

# **NSW Home Warranty Insurance Scheme**

**Information on the Scheme as at**

**30 September 2010**

**SUPERCEDED BY MARCH 2011 REPORT**



14 December 2011

Home Warranty Insurance Scheme Board  
NSW Fair Trading  
Department of Finance and Services  
1 Fitzwilliam Street  
Parramatta NSW 2150

Dear Members of the Board

### **HWI Scheme Data as at 30 September 2010 - Revised**

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

Finity 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 Finity 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 draw to the attention of readers that the certificate and premium data reported by the Home Warranty Insurance Fund for the period from 1 July 2010 has been revised since the publication of the September and December 2010 reports. The March 2011 report contains the revised data for the latest three quarters, including the September quarter and can be accessed at [http://www.fairtrading.nsw.gov.au/pdfs/Tradespeople/HWI\\_data\\_mar2011.pdf](http://www.fairtrading.nsw.gov.au/pdfs/Tradespeople/HWI_data_mar2011.pdf). This version of the report is being left on the HWISB website to draw attention that the previous September 2010 version has been superseded.**

Yours sincerely



David Minty



Mark Hurst

**Fellows of the Institute of Actuaries of Australia**

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# Contents

<b>1</b>	<b>PREAMBLE</b> .....	<b>3</b>
	HWI Scheme data.....	3
<b>2</b>	<b>CAUTION IN INTERPRETING THE INFORMATION</b> .....	<b>4</b>
<b>3</b>	<b>DATA</b> .....	<b>5</b>
	<b><i>PART I INFORMATION RELATED ONLY TO LICENSED BUILDERS</i></b> .....	<b>5</b>
<b>A</b>	<b>Eligibility Information</b> .....	<b>5</b>
A.1	Builder eligibilities .....	5
<b>B</b>	<b>Securities and Indemnities Information</b> .....	<b>6</b>
B.1	Number and type of securities held by insurers.....	6
<b>C</b>	<b>Project Certificate Information – Builder</b> .....	<b>7</b>
C.1	Current project certificates - Builder .....	7
C.2	New project certificates issued - Builder.....	7
C.3	Building approvals versus new project certificates issued – Builder and Owner-Builder .....	9
<b>D</b>	<b>Premium Information - Builder</b> .....	<b>11</b>
D.1	Total premiums by project type - Builder.....	12
D.2	Average premium per project certificate - Builder .....	13
<b>E</b>	<b>Claims information - Builder</b> .....	<b>14</b>
E.1	Number of claims by liability assessment status - Builder .....	15
E.2	Reasons claims denied - Builder .....	15
E.3	Claims experience - Builder .....	16
E.4	Claims experience by year certificate issued.....	17
	<b><i>PART II OWNER-BUILDER INFORMATION</i></b> .....	<b>19</b>
<b>OB.C</b>	<b>Project Certificate information – Owner-Builder</b> .....	<b>19</b>
<b>OB.D</b>	<b>Premium Information- Owner-Builder</b> .....	<b>20</b>
<b>OB.D</b>	<b>Claims Information- Owner-Builder</b> .....	<b>23</b>

# Home Warranty Insurance Scheme Information

## 1 PREAMBLE

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

In New South Wales, HWI may only be offered by licensed insurers approved by the Minister under the Act. The approved insurers from the private sector all ceased writing business on or before 30 June 2010. However, all approved insurers will continue to manage and settle claims on policies written up until that date.

### Arrangements from 1 July 2010

On 1 July 2010, the NSW Self Insurance Corporation, trading as the NSW Home Warranty Insurance Fund (HWIF), took over as the sole provider of home warranty insurance in NSW. The new Scheme is underwritten and capitalised by the Government and funded by warranty insurance premiums.

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

### HWI Scheme data

NSW Fair Trading, within the Department of Finance and Services has certain responsibilities in relation to home warranty insurance. One of the roles of Fair Trading is to collect data on claims and policies from insurers in order to be able to monitor the operation of the scheme.

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 the protection offered applies only in the event of the total or substantial insolvency of a builder. For policies issued from 1 July 2009, the scheme extends to situations where a builder's licence is suspended for a period of 90 days or more with a temporary monetary order of the Consumer, Trader and Tenancy Tribunal 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 September 2010. The information provided has been aggregated across insurers. Data provided by individual insurers is commercially confidential and has not been disclosed.

*The HWIF has advised that due to system changes and associated issues with the data provided by the insurance agents, the project certificates and premiums data previously provided to, and included in the Scheme Data Report by Fair Trading on its website for the September and December 2010 quarters were incorrect. The HWIF subsequently resubmitted revised data for these two quarters. **Readers should refer to the March 2011 report which contains the corrected data for both the September and December quarters. This September report should only be referred to for purpose of understanding the extent of the revisions.***

Further information on the operation of the scheme is available on the following websites:

**NSW Fair Trading:** [http://www.fairtrading.nsw.gov.au/Tradespeople/Home\\_warranty\\_insurance.html](http://www.fairtrading.nsw.gov.au/Tradespeople/Home_warranty_insurance.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 is starting to 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 then. 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 a significant financial stress. For these reasons, decisions are also more likely to have been made hurriedly if additional financing is unexpectedly required when lending or investing conditions are tight. Any serious assessment of the scheme should place substantial regard not only on the long tail nature of the scheme, but also that different economic conditions can yield significantly different claims results.

