

HBCF Eligibility Manual Addendum

Construction Type transition period

This document has been prepared by icare HBCF. Insurance and Care NSW (icare) provides services in the administration of the Home Building Compensation Fund for the NSW Self Insurance Corporation.

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ABN 97 369 689 650
Post GPO Box 4052
Sydney NSW 2001
Phone (02) 9216 3224
Email enquiries.hbcf@icare.nsw.gov.au
Web www.icare.nsw.gov.au

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11.0	<p>This document is an addendum to Version 11.0 of the HBCF Eligibility Manual.</p> <p>SIRA defined new Construction Types in December 2021. Because icare HBCF will not start using the new Construction Types until October 2022, there will be a transition period (from July to October 2022) where we will continue to use the existing (old) Construction Types.</p> <p>This addendum defines the Construction Types we will use during this transition period and the other changes associated with these Construction Types.</p>	30 June 2022	icare HBCF Technical Writer

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1. Purpose of this addendum

This document is an addendum to Version 11.0 of the **HBCF Eligibility Manual** and **takes effect from July 2022**. We issue this addendum as part of meeting our Eligibility model submission requirements to SIRA for 2022.

- This addendum defines a **transition period during which Insurance and Care NSW (icare) will continue to use Construction Types C01 through C09**, before implementing SIRA's new Construction Types (H01 through H05).
- This document also identifies the **sections of the HBCF Eligibility Manual where you should refer to this addendum** for the correct Construction Type information during the transition period.

1.1. New Construction Types from SIRA

Following the recent Independent Pricing and Regulatory Tribunal (IPART) review of the home building compensation scheme, SIRA reviewed their Insurance Guidelines. In December 2021, SIRA published new guidelines for managing HBC insurance premiums and Eligibility.

One of the key changes was the replacement of Construction Types C01 through C09 with new Construction Types H01 through H05.

1.2. New Eligibility Model implementation

icare HBCF will implement the new SIRA-approved Eligibility Model in *July 2022* and will implement the new Construction Types in *October 2022*. This reflects the period of technical implementation in the icare systems, including the premium calculator, Builder Self Service Portal, SIRA real-time data exchange, the Builder Eligibility Assessment Tool and the Claims and Insurance Management System.

2. New Construction Type implementation

2.1. Transition period

icare HBCF has delayed implementation of SIRA's new Construction Types until October 2022.

From July 2022 until October 2022 we will continue to use the previously approved Construction Types (C01 - C09).

3. Eligibility Manual Overrides

Note: During the transition period, please use the information in this addendum for the following sections of the HBCF Eligibility Manual:

EM Section: 1.1.1 - New Construction Types - not applicable until October 2022.

EM Section: 1.1.2 - Key changes to Construction Types - not applicable until October 2022

EM Section: 6.1 - Form of insurance cover offered

Project forms names are:

- Project Application form - All Work (**excluding multiple dwelling building Projects**)
- Project Application form - **Multiple dwelling building Projects** (that is, for projects involving two or more dwellings on one site)

EM Section: 8.5 Construction Types

Note: Until October 2022 you should continue to use the Construction Code and Types below, instead of those in the HBCF Eligibility Manual.

Table 1: Construction Types sets out the way icare HBCF identifies different Construction Types for premium setting, policy application requirements, and Construction Profile approval:

Table 1: Construction Types

Construction Code	Construction Type
C01	New single dwelling construction - Includes Granny Flats when an addition to an existing dwelling.
C02	Multi dwelling alterations/additions (that is, most of work is structural) where a strata, company or community title exists over any number of storeys and including terraces, villas, townhouses or multi dwelling units.
C03*	New multi dwelling construction (three storeys or less, for example, blocks of units, flats etc.) where a strata, company or community title exists or is proposed.
C04	Single dwelling alterations/additions where most of the work is structural work including waterproofing membranes.
C05	Swimming pools as stand-alone building contracts.
C06**	Renovations (where most of the work is minor - Non-Structural) to single dwellings including specialist contractors and single trade projects (where majority of work is minor works) and including**: <ul style="list-style-type: none"> • the erection of prefabricated patios, garages, and sheds • bathroom and kitchen renovations that may include projects involving window replacement • replacement of roof coverings without alteration to roof structure • timber decks (including timber slatted balconies) and pergolas • landscaping - where retaining walls do not exceed 25% of the contract price • solar panels • driveways and other paving.
C07	Other works - projects not included in other definitions due to unusual circumstances (Distributors should contact icare HBCF for clarification before processing an application as C07).
C08	Renovations (where most of the work is minor - Non-Structural) to where a strata, company or community title exists over any number of storeys and including terraces, villas, townhouses or multi dwelling units.

