calendar years relate to the Beechwood collapse.

Overall for the Scheme, the number of accepted liability claims is up 161 or 8%, and the reported costs up \$25 million or 24%, since the last quarter.

Part II Owner-Builder Information

This section sets out data for owner-builders in a similar format to that shown earlier for builders. Not all tables in Part I have a corresponding table in this section as some data is not relevant or available in respect of owner-builder insurance.

OB.C Project Certificate information – Owner-Builder

OB.C2 New project certificates issued – Owner-Builder

Table OB.C2. Number of project certificates issued by type of cover

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals
Jun 07	356	0	2	194	12	47	7	618
Sept 07	248	0	28	188	12	28	0	504
Dec 07	310	0	0	250	12	34	8	614
Mar 08	276	0	3	165	16	26	3	489
Jun 08	236	0	2	158	8	25	1	430
Sep 08	218	0	7	177	11	14	2	429
Dec 08	171	0	1	165	11	25	0	373
Mar 09	226	0	0	156	10	10	0	402
Jun 09	222	0	0	221	16	10	1	470
Sep 09	269	0	0	226	12	3	0	510
Dec 09	260	0	0	230	10	1	0	501
Mar 10	224	0	0	191	17	0	0	432
Jun 10	221	0	0	207	18	0	0	446

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural).

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

Figure OB.C2.1 Total Number of project certificates issued during each quarter

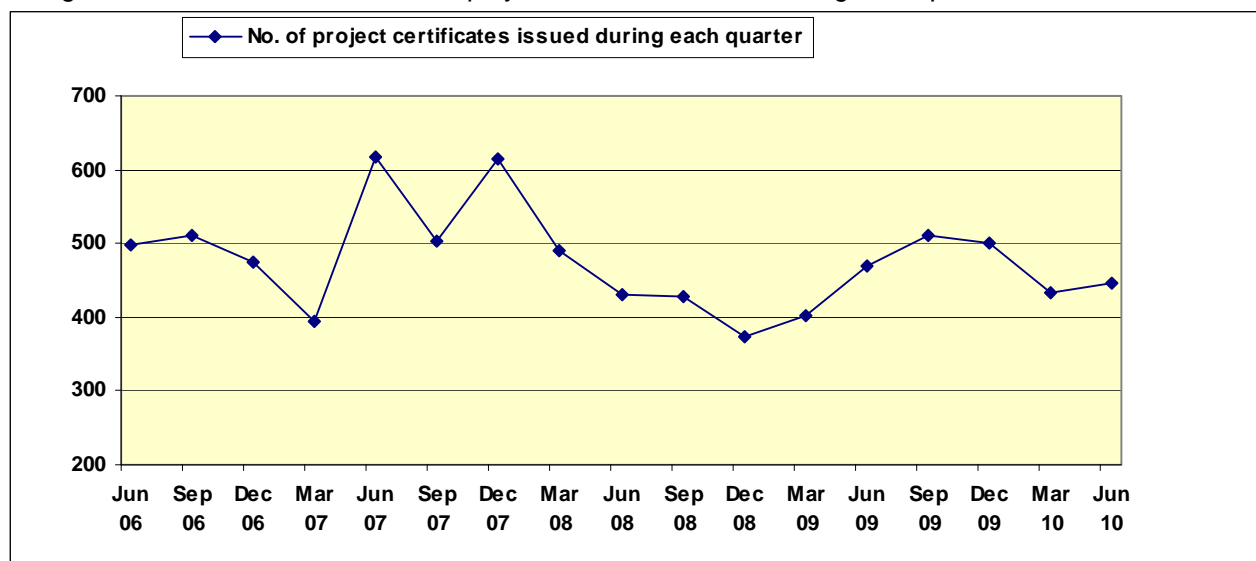


Table OB.C3. Value of project certificates issued by type of cover – (\$'000)