*As the cover provided by HWI insurers extends over at least six years from completion of work, the downturn in the building industry since 2008 has given rise to claims because structural defects now emerging may involve builders that have become insolvent since then. As a consequence, the claim experience of even early underwriting years has continued to deteriorate, with \$35 million of reported claims cost incurred in the six months to September 2010, an increase of 28% of the claim cost reported to the scheme insurers since 2002. This illustrates the point made earlier that it takes many years for the ultimate experience of this class of business to emerge.*

### 3 DATA

#### Part I Information Related only to Licensed Builders

##### A Eligibility Information

Eligibility' is the term used to describe the entitlement that a builder has to apply for a Certificate of Insurance for home building projects, and the conditions under which the Certificate of Insurance may be granted. From 1 July 2010, eligibility application may be made via an insurance broker to one of HWIF's Insurance Agents.

##### A.1 Builder eligibilities

Table A1 shows the number of builder eligibilities at the end of each quarter by turnover band. It includes builders who may have eligibility via more than one insurer /agent 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.

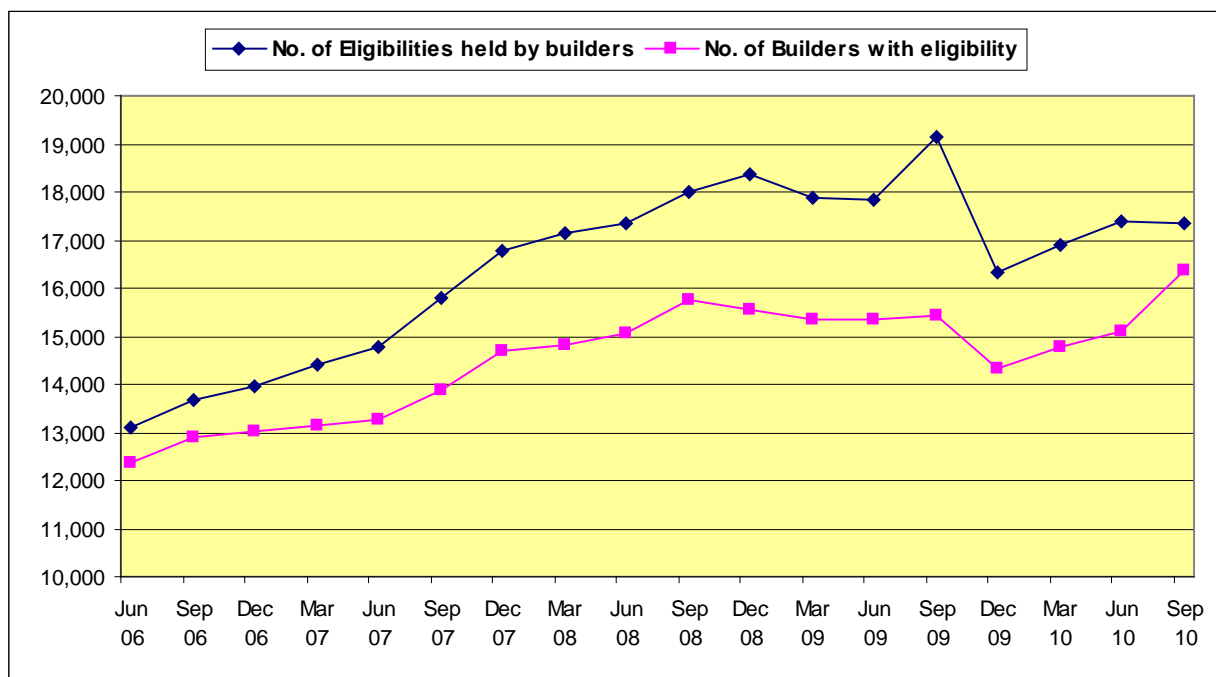
Table A1 Number of builder eligibilities by turnover band

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
Sept 07	1,526	1,528	4,356	4,010	2,980	832	122	1	42	17,354
Dec 07	1,708	1,668	4,561	4,168	3,166	904	117	3	48	18,785
Mar 08	1,738	1,718	4,651	4,160	3,166	911	111	9	408	17,759
Jun 08	2,081	1,777	4,128	4,024	3,438	838	114	107	286	17,676
Sep 08	2,103	1,552	4,180	3,711	3,166	521	110	1	433	18,010
Dec 08	2,142	1,441	4,443	3,717	3,222	251	115	3	452	18,351
Mar 09	2,221	1,711	4,777	3,812	3,918	718	125	2	373	17,881
Jun 09	2,221	1,838	4,688	3,773	3,860	780	122	2	298	17,826
Sep 09	2,251	1,711	4,477	3,112	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
Sep 10	2,469	2,199	4,674	3,449	3,788	680	98	0	0	17,357

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 September 2010, 5.9% (last quarter 14.9%) of builders have current eligibility with more than one insurance agent. From 1 October 2010, the HWIF 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 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 to be granted by 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. This information on securities does not include own securities.

