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## Building Services Information Sheet

# HOME INDEMNITY INSURANCE



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### Introduction

Home Indemnity Insurance protects homeowners against financial loss if a builder is unable to complete residential building work or meet a valid claim for faulty workmanship because of death, disappearance or insolvency.

This information sheet deals with the requirements applicable, from a Building Permit approval point of view, in relation to Home Indemnity Insurance.

### Definitions

**Home Indemnity Insurance** is an insurance policy that is taken out to protect homeowners from financial loss.

**Home Building Work** is defined in the Home Building Contracts Act as: the whole or part of the work of:

- a) Constructing or re-constructing a dwelling including an existing dwelling and/or strata titled dwelling;
- b) Placing a dwelling on land;
- c) Altering, improving or repairing a dwelling, including a strata-titled dwelling; or
- d) Constructing or carrying out any associated work in connection with-
  - i) Any work referred to in paragraph (a) or (b); or
  - ii) An existing dwelling, including a strata-titled dwelling.

### Information and Advice

Prior to the Shire issuing a Building Permit for 'Residential Building Work' as defined by the Home Buildings Contracts Act 1991, builders are required to submit a copy of the current Home Indemnity Insurance Policy relative to the building that they are applying for. The Insurance certificate must be provided to the Shire, prior to issuing the Building Permit.

The requirement to obtain Home Indemnity Insurance only applies to builders carrying out 'Residential Building Work' to a value exceeding \$20,000. These are listed in greater detail in the attached information sheet produced by the department of Consumer and Employment Protection.

Certain types of dwellings are exempt from the requirement to obtain Home Indemnity Insurance. These include:

- Multi-storey unit developments (more than 3 storeys)
- Leased retirement villages.
- Dwellings proposed to be used for rental purposes by the Housing Authority WA.

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## **Who Is Responsible For Obtaining Home Indemnity Insurance?**

It is the builder's responsibility to obtain Home Indemnity Insurance, prior to having a Building Permit issued for residential building work. If you are an owner-builder, it is your responsibility to obtain the insurance if you sell the property within a period of 7 years from Building Permit approval.

### **Fees**

There are no fees payable to the Shire.

### **Fines and Penalties**

The Home Buildings Contracts Act 1991 sets out the penalties for the various offences under the Act. For more information on these penalties, please contact the Department of Consumer and Employment Protection on 1300 304 054.

### **Additional Information**

If you would like additional information on Home Indemnity Insurance, please contact the Department of Consumer and Employment Protection on 1300 304 054 or visit their website:

[www.docep.wa.gov.au](http://www.docep.wa.gov.au).

Further information is also available on the WA Building Commission web site:

[www.buildingcommission.wa.gov.au](http://www.buildingcommission.wa.gov.au). Ph: 1300 489 099

### **Requirements Checklist Notes**

- Builders, who carry out residential building work with a value exceeding \$20,000, are required to obtain Home Indemnity Insurance, prior to the issue of a Building Permit;
- Multi-Storey Unit Developments (more than 3 storeys), Leased Retirement Villages and Dwellings proposed to be used for rental purposes by the Housing Authority of WA are exempt from the requirement to have Home Indemnity Insurance.

### **Disclaimer**

This information sheet is provided as generalised information. While we aim to keep the content of this document current and accurate, we accept no responsibility or warranties for actions based on the information provided. The Shire of Broome encourages you to seek professional advice before acting on any information contained within this document. Please contact the Shire of Broome if you wish to comment on the forms provided and information contained within. Any reported errors will be amended.