Construction Code	Construction Type
C09***	New Construction of a Duplex, Dual Occupancy, Triplex and/or Terrace (attached, including a new single dwelling with a Granny Flat with certificates issued for each dwelling/occupancy).

* The C03 category DOES NOT include the construction of free-standing dwellings on individual sites without any shared services or structural components (for example, common walls, roofing etc.) and which will not be subject to strata title or community title on occupation.

** Included in this category for pricing purposes. This does not impact on cover provided by the policy.

*** Terraces (attached) can be included as C09 where individual building contracts are entered for each dwelling or where the terraces are not subject to strata or community title as per council approval. Terrace projects will be issued as a C03 construction type, if the terrace (attached) is subject to strata, company, or community title as per council approval.

EM Section: 9.3.7 Temporary OJL increases

The text in the last bullet point changes to:

- the used OJN will not exceed the approved OJN by more than one. Allowance is made for **C09** projects where the number of certificates required for a single project may result in approved OJN being breached by more than one.

EM Section: 10.1 – Builder size classification

Note: Please use the information in this section during the transition period.

HBCF has in place some customised Eligibility rules targeted at various segments of the residential construction industry. Builders are classified based on the requested and approved OJL. Builders are classified as either:

- New Builders
- System Reviewed Builders (Tier 1)
- System Reviewed Builders (Tier 2)
- Medium Builders
- Major Builders

The current builder size classifications are as set out in Table 2.

Table 2: Builder Size Classification

Primary icare HBCF Builder segment	Approved OJV	Approved OJN	Builder Size
New Homes (new single dwelling construction, granny flats, new construction of a duplex, dual occupancy, triplex, or terrace (attached))	≤ \$3M	N/A	System reviewed Builder (Tier 1)
Alterations and Additions (Structural) – Single dwellings	≤ \$3M	N/A	System Reviewed Builder (Tier 1)
Renovations (Non-structural) – Single dwellings	≤ \$3M	N/A	System Reviewed Builder (Tier 1)

Primary icare HBCF Builder segment	Approved OJV	Approved OJN	Builder Size
New Multi-unit (low rise)	N/A	N/A	System Reviewed Builder (Tier 1)
Alterations and Additions (Structural) - Multi-units	≤ \$3M	N/A	System Reviewed Builder (Tier 1)
Renovations (Non-structural) - Multi-units	≤ \$3M	N/A	System Reviewed Builder (Tier 1)
Swimming Pools	≤ \$3M	N/A	System Reviewed Builder (Tier 1)
New Homes (new single dwelling construction, granny flats, new construction of a duplex, dual occupancy, triplex &/or terrace (attached))	\$3M to \$5M	N/A	System reviewed Builder (Tier 2)
Alterations and Additions (Structural) - Single dwellings	\$3M to \$5M	N/A	System Reviewed Builder (Tier 2)
Renovations (Non-structural) - Single dwellings	\$3M to \$5M	N/A	System Reviewed Builder (Tier 2)
Alterations and Additions (Structural) - Multi-units	\$3M to \$5M	N/A	System Reviewed Builder (Tier 2)
New Multi-unit (low rise)	≤ \$5M	N/A	System Reviewed Builder (Tier 2)
Renovations (Non-structural) - Multi-units	\$3M to \$5M	N/A	System Reviewed Builder (Tier 2)
Swimming Pools	\$3M to \$5M	N/A	System Reviewed Builder (Tier 2)
New Homes (new single dwelling construction, granny flats, new construction of a duplex, dual occupancy, triplex &/or terrace (attached))	>\$5M to < \$10M	1 to 29	Medium Builder
Alterations and Additions (Structural) - Single dwellings	>\$5M to < \$10M	1 to 49	Medium Builder
Renovations (Non-structural) - Single dwellings	>\$5M to < \$10M	1 to 49	Medium Builder
New Multi-unit (low rise)	>\$5M to < \$10M	1 to 4	Medium Builder
Alterations and Additions (Structural) - Multi-units	> \$5M to < \$10M	1 to 4	Medium Builder
Renovations (Non-structural) - Multi-units	>\$5M to < \$10M	1 to 4	Medium Builder
Swimming Pools	>\$5M to < \$10M	1 to 99	Medium Builder