### B.1 Number and type of securities held by builders

Table B1 Number of Securities and Indemnities held by builders as at end of each quarter

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

From 1 July 2010, indemnities are the only form of security required by the insurer, and the standard Deeds of Indemnity will include a limit of indemnity and have an expiry date.

Securities provided by builders to other insurers prior to 1 July 2010 are unable to be transferred to the HWIF and will remain in place until they are released by the insurers.

As at 30 September 2010, the HWIF has not received any Deeds of Indemnity (although some deeds may have been executed but not yet reported to HWIF). As no dollar value attaches to an indemnity held by private insurers as at 30 Jun 2010, the other tables previously published in this part of the report have been discontinued.

### C Project Certificate Information – Builder

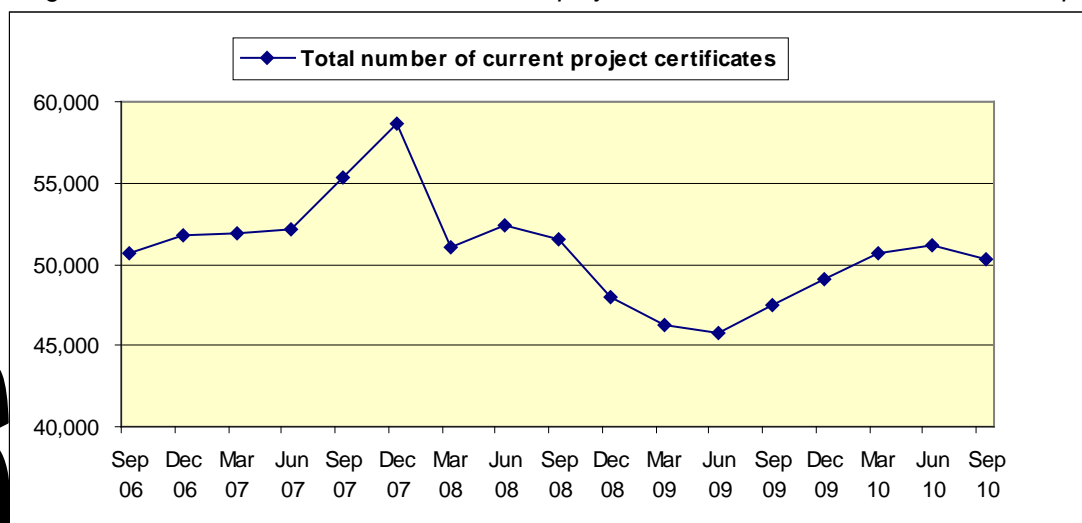
Generally a project certificate is issued in relation to a project prior to building commencement. The project certificate is evidence of the HWI contract.

Insurers report to Fair Trading the number of project certificates issued during the 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



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
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
Sep 10	4,433	0	1,223	5,780	1,147	2,755	43	15,381

\* 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 September 2010 were for alterations (38%) and renovations (18%). 37% of certificates were issued for new single and multi-unit dwellings.

The number of certificates issued in the September quarter was up 21% compared with the June quarter. Over the 12 months to September 2010, 13,301 certificates were issued which was 4.5% up from that of the previous 12 months (12,792). It may be noted, however, there has been a change in the mix of certificates issued, resulting in a reduction in the average value of projects as relatively fewer new dwellings certificates were issued compared with alterations and renovations.