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)	Average Value per Project Certificate (\$'000)
Jun 07	94,236	0	360	29,071	203	5,614	145	129,629	210
Sept 07	71,160	0	12,158	18,686	312	5,739	0	108,055	214
Dec 07	95,970	0	0	31,749	320	4,742	377	133,158	217
Mar 08	78,976	0	899	22,157	469	2,872	250	105,623	216
Jun 08	72,929	0	300	24,392	176	3,115	40	100,952	235
Sep 08	77,186	0	2,018	25,979	383	1,718	74	107,358	250
Dec 08	53,785	0	170	19,744	238	3,281	0	77,218	207
Mar 09	63,048	0	0	20,752	450	890	0	85,140	212
Jun 09	64,694	0	0	28,027	1,061	757	59	94,598	201
Sep 09	87,514	0	0	27,332	289	490	0	115,625	227
Dec 09	79,572	0	0	28,495	272	70	0	108,409	216
Mar 10	66,358	0	0	20,455	457	0	0	87,270	202
Jun 10	75,764	0	0	29,919	347	0	0	106,030	238

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural)

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

OB.D Premium Information- Owner-Builder

OB.D1 Total premiums by project type – Owner-Builder

Table OB.D1.1 Written premium for project certificates issued (including charges) - (\$'000)

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Jun 07	705	0	4	271	7	61	4	1,052
Sept 07	425	0	58	223	14	43	0	763
Dec 07	633	0	0	313	14	46	8	1,014
Mar 08	509	0	6	206	16	33	3	773
Jun 08	449	0	3	208	6	34	1	701
Sep 08	444	0	13	233	10	18	1	719
Dec 08	310	0	1	186	8	41	0	546
Mar 09	406	0	0	182	7	12	0	607
Jun 09	425	0	0	281	26	17	1	750
Sep 09	541	0	0	292	12	7	0	852
Dec 09	573	0	0	312	13	1	0	899
Mar 10	442	0	0	237	20	0	0	699
Jun 10	474	0	0	322	20	0	0	816

Table **OB D1.2** Written premium for project certificates issued (**excluding charges**) - (\$'000)

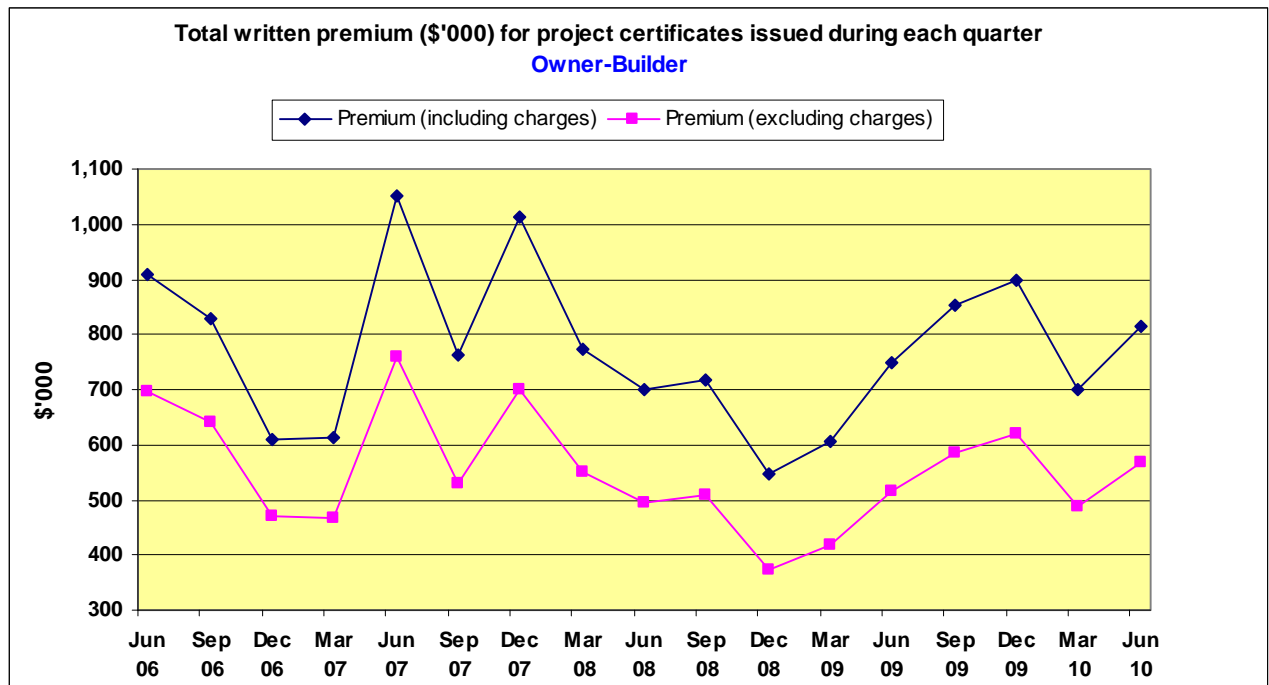
Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Jun 07	510	0	2	199	5	40	3	759
Sept 07	280	0	48	166	10	27	0	531
Dec 07	437	0	0	216	10	31	5	699
Mar 08	368	0	4	144	12	22	2	552
Jun 08	316	0	2	148	5	22	1	494
Sep 08	314	0	11	163	8	12	1	509
Dec 08	215	0	1	128	5	23	0	372
Mar 09	282	0	0	124	5	7	0	418
Jun 09	294	0	0	193	19	9	1	516
Sep 09	373	0	0	200	9	4	0	586
Dec 09	398	0	0	212	9	1	0	620
Mar 10	310	0	0	164	15	0	0	489
Jun 10	329	0	0	223	15	0	0	567

