

Home Warranty Insurance Inquiry

Additional Comments by Senator Marshall

For most Australians, building a home is one of the biggest financial commitments they are likely to make. Moreover, it is likely to be the only substantial financial outlay that they are likely to make of this kind. It is therefore no wonder that many Australians do not understand the complex issues around building a home and what cover they are in fact receiving with Home Warranty Insurance.

As we have seen following the collapse of HIH, most states have moved to a last resort scheme of Home Warranty Insurance. This system does not provide the level of cover implied in the provision of insurance nor the level of cover home builders should expect. Last resort insurance has been described as “junk insurance” by many commentators. Whilst the insurance industry disputes this label, what they don’t dispute is that few would purchase this insurance if it were not mandatory to do so.

On the whole I agree with the direction of the report and its recommendations. However, of the four recommendations, I believe recommendation two does not go far enough. I have been convinced over the course of this inquiry that the committee should be recommending a nation-wide adoption of a form of Home Warranty Insurance that reflects the form currently in effect in Queensland.

It is my view that the Federal Government should take a leadership role on this issue and progress a Home Warranty Insurance model through COAG using the current Queensland model as a template.

It is proper that, though a comprehensive Home Warranty Insurance model, the Government facilitates the provision of appropriate protection and support for those Australians who make the commitment to build a home. It is also important to recognise that builders contribute to the residential infrastructure of our nation and that we have a responsibility to ensure that protection is provided to all parties involved in home building.

Senator Gavin Marshall

Labor Senator for Victoria