Figure 27. Total number of project certificates issued during each quarter

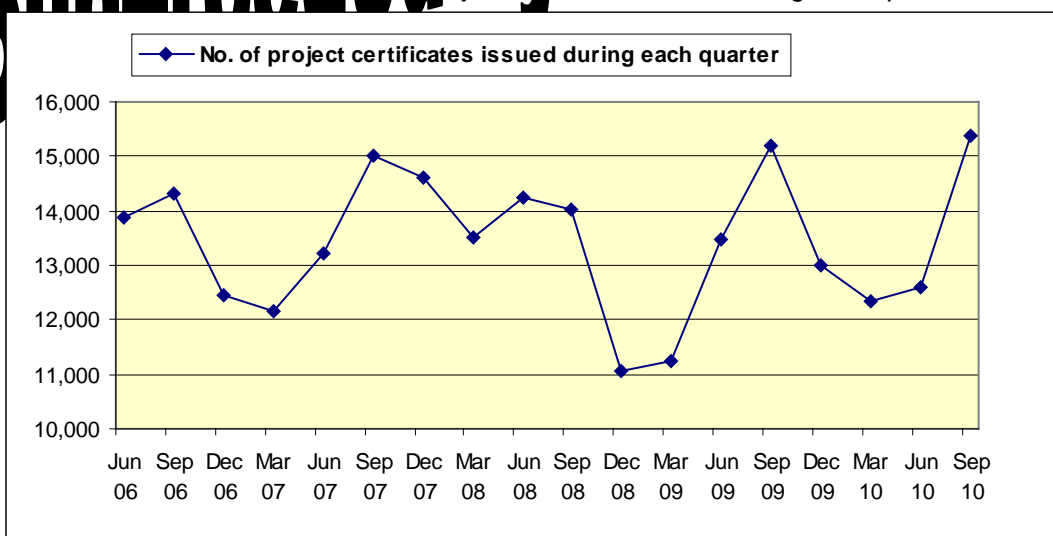


Table C2. Value of project certificates issued by type of cover during each quarter – (\$'million)

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)
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
Sep 10	1,347	0	251	537	47	78	6	2,266	147

\* 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

Table C3 and the figures following compare new project certificates issued with building approvals for new dwellings gathered from the Australian Bureau of Statistics (ABS) data collected from NSW. The ABS data distinguishes between builder and owner-builder. We have combined them for this part of the analysis. We have endeavoured to exclude multiplex work from the building approval data to enable like-for-like comparison.

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

Superseded by March 2011 report

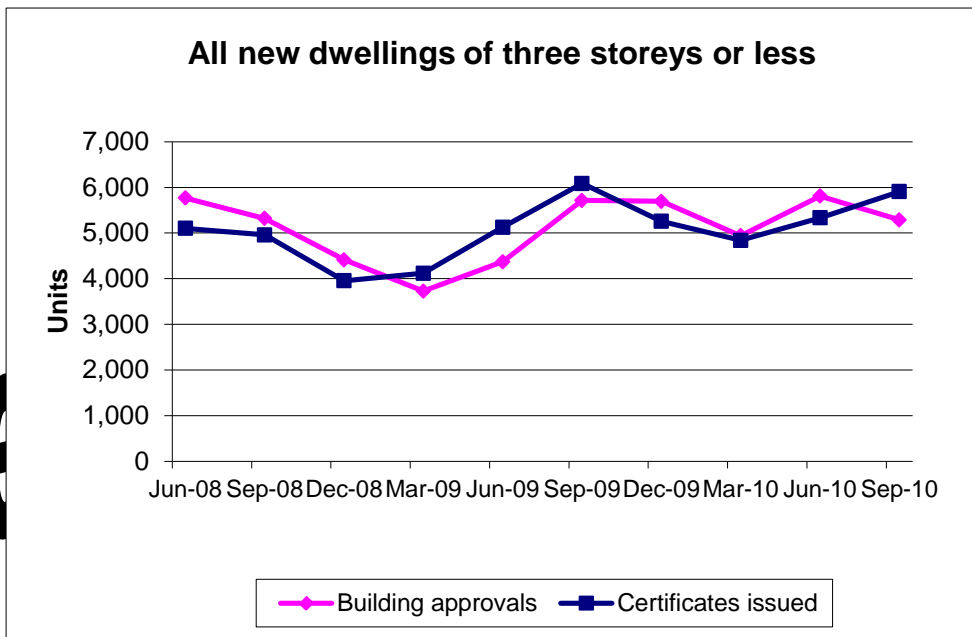
Table C3. Building approvals versus project certificates issued - All new dwellings of three storeys or less

Quarter	Numbers			Value of (\$m)		
	Certificates issued	Building Approvals	Ratio	Certificates issued	Building Approvals	Ratio
	(1)	(2)	(3)	(4)	(5)	(1)/(5)
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	5,810	92%	1,531	1,543	99%
Sep-10	5,908	5,287	112%	1,655	1,402	118%
Average	5,068	5,105	100%	1,392	1,292	108%

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

"Dw elling units approved in new residential buildings - New South Wales"