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural)

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

Figure **OB.D1.1** Trend in written premiums for project certificates issued during each quarter



OB.D2 Average premium per project certificate – Owner-Builder

Table OB.D2.1 Average Premium (including charges) per Project Certificate Issued by Type of Cover (\$)

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Average per certificate issued \$
Jun 07	1,979	0	1,981	1,402	593	1,300	528	1,703
Sept 07	1,717	0	2,066	1,184	1,175	1,537	0	1,515
Dec 07	2,042	0	0	1,252	1,129	1,365	1,051	1,652
Mar 08	1,845	0	2,052	1,244	1,005	1,272	1,142	1,581
Jun 08	1,902	0	1,370	1,314	789	1,366	854	1,630
Sep 08	2,037	0	1,803	1,318	954	1,270	546	1,677
Dec 08	1,819	0	1,093	1,125	706	1,623	0	1,464
Mar 09	1,797	0	0	1,163	737	1,171	0	1,509
Jun 09	1,913	0	0	1,274	1,603	1,706	1,128	1,596
Sep 09	2,009	0	0	1,292	1,041	2,260	0	1,670
Dec 09	2,202	0	0	1,356	1,345	748	0	1,794
Mar 10	1,971	0	0	1,243	1,182	0	0	1,618
Jun 10	2,146	0	0	1,553	1,110	0	0	1,829

Table OB.D2.2 Average Premium (including charges) per \$1,000 of Value of Project Certificates issued by Insurer

Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (less than or equal 3 storeys) *	Alterations /Additions #	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Average rate per \$1,000 project value \$
Jun 07	7.48	0	11.00	9.36	35.14	10.88	25.48	8.12
Sept 07	5.98	0	4.76	11.91	45.23	7.50	0	7.06
Dec 07	6.60	0	0	9.86	42.35	9.79	22.31	7.62
Mar 08	6.45	0	6.85	9.26	34.25	11.51	13.71	7.32
Jun 08	6.16	0	9.13	8.51	35.91	10.96	21.35	6.94
Sep 08	5.75	0	6.25	8.98	27.42	10.35	14.76	6.70
Dec 08	5.78	0	6.43	9.40	32.70	12.36	0	7.07
Mar 09	6.44	0	0	8.74	16.38	13.16	0	7.13
Jun 09	6.56	0	0	10.04	24.18	22.54	19.12	7.93
Sep 09	6.18	0	0	10.69	43.29	13.84	0	7.37
Dec 09	7.20	0	0	10.94	49.41	10.69	0	8.29
Mar 10	6.65	0	0	11.60	43.98	0	0	8.01
Jun 10	6.26	0	0	10.74	57.67	0	0	7.69

* A project certificate is issued for each unit in a multi-unit development.

Alterations and additions - structural (i.e. the majority of the work is structural)

^ Renovations - non-structural (i.e. the majority of the contract is non structural), including e.g. kitchen/bathroom renovations and trade work.

Premium rates for owner-builders are generally higher than for corresponding work done by builders. This may reflect insurer expectations of higher costs of claims for structural and non-structural defects in respect of owner-builders.