Primary icare HBCF Builder segment	Approved OJV	Approved OJN	Builder Size
New Homes (new single dwelling construction, granny flats, new construction of a duplex, dual occupancy, triplex &/or terrace (attached))	≥ \$10M	≥ 30	Major builder
Alterations and Additions (Structural) – Single dwellings	≥ \$10M	≥ 50	Major Builder
Renovations (Non-structural) – Single dwellings	≥ \$10M	≥ 50	Major Builder
New Multi-unit (low rise)	≥ \$10M	≥ 5	Major Builder
Alterations and Additions (Structural) – Multi-units	≥ \$10M	≥ 5	Major Builder
Renovations (Non-structural) – Multi-units	≥ \$10M	≥ 5	Major Builder
Swimming Pools	≥ \$10M	≥ 100	Major Builder

All builders, except those we assess automatically (using the ASR Assessment) will be allocated a single combined OJL in recognition of the variety of projects they anticipate commencing. Where a builder’s approved OJV and approved OJN indicate different builder sizes, the lower of the two builder sizes prevails.

In the example below, HBCF would determine that the builder size is Medium Builder:

- primary HBCF Builder segment: New Homes
- approved OJV: \$15M (that is, builder size is Major Builder)
- approved OJN: 20 (that is, builder size is Medium Builder)

EM Section: 10.2 - Determining a builder’s Primary HBCF Builder segment

A builder’s Primary HBCF Builder segment is inferred with reference to either:

- the primary builder segment selected by the builder when they apply for Eligibility,
- historical purchasing of Certificates of Insurance in the last three years, cross-referencing matrix contained in Table 3 based on the predominant construction type purchased (where historical purchasing of Certificates of Insurance is available).

Table 3: Referencing construction codes to Primary HBCF Builder Segment

Construction code (Reference: Table 1: Construction Types)	Primary HBCF Builder segment (Reference: Table 2: Builder Size Classification)
C01	New Homes (new single dwelling construction, granny flats)
C02	Alterations and Additions (Structural) Multi Units
C03	New Multi-unit (low rise)
C04	Alterations and Additions (Structural) – Single dwellings
C05	Swimming Pools

Construction code (Reference: Table 1: Construction Types)	Primary HBCF Builder segment (Reference: Table 2: Builder Size Classification)
C06	Renovations (Non-structural) – Single dwellings
C07	N/A
C08	Renovations (Non-structural) – Multi-units
C09	New Homes (new construction of a duplex, dual occupancy, triplex and/or terrace (attached))

EM Section: 10.3 Standard Construction Profile limits

Table 4: Standard construction values by builder and construction type

Dwelling code	New Builder	System Reviewed Builder Tier 1	System Reviewed Builder Tier 2	Medium Builder	Major Builders
C01	\$450K	\$450K	\$700K	\$700K	\$1.150M
C02	No	On application	\$750K	\$750K	\$750K
C03	No	No	\$1M	\$1M	\$1.5M
C04	\$350K	\$350K	\$550K	\$550K	\$1.050M
C05	\$50K (for pool specialist only)	\$50K (for pool specialist only)	\$100K	\$150K	\$150K
C06	\$350K	\$350K	\$550K	\$550K	\$1.050M
C08	No	On application	\$750K	\$750K	\$750K
C09	\$450K	\$450K	\$700K	\$700K	\$1.150M

Note: These construction amounts are the standard generally allowable for the category concerned but the underwriter may adjust these amounts up or down based on the builder’s construction history and experience. Builders are free to apply for more or less than the standard.

1. Builders will be granted an Eligibility Profile consistent with their history, skills, licence conditions (refer to Fair Trading website for more information) and experience and need not be granted Eligibility for all Construction Types.
2. Where builders are seeking higher than the standard limit, applications must be supported by an appropriate construction history and experience demonstrated through references from a structural engineer, architect or similar. References must detail the address of the work, construction value, date completed, scope of work, licensed builder’s role and the principals and key management personnel involved. The underwriter must be satisfied that the references support the builder’s competence within the proposed work/limit.