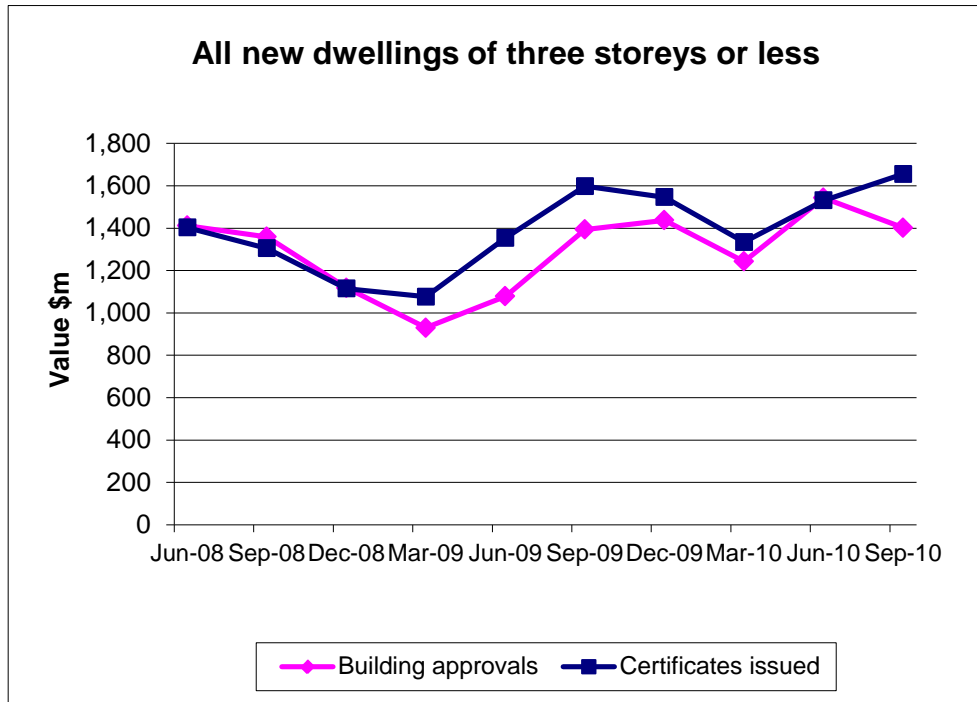
Figure C3.1 Numbers of building approvals versus certificates issued - Trend



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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 an inclusive basis 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 required by insurers to Fair Trading.

Premium excluding charges is the amount payable 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 brokerage 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.

**Superseded by March 2011 report**

## 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)
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
Sep 10	6,746	0	2,319	5,812	686	636	48	16,247

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

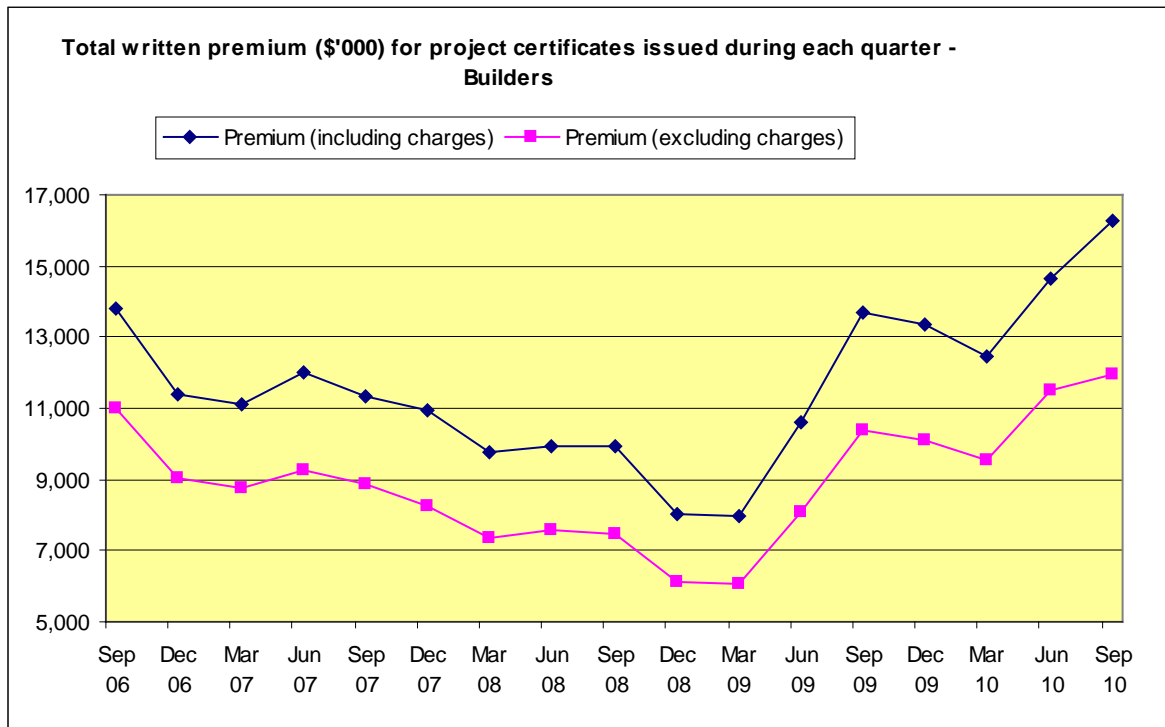
Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Sept 07	3,444	0	1,444	2,946	534	858	109	8,867
Dec 07	3,444	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
Sep 10	4,979	0	1,713	4,298	497	458	35	11,980

