



New South Wales

Home Building Amendment (Minimum Insurance Cover) Regulation 2007

under the

Home Building Act 1989

Her Excellency the Governor, with the advice of the Executive Council, has made the following Regulation under the *Home Building Act 1989*.

JOHN DELLA BOSCA, M.L.C.,
Minister for Commerce

Explanatory note

Under the *Home Building Act 1989*, a contract of insurance under that Act must provide for cover of \$200,000 which may be increased in accordance with the regulations under that Act. The object of this Regulation is to amend the *Home Building Regulation 2004* to:

- (a) prescribe an increased amount of cover of \$300,000, and
- (b) allow for further increases by way of notices published in the Gazette (such further increases cannot be increased by a percentage greater than the percentage increase in the *Producer Price Indexes, Australia* since the amount was last increased), and
- (c) provide that existing stocks of insurance contracts that do not refer to the correct increased amount of cover may still be entered into.

This Regulation is made under the *Home Building Act 1989*, including sections 102 and 140 (the general regulation-making power).

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Clause 1 Home Building Amendment (Minimum Insurance Cover) Regulation 2007

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1 Name of Regulation

This Regulation is the *Home Building Amendment (Minimum Insurance Cover) Regulation 2007*.

2 Commencement

This Regulation commences on 1 March 2007.

3 Amendment of Home Building Regulation 2004

The *Home Building Regulation 2004* is amended as set out in Schedule 1.

Schedule 1 Amendment

(Clause 3)

Clause 60

Omit the clause. Insert instead:

60 Minimum insurance cover

- (1) For the purposes of section 102 (3) of the Act, the amount of \$300,000 is prescribed (subject to subclause (2)).
- (2) The Minister may from time to time, by notice published in the Gazette, increase the amount of cover as prescribed by subclause (1) that must be provided by an insurance contract.
- (3) Any such increase:
 - (a) does not take effect until notice of the increase is published in the Gazette, and
 - (b) must not increase the amount of cover by a percentage greater than the percentage increase in the *Producer Price Indexes, Australia* (as published by the Australian Bureau of Statistics) since the amount was last increased.
- (4) An insurance contract must provide that the minimum amount of cover payable is to be the amount provided for from time to time by the Act and this Regulation.
- (5) Subclause (4) does not prevent an insurance contract from providing for a minimum amount of cover that exceeds the amount referred to in that subclause.
- (6) An insurance contract that is entered into using any existing stock is taken to refer to the amount of cover that is, for the time being, the amount provided by or under this clause.
- (7) For the purposes of subclause (6), **existing stock** means a form that:
 - (a) has been printed before the date of any increase in the amount of cover provided by or under this clause, and
 - (b) refers to the amount of cover provided by or under this clause immediately before that date.