3. The builder must demonstrate previous experience in:
 - managing contracts with homeowners
 - engaging and supervising a wide range of subcontractors
 - satisfying the specifications and building codes on projects
 - completion of projects on time and to budget.
4. The construction values in [Table 4: Standard construction values by builder and construction type](#) are the standard amounts allowable for each Construction Type. The underwriter can adjust these values up or down, based on the Builder's construction history and experience. Builders are free to apply for higher than standard profile limits.

EM Section: 11.1 - Eligibility Assessment for New Builders

Construction Types not available to New Builders:

- The following Construction Types are not generally available to New Builders:
 - Architect/Designer tendered and managed projects
 - **New multi-dwelling building construction (excluding duplex or triplex)**
 - **High-rise multi-unit rectification**
 - Developer owned projects.

EM Section: 11.2 - Eligibility Assessment for System Reviewed Builders

The underwriter will restrict the OJL for Builders in this segment of Eligibility to the maximum OJV as set out in Table 2: Builder Size Classification. The COE defines the period of Eligibility and the OJL.

EM Section: 11.3 - Eligibility Assessment for Medium Builders

The underwriter will restrict the approved OJL of Builders in this segment of Eligibility to the maximum OJV and OJN as set out in Table 2: Builder Size Classification.

EM Section: 16.1 - Eligibility decisions

After an Eligibility review, the underwriter will provide the Builder's Distributor with written notification of the following information (as a minimum):

- the Builder's Eligibility outcome (for example, approved, approved with conditions, decline)
- the Construction Types (EM Section: 8.5 Construction Types) for which the Builder is eligible to obtain Certificates of Insurance (subject to EM Section: 20 Certificate of Insurance Underwriting Issues)

EM Section: 19 Types of Eligibility Assessments

When do we ask a System Reviewed Builder to complete a manual assessment?

In some cases, we ask a System Reviewed Builder who is usually automatically assessed (ASR assessment) to complete a manual assessment (BPC, SER, PER assessments). This may occur when:

- a Builder is seeking a multiple dwelling building construction limit greater than \$1M
- a Builder is subject to a GTA
- a Builder is associated with another Builder with Eligibility (EM Section: 9.2.3 Common directorships with eligible entities and group structures)
- the underwriter wants to intensively monitor the Builder to monitor identified risk issues
- the Builder's Eligibility Score drops below the required threshold (Table 18: Eligibility Score and associated Open Job Value)
- the underwriter identifies unacceptable or high risk through an ASR assessment process
- the Builder requests a change to their Builder Profile.

EM Section: 19.1 Programmed Eligibility Review—PER

Unless the Builder qualifies as a System Reviewed Builder, the underwriter and the Distributor must conduct an annual financial assessment. Builders qualifying for system review are set out in **Table 2: Builder Size Classification**.

EM Section: 19.5 - Automated (Builder) Scorecard Review—ASR

Builders who qualify for an ASR Eligibility Assessment:

- Are those seeking an OJV in line with the thresholds contained in **Table 2: Builder Size Classification** for a System Reviewed Builder.
- Are not associated with another entity. For example:
- Are not subject to a GTA (EM Section: 16.7 Group entities and Group Trading Agreements—GTA)
- Are not associated with another Builder who has Eligibility (EM Section: 9.2.3 Common directorships with eligible entities and group structures)
- Are not seeking a New **multi-dwelling** building construction limit greater than \$1m
- Must have a contractor licence with a 'Current' status to conduct HBC building work in NSW.

EM Section: 20.2 - Underwriting of new multi-dwelling building projects

The provisions of this section apply to **multi-dwelling** building projects.

Underwriting considerations and document requirements for insurance for new residential apartment building project applications are contained in **Table 5: Certificate Referral requirements**. If the Builder cannot satisfy the requirements, the underwriter should decline the application.