\* 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 Certificate

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 \$
Sep 07	1,123	NA	910	910	505	291	807	755
Dec 07	1,029	NA	1,013	881	491	299	736	749
Mar 08	1,029	NA	1,065	819	496	273	656	723
Jun 08	981	NA	939	819	516	277	657	699
Sep 08	992	NA	947	829	507	276	740	707
Dec 08	1,044	NA	1,148	817	497	276	722	726
Mar 09	1,014	NA	972	845	461	265	583	711
Jun 09	1,126	NA	1,192	937	528	267	597	787
Sep 09	1,221	NA	1,751	1,018	535	280	834	900
Dec 09	1,525	NA	1,834	1,020	577	273	849	1,029
Mar 10	1,443	NA	2,059	961	565	241	928	1,009
Jun 10	1,590	NA	2,569	1,125	614	240	981	1,163
Sep 10	1,522	NA	1,896	1,006	598	231	1,117	1,056

SUPERCENTURY

AN11 report

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 \$
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
Sep 10	5.01	N/A	9.24	10.83	14.55	8.07	8.48	7.17

\* 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 fell fairly consistently from September 2006 to June 2008 by about 27%, but increased by 44% from June 2008 to June 2010. The September 2010 premiums rates have remained largely at the same level as June 2010. A new premium structure was implemented by the HWIF for certificates of insurance issued from 1 October 2010

Total premiums (Table D1.1) have increased 11% during the quarter mainly due to the combination of a 22% increase in the number of certificates issued (Table C1), offset by a 9% decrease in the average value of work per certificate (Table C2).

### 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
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
Sep 10	1,406	149	2,188	616	44	4,403

^ 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 September 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 September 2010, there were 1,332 such 'Notification' claims which have been recorded as 'Finalised'.

## E.2 Reasons claims denied - Builder

Table E2. Number of claims with liability fully denied - breakdown by reason Claim Declined - cumulative - 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
Sept 07	0	37	24	0	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
Sep 10	2	52	68	2	137	355	0	616

# 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 September 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	1,463	60,261,168	4,446,584	64,707,752	44,229
A02: Death	17	811,481	39,580	851,061	50,062
A03: Disappearance	62	3,299,072	254,428	3,553,500	57,315
<b>Total</b>	<b>1,542</b>	<b>64,371,721</b>	<b>4,740,592</b>	<b>69,112,313</b>	<b>44,820</b>

\*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	598	30,277,387	4,601,663	29,840,235	64,719,285	108,226
A02: Death	10	654,453	19,362	95,650	69,655	76,947
A03: Disappearance	38	935,080	174,678	2,054,708	6,408	83
<b>Total</b>	<b>646</b>	<b>31,866,920</b>	<b>4,795,703</b>	<b>3,990,645</b>	<b>68,553,568</b>	<b>106,274</b>

\*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	12	109,413	29,944	3,233,858	27,406
T02: Failure to complete	118	7,596,145	1,477,113	40,795,250	54,980
T03: Structural defect	421	19,970,100	2,599,516	12,489,351	31,459
T04: Other loss#	95	4,191,262	689,130	12,593,854	44,189
<b>Total</b>	<b>1,542</b>	<b>64,371,721</b>	<b>4,740,592</b>	<b>69,112,313</b>	<b>44,820</b>

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	12	109,413	29,944	70,127	209,484	17,457
T02: Failure to complete	118	7,596,145	1,477,113	2,916,765	11,990,023	101,610
T03: Structural defect	421	19,970,100	2,599,516	22,024,730	44,594,346	105,925
T04: Other loss#	95	4,191,262	689,130	6,979,013	11,859,405	124,836
<b>Total</b>	<b>646</b>	<b>31,866,920</b>	<b>4,795,703</b>	<b>31,990,635</b>	<b>68,653,258</b>	<b>106,274</b>

# '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	1,037	45,014,130	3,039,394	48,053,524	46,339
C02: New multi dwelling (greater than 3 storeys) *	0	0	0	0	0
C03 : New multi dwelling (3 storeys and less) *	164	5,284,240	568,952	5,853,192	35,690
C04 : Alterations/Additions	188	9,978,616	826,704	10,805,320	57,475
C05: Swimming Pools	95	1,864,717	236,812	2,101,529	22,121
C06 : Renovations (including kitchens and bathrooms)	27	760,002	45,563	805,565	29,836
C07: Other	31	1,470,016	23,167	1,493,183	48,167
<b>Total</b>	<b>1,542</b>	<b>64,371,721</b>	<b>4,740,592</b>	<b>69,112,313</b>	<b>44,820</b>

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	312	10,643,328	2,230,215	8,139,980	21,013,523	67,351
C02: New multi dwelling (greater than 3 storeys) *	9	636,424	254,787	3,776,202	4,667,413	518,601
C03 : New multi dwelling (less than or equal 3 storeys) *	187	14,367,180	1,605,466	16,106,936	32,079,582	171,549
C04 : Alterations/Additions	86	5,202,971	551,413	3,023,400	8,777,784	111,600
C05: Swimming Pools	36	611,919	94,561	115,250	821,730	22,823
C06 : Renovations (including kitchens and bathrooms)	9	320,474	21,036	12,534	1,224,044	137,668
C07: Other	7	84,621	36,224	116,270	169,117	24,447
<b>Total</b>	<b>666</b>	<b>33,066,900</b>	<b>5,909,211</b>	<b>27,990,616</b>	<b>68,653,258</b>	<b>106,274</b>

