



MEDIA RELEASE

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Mandatory building guarantee now providing \$2 billion worth of cover

New Zealand Certified Builders' mandatory residential guarantee insurance scheme has now reached nearly \$2 billion of cover. While building guarantees are not mandatory under the regulatory framework, NZCB introduced its own mandatory building guarantee last year in the interests of both its members and consumers.

Exclusive to NZCB, its mandatory guarantee 'Halo' applies to every new home build or building alteration over \$30,000 that is undertaken by any builder that is a member of NZCB.

NZCB Chief Executive Grant Florence said: "As a trade association, we proactively took this step 18 months ago, rather than being required to do it through regulation or through pressure from mortgage lending restrictions, because we think it's the right thing to do.

"Given New Zealanders' homes are often our single biggest investment, it is important that homeowners have confidence that if work is not completed to the highest standard it will be remedied," he said.

Halo is the widest home guarantee insurance in New Zealand and covers all building defects for 10 years, including all damage caused by defects and faulty materials. The scheme carries an A+ rating from Standard and Poor's, and is managed independently by Lloyd's of London to ensure there is no conflict of interest as is the case with in-house guarantee schemes.

"Anyone who chooses to use a builder that is a member of NZCB for a new home build or major renovation over \$30,000 will be covered by NZCB's mandatory building guarantee, and the guarantee is also available on an opt-in basis for work valued at under \$30,000," said Mr Florence.

Reflecting current housing market trends, almost a quarter (23%) of the total Halo cover to date is for residential housing projects in Auckland, with an average contract value of \$410,000 (excluding land and reflecting a high level of alteration/renovation work in the Auckland area).

Nationally, approximately 4,900 projects are covered ranging in value from a \$10,000 project to the single largest cover for a \$5m project. The average contract value nationally is \$380,000 (excluding land).

Approximately a third of all builders in New Zealand are members of NZCB, and there are NZCB member builders nationwide. They tend to be small to medium size building firms that offer a full spectrum of residential and light commercial building services. In order to be eligible for membership of NZCB they must hold formal building trade qualifications and participate in ongoing skills development provided by NZCB.

"As a trade association, we are committed to fostering best practice. Our focus on ongoing skills development and our mandatory building guarantee provide both our members and their clients with peace of mind as they undertake building projects," said Mr Florence.

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