EM Section: 20.3.1 - Underwriting of building work for existing multi-dwelling buildings

New **multi-storey** high-rise residential construction (where there are more than three stories) is automatically exempted from the requirement to obtain insurance cover under the *Act*. In general terms, **multi-storey** buildings is one that has a rise in storeys of more than three (not counting a storey only used as a car park) and which contains two or more separate dwellings.

However, this exemption does not apply to works carried out on existing **multi-storey** buildings, such as **repairs, maintenance, renovations, alterations, and additions** to either the building's common property or to individual apartments. These works require the Builder to get home warranty insurance cover where the contract price is over \$20,000, or the reasonable market cost of the labour and materials involved exceeds \$20,000 (if the contract price is not known).

Construction work on **multi-dwelling** buildings, including work carried out on existing multi-dwelling buildings over three stories, requires some specialist skills, and has some risks that need to be managed.

Relevant examples of where cover is required for **multi-dwelling** work undertaken on an existing **multi-dwelling** building, include building work such as:

- the installation of new or the replacement of old handrails or balustrades or balconies
- repairing or maintaining air-conditioning systems, plumbing or electrical works
- painting corridors, stairwells, hallway doors
- waterproofing repairs
- concrete spalling repairs
- repairing roofs and guttering.

These examples would also apply where the work is carried out on the common area of a **multi-dwelling** building owned by one entity.

To obtain a COI, the Builder must have an Eligibility Profile to match the project requirements.

The underwriter must critically assess the Builder's technical and managerial skills.

Sometimes the project is the result of an insurance claim. In such cases, the underwriter should get confirmation that the project is being contracted by the insurer, such as:

- a work request document on the insurer's letterhead
- a description of the works
- terms of the contract: The underwriter will obtain a copy of the contract and assess the extent to which the terms may be weighted in favour of the property owner.

Underwriting consideration and document requirements for insurance for existing multi-dwelling building project applications are contained in **Table 5: Certificate Referral requirements**.

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- a work request document on the insurer’s letterhead
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Underwriting consideration and document requirements for insurance for existing **multi-dwelling** building project applications are contained in **Table 5: Certificate Referral requirements**.

EM Section: 20.4 – Speculative (‘Spec’) construction

Generally, the risk for work undertaken by a ‘spec’ Builder is related to defective work and not non-completion of work. However, like work undertaken on behalf of a developer, there may be cases where a ‘spec’ Builder enters into arrangements to sell a property before completion of the building work (including off the plan sales if a **multi-dwelling** building project) that imply the work will be completed and, therefore, the risk would include non-completion and loss of deposit.

EM Section: 20.6 - Contracts originally under \$20,000

Where variations increase the contract price to an amount over \$20,000 during construction, or where a Builder is not aware of the value of the project at the time the contract is entered, the Builder will apply for a COI as soon as they become aware that the project price is likely to exceed \$20,000. The Builder must not request or receive any (further) payment under the contract until a new COI is issued.

The application for the COI amendment will be accompanied by a letter of satisfaction from the building owner or Owners Corporation (or strata manager) confirming that all the work done to date is satisfactory and there are no disputes. An inspection report and notification to Fair Trading are not normally required in these cases unless the owner’s satisfaction letter is not forthcoming.

Underwriting considerations and document requirements for retrospective applications for insurance are contained in **Table 5: Certificate Referral requirements**.

EM Section: 20.7 - Retrospective cover

Generally, most Builders are aware of their statutory obligations to obtain insurance cover before commencement of work (and before receiving any payment, including a deposit, under a contract).

Note: icare HBCF has no appetite for retrospective cover for multi-dwelling building work contracts involving multiple apartments. icare HBCF will not issue cover for such projects, where the work started more than 30 days ago.

Where a Builder has not taken out cover for a job due to an oversight, and later tries to obtain retrospective cover for the work, there is a risk that the Builder is seeking cover because a problem, a defect, or a customer complaint has arisen.

A Builder’s Broker may submit an application for retrospective cover after payment of a deposit but before the work has started, during construction, or after the work is completed.

Given the objectives of icare HBCF in relation to consumer protection, subject to the exception above, cover should not be withheld where the underwriting criteria have otherwise been satisfied, there is no dispute and the inspection report is satisfactory. That is, cover may be granted throughout the statutory warranty period of cover.

Underwriting considerations and document requirements for retrospective applications for insurance are contained in **Table 5: Certificate Referral requirements**.

