

Domestic Building Insurance Claim Process

This information sheet is designed to help you understand the steps involved in processing your claim.

Stage 1 Claim lodgement stage

What happens after I lodge my claim?

Your policy provides cover in the event that your builder has **died, disappeared or become insolvent** or if your **certificate of insurance was issued after 1 July 2015** if your builder **has failed to comply with a Tribunal or court order**. These are called the policy “triggers”.

The first thing we will do is to check that your claim form is complete and we have everything we need to start managing your claim.

To avoid delays with your claim, please ensure you have provided the following information with your claim:

- ✔ Complete copies of all documents listed on the last page of the Claim Form
- ✔ List and number each loss you are claiming in detail and include the date the defect was first noticed
- ✔ Provide copies of all invoices and receipts/bank statements as proof of their payment, including payments made to your builder under the contract

We'll also need to verify that one of the policy “triggers” has been satisfied.

For the insolvency trigger, this is generally a quick check with ASIC and/or other credit agencies. In the case of a builder ‘disappearing’ we may need to make a few enquiries to ascertain that the builder cannot be found.

Once we have confirmed an event has occurred that triggers the policy, the next step is to determine your loss.

Do I have to pay excess?

I am making my claim	Amount of excess
Within 3 months following completion of works or the works are not yet complete	No excess
Between 3 and 12 months after completion of works and the claim is for more than \$500 (if the claim is for less than \$500 no amount will be paid for the claim)	No excess
Between 1 and 3 years following completion of works	\$500
Between 3 and 5 years following completion of works	\$750
More than 5 years following completion of works	\$1,000

Note that claims can only be made for non-structural defects which occur within two years of completion of works

If your home is incomplete, it is important that you secure your site

If your home is incomplete, you will need to take steps to ensure you protect your property. This includes checking with the liquidator or administrator (in the case of an insolvent builder) regarding whether the builder’s contract works insurance is still valid for your building works.

If not, you should consider taking out this insurance yourself because we will not cover loss usually covered under a contract works policy. Contact the National Insurance Brokers Association (NIBA) to find out which insurers offer ‘Contract Works’ insurance in your area www.niba.com.au or call (02) 9964 9400. You may also want to obtain independent legal advice.

Stage 2 Claim assessment stage

The next step will be for us to appoint a Building Consultant to inspect your property

We will let you know who this person is, and they will contact you within a few days to arrange a suitable time to inspect the property.

Do I need to be present when the Building Consultant inspects my property?

It is preferable for you to be present. You will also need to ensure the Building Consultant can access the property.

What will the Building Consultant do?

The Building Consultant will be asked to review the list of defects and/or incomplete items that you listed on your claim form. He/she will attend your property and inspect and verify each item claimed. The consultant will then prepare a report for us, which will detail the findings of the visit.

I am due to pay the next progress payment. What should I do?

In most instances, you should not make any further payments until your claim has been assessed. Please seek legal advice before making any further payments.

What if I notice more defects after I have submitted my claim form?

You will need to itemise the new defects on a Supplementary Claim Form which is available at <http://www.dbi.vmia.vic.gov.au/homeowners/manage-your-claim>. This form needs to be sent us at least two business days before the Building Consultant visits the property.

What happens after the VMIA receives the Building Consultant's report?

We will review the report and determine if each item claimed is covered under the policy. This will require us to verify that the item is a defect or an incomplete item of work undertaken by the builder.

To do this, we'll compare the item against the works the builder was required to undertake under the **Building Contract** signed by you and your builder, together with any **agreed variations** and **specification documents**.

It is therefore critically important that these documents have been provided as part of your claim. We are unable to accept liability for any items not referred to in these documents.

The accepted items under the policy will then be listed in a document called a **Schedule of Works**. This will be sent to you within approximately three weeks following the Building Consultant's visit.

Any items that we reject under the policy will also be listed. You can request a **review of the decision** in relation to those items by making an application to the Victorian Civil and Administrative Tribunal (VCAT). You have 28 days to make an application to VCAT if you wish to seek a review of the decision.

What is a Schedule of Works?

The Schedule of Works sets out every item that the VMIA agrees is covered under your policy. Once you receive the Schedule of Works, we will usually ask that you arrange quotes from two builders of your choice to complete and/or rectify the items listed in the Schedule of Works. The VMIA may also obtain its own quote from a builder at this time, to complete and/or rectify the item/s listed in the Schedule of Works.

Why do I have to get two quotes?

We request that you obtain a minimum of two quotes from builders of your choice once you receive the Schedule of Works to ensure a competitive price to complete and/or rectify the items the VMIA has accepted. The VMIA may also obtain a quote, but this will depend on the nature of the works required. Once we have received two or more quotes from you, we will proceed to make a decision about the reasonable amount payable to complete and/or rectify the accepted items.

Stage 3 Settlement stage

Will I receive money as settlement or will you pay a builder directly to rectify and/or complete my home?

Under the policy, the VMIA has the choice to either **pay you** the reasonable amount payable to complete and/or rectify the accepted items or to have the accepted items completed and/or rectified by **paying a builder** to complete or rectify the items for you.

In most cases, the VMIA will make payments to the builder we nominate to rectify and/or complete the accepted items. The option we select is based on the individual circumstances of the claim and you will be advised of the option we select at the time we make a decision about the reasonable amount payable to complete and/or rectify the accepted items.

Further questions?

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