\*Multi-unit claims for projects that are spread over all units in a development

Superseded by March 2011 report

Claims Experience by year certificate issued

Table E9. Scheme Claims Experience to date by year of issue of project certificates (incl GST) – for all covered 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)	120	11,792,013	1,229,305	3,323,181	16,344,499	136,204
2003	309	13,774,859	1,860,164	12,030,523	27,665,546	89,533
2004	373	15,449,215	2,233,737	7,045,700	24,728,652	66,297
2005	244	9,753,749	1,159,910	3,197,333	14,110,992	57,832
2006	306	12,909,148	1,187,120	2,271,144	16,367,412	53,488
2007	548	20,529,138	1,495,502	2,715,540	24,740,180	45,146
2008	288	12,320,875	798,951	2,003,298	15,123,124	52,511
2009	59	2,918,301	129,745	525,889	3,573,935	60,575
2010	1	4,650	0	0	4,650	4,650
<b>Total</b>	<b>2,248</b>	<b>99,451,948</b>	<b>10,094,434</b>	<b>33,112,608</b>	<b>142,658,990</b>	<b>63,460</b>

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 \$16m 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 \$4.8m has been recovered or about 3% 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 126 or 6%, and the reported costs up \$14 million or 11%, since the last quarter.

**Superseded by March 2011 report**

**Part II Owner-Builder Information**

This section sets out data for owner-builders (OB) 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
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	200	18	0	0	439
Sep 10	215	0	0	90	2	0	0	307

\* A project certificate is issued for each unit in a multi-unit development.  
 # Alterations and additions should be the majority of the value of the structure.  
 ^ Renovations - should be the majority of the contract value (structural), including e.g. kitchen/bathroom renovations and tiling.

The 3% drop in total OB certificates issued in September 2010 is likely affected by an issue in the reporting data which resulted in some errors in data classifications by cover type and other values. HWIF noted that it could not reliably rectify this data issue retrospectively but will correct for future data. This issue will similarly affect reported September figures for certificate values and premiums.

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

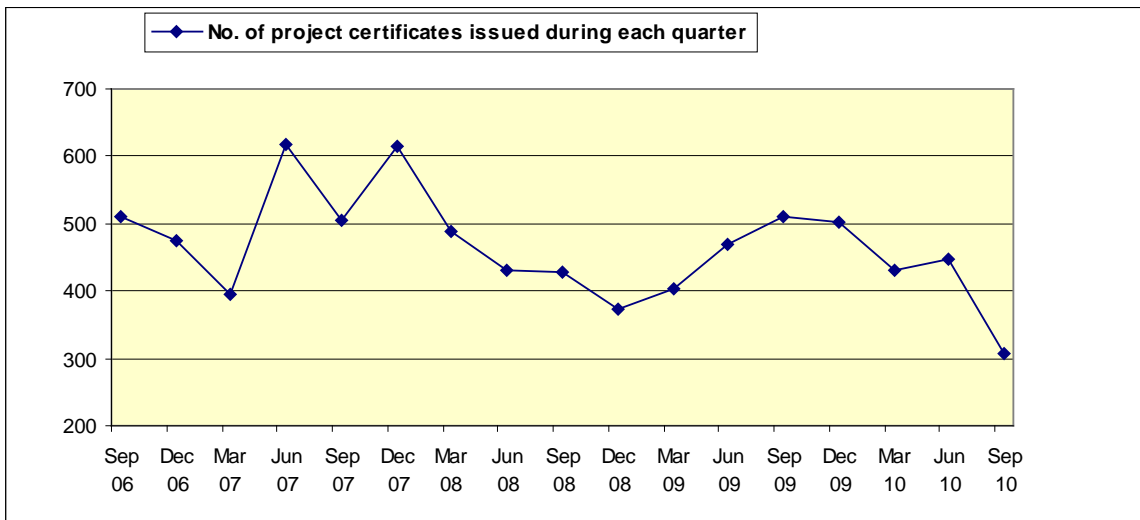


Table OB.C3. Value of project certificates issued by type of cover – (\$'000)

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)
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
Sep 10	50,661	0	0	11,193	35	0	0	61,889	202

\* 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)
Sept 07	25	0	58	223	14	43	0	763
Dec 07	0	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
Sep 10	241	0	0	133	3	0	0	377