Repeat offences by a Builder are a trigger for a SER and possible cancellation of Eligibility.

EM Section: 20.8 Certificate referral requirements

Construction Types define what information the Builder must provide to meet Eligibility requirements. Until *October 2022*, we will continue to use the requirements for the C01 through C09 Construction Types.

Table 5: Certificate Referral requirements describes the circumstances and the action to take for referral of project applications to the underwriter. It outlines document requirements. The underwriter may ask for additional information where there is a reasonable doubt about the Builder’s capabilities to successfully complete the project. icare HBCF, at its absolute discretion, may request additional project documentation for insurance, audit, or compliance purposes.

Table 5: Certificate Referral requirements

Issue	Document requirements
All certificate referral requirements	<ol style="list-style-type: none"> 1. Project application form provided (not required if submitted in BSSP by a BSSP user)
New multiple dwelling projects	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. Copy of the contract (which must be signed and dated) 3. Evidence of property ownership (ICD is required if the property owner is a separate entity to the contracting party) 4. Proof of final unconditional funding approval 5. Sufficient drawings and specifications 6. JSD is required if JSD for multi-dwelling projects is a condition of Eligibility. Financials for the contracting party will be required to assess if they can sign the JSD
Rectification or additions to existing multi-dwelling buildings/properties	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. Scope of works and/or a copy of the contract (which must be signed and dated) 3. Proof of funding for contract (however not required for work undertaken on behalf of an owners' corporation) 4. JSD is required if a JSD for existing multi-dwelling buildings is a condition of Eligibility. The underwriter will need to assess the contracting party’s financial information, if they can sign the JSD.
Rectification or additions to multi-dwelling buildings/properties (insurance claim)	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. A work request document on the insurer’s letterhead 3. A description of the works 4. Copy of the contract (which must be signed and dated) to assess the extent to which the terms may be weighted in favour of the owner

Issue	Document requirements
<p>A close relationship, excluding Prescribed Relationships (EM Section: 9.2.1 Directors, principals, and key managers) between Builder and homeowner (non-arm's length) that may create a risk.</p>	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. JSD may be required from related party and/or directors of building company unless both the Builder the homeowner are parties to the same GTA 3. Bank Funding evidence may be required for multi-dwelling construction or equivalent evidence of the true value of the work and materials as determined at the discretion of icare HBCF 4. If policy is for multi-dwelling buildings development, bill of quantities prepared by quantity surveyor may be required to determine true value of work being undertaken
<p>Profile Limit Breach (that is, OJV, OJN, construction limit)</p>	<p>Underwriters will need to conduct an Eligibility Assessment to re-assess the Builder's Eligibility profile, if the Builder still has insufficient available Eligibility Profile for the project, after adjusting for:</p> <ol style="list-style-type: none"> 1. Non-quoted policies 2. Potential re-allocation of approved Open Job Limits (for Builders in the same GTA) 3. Consideration of temporary OJL increases (EM Section: 9.3.7 Temporary OJL increases)
<p>Retrospective Cover (estimated start date is more than 30 days in the past)</p>	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above. 2. Written explanation from Builder detailing why the job wasn't registered prior to work commencing. <ol style="list-style-type: none"> a. An underwriter should Investigate whether the Builder has a history of purchasing policies after commencement. Consider whether it was an isolated administrative oversight, emergency building work or preliminary demolition work - all of which can be excused. b. Where the project is for building work on a multi-dwelling building/property which has been on foot for more than 30 days, the underwriter should decline the application. 3. Where works have commenced but are yet to be completed - obtain copy of the Building Contract (which must be signed and dated). 4. Where construction work is to 'Footings' but not beyond - we require an engineer's report confirming the footings have been completed to an acceptable standard and is within the requirements of the contract. The Broker must also supply a copy of the engineer's Professional Indemnity cover. 5. Where construction work is beyond 'Footings' stage - the Broker must also supply the Building Consultant's Defects Report confirming work completed is to a satisfactory standard, is within the requirements of the contract, and the payments schedule is consistent with the value of works completed.