OB.D Claims Information- Owner-Builder

OB.E1 Number of claims by liability assessment status – Owner-Builder

Table **OB.E1** Number of Claims by Liability Status at each quarter end

Quarter	Notification only	Liability being assessed	Liability fully, partially or deemed accepted	Liability fully denied	Liability in dispute	Total
Jun 07	3	2	15	39	0	59
Sept 07	4	6	13	39	1	63
Dec 07	2	7	20	48	0	77
Mar 08	2	12	20	50	1	85
Jun 08	2	7	27	54	4	94
Sep 08	4	8	29	60	0	101
Dec 08	3	8	33	65	2	111
Mar 09	3	4	29	64	4	# 104
Jun 09	4	9	34	65	5	117
Sep 09	6	9	37	71	6	129
Dec 09	5	11	44	81	7	148
Mar 10	5	9	50	91	6	161
Jun 10	12	6	57	94	2	171

The decrease in the number of claims as at 31 March 2009 was due to the corrections of some errors in insurers' December 2008 data

OB.E2 Reasons claims denied – Owner-Builder

Table **OB.E2**. Liability fully denied – breakdown by Reason Claim Declined

Quarter	Out of time	Builder found	Builder not dead	Builder not insolvent	Not deemed a defect	Total
Jun 07	1	30	1	7	0	39
Sept 07	1	30	1	7	0	39
Dec 07	1	39	1	7	0	48
Mar 08	1	40	2	7	0	50
Jun 08	1	44	2	7	0	54
Sep 08	1	47	2	10	0	60
Dec 08	1	48	2	14	0	65
Mar 09	1	50	2	11	0	64
Jun 09	1	52	1	11	0	65
Sep 09	2	55	1	13	0	71
Dec 09	3	64	1	12	1	81
Mar 10	5	66	1	13	6	91
Jun 10	5	67	1	15	6	94

OB.E3 Claims experience - Owner-Builder

The remaining tables in this section show a further breakdown of the claims as at 30 June 2010 where liability has been accepted as at that date. Both open and finalised claims are included in these tables.

Table OB.E3. Claims Experience by Principal Cause (incl GST) - Accepted* Claims

Principal Cause	No. of Claims Reported	No. of claims Open	Total amounts paid to date \$	Estimated Total Claims Cost \$	Average Claim Size \$
A01: Insolvency	17	8	1,312,409	1,668,483	98,146
A02: Death	4	2	51,562	143,835	35,959
A03: Disappearance	36	11	1,776,836	2,089,506	58,042
Total	57	21	3,140,807	3,901,824	68,453

*Accepted Claims are those in which liability is partially, fully or deemed accepted by the insurers.

“Total amounts paid to date” includes all payments to the claimant or to suppliers involved in the rectification of the works; payments to third parties such as investigators, loss adjusters, legal expenses, etc.). Insurers’ own claim handling expenses (overheads) are excluded.

Table OB.E4. Claims Experience by Claim Code (incl GST) –Accepted Claims

Claim Code	No. of Claims Reported	No. of claims Open	Total amounts paid to date \$	Estimated Total Claims Cost \$	Average Claim Size \$
T01: Failure to commence	0	0	0	0	0
T02: Failure to complete	0	0	0	0	0
T03: Structural defect	52	18	2,738,800	3,465,544	66,645
T04: Other loss*	5	3	402,007	436,280	87,256
Total	57	21	3,140,807	3,901,824	68,453

* ‘Other loss’ claims are generally for non-structural defects.

Table OB.E5. Claims Experience by Type of Cover (incl GST) – Accepted Claims

Type of Cover	No. of Claims Reported	No. of claims Open	Total amounts paid to date \$	Estimated Total Claims Cost \$	Average Claim Size \$
C01 : New single dwelling construction	43	13	2,345,577	2,723,321	63,333
C02: New multi dwelling (greater than 3 storeys) *	0	0	0	0	0
C03 : New multi dwelling (3 storeys and less) *	2	2	156,312	344,312	172,156
C04 : Alterations/Additions	11	5	637,151	777,424	70,675
C05: Swimming Pools	0	0	0	0	0
C06 : Renovations (including kitchens and bathrooms)	0	0	0	0	0
C07: Other	1	1	1,767	56,767	56,767
Total	57	21	3,140,807	3,901,824	68,453

*Multi-unit claims for common areas are averaged over all units within a development

Disappearance of builder is the dominant cause of claims with respect to owner-builders, in contrast to claims against builders which are predominantly in respect of builder insolvency. Non-commencement and non-completion are, of course, irrelevant as to the circumstances giving rise to claims against owner-builders.