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September 20, 2012

The Research Director
Transport, Housing and Local Government Committee
Parliament House
George Street
Brisbane QLD 4000

Dear Sir,

Re: BSA Parliamentary Inquiry

This letter serves as our expression of interest in working with the Transport and Local Government Committee of the Queensland Parliament in conducting an inquiry into the operation and performance of the Queensland Building Services Authority (QBSA) in its regulation of the industry. Of particular interest to us is:-

- the effectiveness of the Queensland Home Warranty Scheme and
- how the insurance industry may provide home owners and consumers with protection against defective building work or unapproved building works

About InterRISK

InterRISK was formed in 2004 in direct response to the need for a specialist insurance broking house that would better service the insurance requirements of medium to large corporations. We are 100% Australian owned and staffed by an experienced team of industry professionals.

Our capabilities include:

- Strategic and cultural risk management and advisory services
- Client relationship and needs analysis
- Develop and negotiate client solutions
- Insurance broking advice
- Monitoring of client requirements
- Review service providers performance
- Identify/advise significant risk changes
- Assess and review complex risks portfolio
- Workers compensation management and support services
- Inform on alternative risk financing solutions including advice in the use of:
 - Discretionary Trusts
 - Captives and Rent-a-captives
 - Insurance and Underwriting Agencies

The Effectiveness of the Queensland Home Warranty Scheme

Queensland's Home Warranty Scheme is run by the BSA. It provides coverage for category 1 defects for a period of six years and three months at an average cost of around \$8 per week or \$2600 for an average home. Our interest in Queensland's current home warranty scheme is to investigate the following, including but not limited to:

- The effectiveness of the scheme in the current market
- The cost competitiveness when compared to the availability of similar protection from the Global Insurance market
- The review of key words and terms used in the definition of cover
- The period of cover
- The current claims procedure and management

As well as the review of the current scheme we would also provide advice on the availability of alternative structures from both the retail and wholesale insurance markets.

Is the current scheme the best available for new home buyers in Queensland?

Traditionally Home Warranty Insurance has been purchased by the builder for the benefit of the home buyer. One option for consideration would be the development of a consumer based product. Meaning new home buyers would purchase home warranty insurance in the same way that Homeowners insurance is purchased. Premiums could be paid on a monthly basis by the home buyer and additional benefits could be included in the protection. The home buyer would be the insured and beneficiary of any claim. Additional benefits to be included in the cover include general ownership risks occurring before settlement. For example:

- Third party claims against the home buyer for an interest in the land
- Forgery, fraud and other criminal acts that affect ownership at the time of purchase
- Title documents that are not properly signed or registered
- Problems with the legal right of access or water supply
- Breach of subdivision laws
- Rental of alternative accommodation where the insured property cannot be occupied because of a claim

Defective building work or unapproved building works

Statistics compiled from pre-purchase home inspections suggest that in Queensland 27% of Weatherboard homes, 21% of Brick Veneer homes and 22% of Double Brick homes have some form of illegal or unapproved building works.

We will investigate the provision of insurance that will indemnify the Home Buyer against any loss or damage suffered because under the provisions of the relevant laws there is illegal building works and the insured is:-

- ordered to demolish, alter, add to or repair any building, or part thereof, on the Land and/or
- proceedings are commenced against the Insured for an order or injunction requiring any building, or part thereof, on the Land to be demolished, altered, added to or repaired

This protection could be included in a combined consumer based "Home Warranty and Unapproved Structures" policy or as a standalone single premium policy.

Differentiation

Since its inception in 2004 InterRISK has grown to a firm with premium throughput in excess of \$100 million. Our success has been largely achieved through the factors that 'make us different'.

Being different can have various meanings depending on your perspective. As a client focussed business, our philosophy is simple – *we do what is best for the client*. At a very basic level, this is the primary differentiator between us and many of our competitors. InterRISK was established to operate on a fully transparent basis and our structure has been specifically designed to be flat, ensuring that we are responsive and our clients have direct access to decision makers within the business.

We have created our own unique culture predicated on senior professionals delivering outstanding service to every client.

The commitment we make to the Transport and Local Government Committee of the Queensland Parliament is to make life easier in respect to the insurance process.

We look forward to hearing from you when convenient. Should you require any additional information or have any questions regarding this expression of interest please do not hesitate to contact me.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Dennis Cleary', is written over a light blue rectangular background.

Dennis Cleary