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

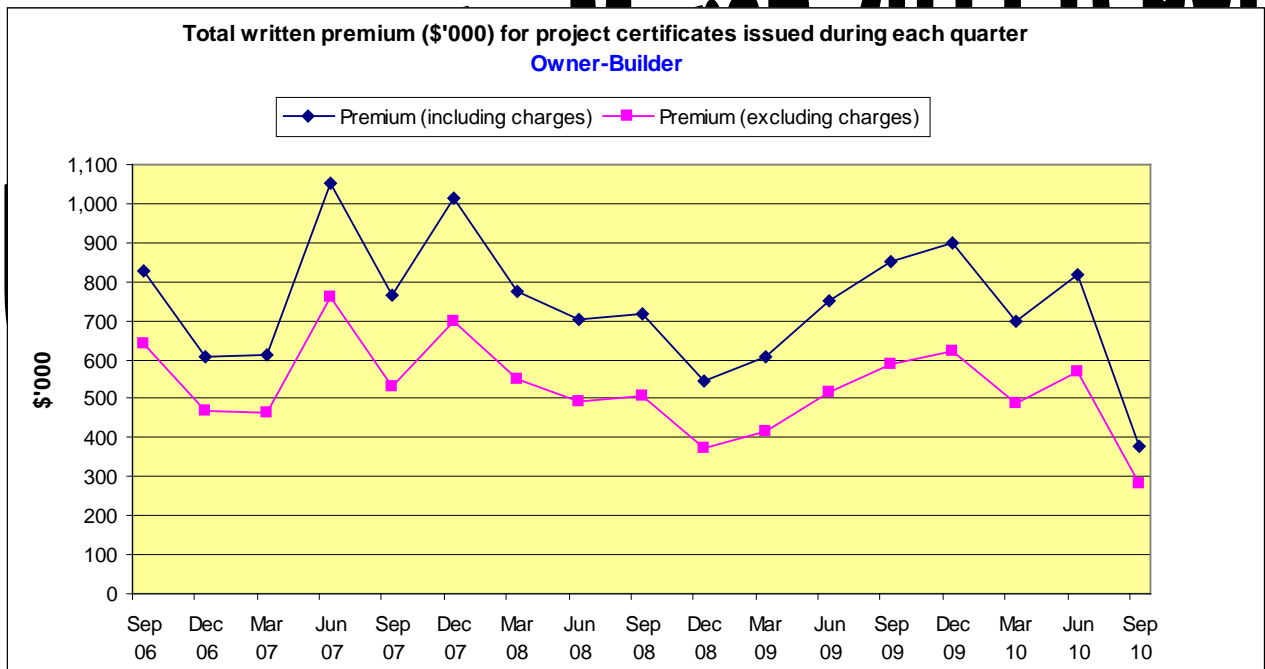
Quarter /Type of cover	New single dwelling construction	New multi dwelling (greater than 3 storeys) *	New multi dwelling (3 storeys or less) *	Alterations /Additions#	Swimming Pools	Renovations (including kitchens and bathrooms) ^	Other	Totals (\$'000)
Sept 07	280	0	48	166	10	27	0	531
Dec 07	437	0	0	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
Sep 10	179	0	0	99	2	0	0	280

\* 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 renovation, painting 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 \$
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
Sep 10	1,120	0	0	1,488	1,291	0	0	1,229

Table OB.D2.2 Average Premium (including charges) per \$1,000 of Value of Project Certificate 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 \$
Sept 07	49.16	0	27.6	11.91	45.23	7.50	0	7.06
Dec 07	6.86	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
Sep 10	4.75	0	0	11.97	73.77	0	0	6.10

\* 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 compared to licensed 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
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
Sep 10	12	6	60	96	4	178

# 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
Sept 07	1	30	1	7	0	39
Dec 07	1	39	1	7	0	48
Mar 08	1	46	2	7	0	56
Jun 08	1	46	2	7	0	56
Sep 08	4	52	1	7	0	64
Dec 08	1	48	2	14	0	65
Mar 09	1	46	2	11	0	60
Jun 09	2	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
Sep 10	6	68	1	15	6	96

Superseded by March 2011 report



### 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	7	1,521,227	1,888,755	111,103
A02: Death	5	2	129,565	241,837	48,367
A03: Disappearance	38	8	2,120,654	2,762,827	72,706
<b>Total</b>	<b>60</b>	<b>17</b>	<b>3,771,446</b>	<b>4,893,419</b>	<b>81,557</b>

\*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	55	16	3,369,499	4,564,139	111,103
T04: Other loss*	5	1	402,007	329,281	80,401
<b>Total</b>	<b>60</b>	<b>17</b>	<b>3,771,446</b>	<b>4,893,419</b>	<b>81,557</b>

\* ‘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 (greater than 3 storeys) *	44	10	2,758,437	3,526,298	80,143
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	13	4	823,824	886,697	68,207
C05: Swimming Pools	0	0	0	0	0
C06 : Renovations (including kitchens and bathrooms)	0	0	0	0	0
C07: Other	1	1	32,873	136,112	136,112
<b>Total</b>	<b>60</b>	<b>17</b>	<b>3,771,446</b>	<b>4,893,419</b>	<b>81,557</b>

\*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.