Issue	Document requirements
<p>Retrospective Cover (estimated completion date is in the past)</p>	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above. 2. Written explanation from Builder detailing why the job was not registered before work started and confirmation of actual start and completion dates. <ol style="list-style-type: none"> a. If the underwriter’s review determines that there has been repetition of the instances of starting work without HBC insurance, they should schedule a review to determine whether the Builder should maintain Eligibility. Serious repeat offences should bring about suspension of Eligibility or a requirement for the Builder to enter the BCRP for contracts of \$250,000 and over (the Builder will be permitted to undertake contracts below \$250,000 without alternatives being required to be adopted, unless there are other impediments applying). b. Where the project is for building work on a multi-dwelling building/ property which has been on foot for more than 30 days, the application should be declined. 3. Where works have started but are yet to be completed - obtain: <ol style="list-style-type: none"> a. copy of the Building Contract (which must be signed and dated) b. (Where construction work is to ‘Footings’ but not beyond) an engineer’s report confirming the footings have been completed to an acceptable standard and are within the contract requirements. The Broker must also supply a copy of the engineer’s Professional Indemnity cover. c. Building Consultant’s Defects Report confirming work completed is to a satisfactory standard, is within the requirements of the contract and the schedule of progress payments is consistent with the value of works completed. 4. Where works are 100% complete - Obtain: <ol style="list-style-type: none"> a. Final Inspection Report (Defects Report – cannot be older than six months and must be completed by an independent registered building surveyor/ inspector, architect or engineer together with a copy of PI cover from the provider of the report). b. Letter of satisfaction from the owner confirming all works are complete, they are satisfied with the quality of workmanship and no claims are on foot. 5. Copy of the email the Distributor has sent to Fair Trading – Home Building Service, advising works commenced without home warranty insurance being in place (Email address: IRAB@customerservice.nsw.gov.au). The Broker can send this notification on behalf of the Builder.
<p>Retrospective Cover which was originally under \$20,000</p>	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. Letter of satisfaction from the building owner/Owners Corporation (or strata manager) confirming that all the work done to date is satisfactory and there are no disputes 3. An inspection report and notification to Fair Trading are not normally required in these cases, unless the owner’s satisfaction letter is not forthcoming
<p>Builder is subject to BCRP</p>	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. BCRP components 1, 2 and 3 report provided (EM Section: 22.3 Overview – operation of Building Contract Review Program)

Issue	Document requirements
Records show no current NSW contractors' licence and/or not licensed for the contracted work	Do not proceed. Require valid, current licence.
Policy for the same site exists	<ol style="list-style-type: none"> 1. Documents from All certificate referral requirements above 2. Copy of the building contract (which must be signed and dated), plans & specifications and scope of works

The underwriter will pursue irregularities with the builder's distributor. The underwriter should fully investigate any identified risks and reject the application unless satisfied with the outcome of the investigation or the situation is rectified.

EM Section: 20.9.2 - Cancellation where development modified to exceed three storeys

Construction of a **multi-dwelling** building above three storeys is exempt from the requirements of the HBC scheme in New South Wales.

EM Section: 21.1 - Developers

Residential building work done on behalf of a developer is taken to have been done by the developer. Accordingly, a developer (in addition to the Builder) must demonstrate their financial capacity to be involved in **multi-dwelling** building development projects.

EM Section: 22.1 - Underwriting considerations

The BCRP must be used as a condition of Eligibility in the following instances (where all other relevant financial and non-financial considerations are satisfactory):

- Where the Builder has never contracted and successfully completed a new single dwelling or alteration project for a homeowner.
- Where the Builder is proposing to contract a significantly larger or more complex project than the Builder's experience supports.
- Where the Builder has never contracted with a developer and successfully completed a **multi-dwelling** building project (as the residential apartment building contractor or key manager within a building business).

4. Disclaimer

Please note that this document contains general information only and cannot be relied upon for any other purpose. The intention of this document is to provide general guidance in plain language, however there are a variety of documents, guidelines, legislation, and other information to which you should refer rather than relying on this document. icare HBCF will not accept any liability arising from reliance or use of this document.

5. Contact us

Please contact us if you need help or you would like to provide feedback.

- Email: enquiries.hbcf@icare.nsw.gov.au
- Phone: (02) 9216 3224

You can make a complaint by calling us or completing a form on our website.

- Phone: 13 99 22
- Website: <https://www.icare.nsw.gov.au/contact-us/complaints>

