

News Release Deputy Premier John Rau

Attorney General
Minister for Planning
Minister for Industrial Relations
Minister for Business Services and Consumers



Thursday, 14 March, 2013

QBE to exit Building Indemnity Insurance market

QBE Insurance (Australia) Limited has advised the State Government that it will be withdrawing from the Building Indemnity Insurance (BII) Market from 1 July 2013.

Minister for Business Services and Consumers John Rau says that State Government legislation requires builders in South Australia to hold BII.

"BII is there to protect home owners against losses arising from the insolvency, death or disappearance of their builder up to a maximum of \$80,000 per home or building contract," Mr Rau said.

"QBE has advised the State Government that it is no longer viable for it to remain in the market because the increased volume in residential builder insolvencies necessitates such a significant increase in premiums that it is impractical for all involved.

QBE will continue to honour policies written prior to 30 June 2013 and have provided an undertaking to collaborate with the State Government to create a feasible and enduring long term solution.

"While the State Government understands QBE's rationale for deciding to exit the market, it is nevertheless disappointed that this will be happening at a difficult time for the building industry," Mr Rau said.

"As this insurance is compulsory under legislation, the State Government is committed to working with industry experts to develop a viable long term solution to this issue.

"The State Government will not allow market failure to occur - there will be an insurance product available."