

Dear Senator Hurley .Would you please except this as a further submission by me to the inquiry into BWI

BEECHWOOD HOMES NSW/VERO

Dear Premier ,thank you for referring the issues I raise to the Minister for Fair Trading for a response previously . Ref

16th May 2008
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That material incorporated this letter from Mr Andrew Gavrielatos

[M08-1155 reply.pdf \(63KB\)](#) which advises that if a BWI claim against a insurer exceeds \$10 million then the govt would be liable to pay the excess .

The collapse of RCP a Qld builder earlier this year is estimated to cost the Qld Building Services Authority about \$10 million in claims .In Qld even if the claim total came to \$15 or \$20 million this would be paid on the basis that there would be no recourse to state govt funds .In fact if Qld BSA has a fund shortage due to a catastrophic collapse like Beechwood it pays a fee to private insurers annually to cover such an event .One of those insurers is Suncorps the owner of Vero

The number of homes involved in the Beechwood collapse substantially exceed the RCP collapse in Qld and on that basis one would expect that claims would substantially exceed \$10 million . In this case as it involves insolvency only thou and the coverage in NSW is not as comprehensive as Qld we would still thou expect that the claims total would exceed \$10 million and possibly head towards \$15 to \$20million in this instance

Under the present arrangements I suspect that the NSW will be required to cough up the excess over \$10 million for the Beechwood Homes collapse for a NIL/FREEBY insurance fee Yet in Qld the BSA pays the the insurer .That insurer in both cases is Suncorps/Vero

In this instance ,I suspect in view of the Senate inquiry for public relations purpose Vero has declared the builder is insolvent even before the receiver Deloitte places the company in liquidation . This compares with vero's past practice to date extensively documented including to the Senate were the consumer must first spend several to 10's of 1000's of \$'s to place the builder in liquidation themselves with no provision for recouping those legal costs to achieve liquidation from Vero the

insurer so a claim can be lodged with Vero .

Only then ,after liquidation can a consumer submit a claim which can still be rejected in part or in whole .So one way to avoid the excess liability by NSW to Suncorps /Vero is for Vero to indulge in the tactics that Vero is famous for in avoiding claims .These tactics are well documented in BARG submissions to the NSW OFT and also in there submissions to the current Senate inquiry

So I would appreciate that the foreshadowed reply addresses also the issue of whether the payout by Vero will exceed \$10 million and how will the NSW govt fund the payment of the excess over \$10 million .

But more importantly as Vero has in this instance re Beechwood invoked its legal obligation of acting in good faith in relation to insurance contracts why should Vero now not be required to invoke that same principle in relation to other individual cases were it knows the claim is valid and on behalf of consumers liquIdate the builder so a claim can be processed and paid

I await the the Minister for FairTradings considered response on this aspect as part of her reply to the numerous issues raise in the referral ,that is my Senate submission

Yours Andris Blums

16/5/08

On **Thu, 15/5/08**, Office <office@smos.nsw.gov.au> wrote:
From: Office <office@smos.nsw.gov.au>
Subject: Builders Warranty Insurance
Date: Thursday, 15 May, 2008, 1:16 PM

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Mr Andris Blums

Dear Mr Blums,

I refer to your representation of 18th April 2008 to the Premier, concerning Builders Warranty Insurance.

Thank you for bringing this matter to the Minister's attention. However ministerial responsibility rests with the Minister for Fair Trading, Minister for Youth and Minister for Volunteering, the Hon. Linda Burney MP, as Minister for Fair Trading.

Accordingly, I have forwarded your representations to the Hon. Linda Burney, for her consideration and any appropriate action.

Yours sincerely,

Reiana Onekawa-Amai
Administration Officer

(See attached file: 3730_001.pdf)

Sent from [Yahoo! Mail](#).
A Smarter Email.