



MEDIA RELEASE

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NZCB's building guarantee now providing \$5 billion in cover to Kiwi homeowners

Introduced just over three years ago, NZCB's industry-leading building guarantee 'Halo' now provides more than \$5 billion in cover to people undertaking a home build or renovation. However, data indicates much greater rates of uptake of Halo in some parts of the country than others, despite its clear points of difference from other building guarantees and the prevalence of building-related issues for consumers.

In MBIE's National Consumer Survey 2018 released today, building and construction ranks in the top five for consumer complaints with particular concerns raised around the time it takes to get problems fixed.

NZCB Chief Executive, Grant Florence, says that having a building guarantee in place makes it easier to resolve any serious issues, but not all building guarantees are the same so it's important for consumers to do their homework.

"We know from a separate independent consumer survey we commissioned last year, that there are still a lot of people who are prepared to take the risk of undertaking major building work without having any kind of guarantee in place," said Mr Florence.

NZCB's consumer survey also showed that comprehensive coverage and financial strength are the two most highly ranked attributes of a building guarantee.

The comprehensiveness of NZCB's Halo, as compared to other building guarantees, was detailed in a *Consumer NZ* report last year. Another key difference between Halo and other schemes is that it is independently managed, ensuring that there is no conflict of interest in the management of claims as can be the case with in-house building guarantee insurance. In addition, Halo is underwritten by a syndicate at Lloyds of London and carries an A+ rating from Standard and Poor's.

Of the more than 13,000 residential housing projects across New Zealand that are now covered by Halo, 75% are in the North Island and more than a quarter (27%) are in Auckland. This reflects higher levels of building activity in Auckland than other regions but may also reflect a wider lack of awareness of the importance of having a building guarantee in place and of the benefits of Halo in particular.

The projects covered by Halo range in value from a \$9,000 project to the single largest cover for an \$11.5m project. The average contract value nationally is \$389,000 (excluding land, as all Halo policies are based on building contract values only).

As NZCB's own proprietary building guarantee, Halo is only available to people who build or renovate with a builder who is a member of NZCB. It is applied by NZCB member builders on a mandatory basis to all work they do for their clients that is valued at over \$30,000. Clients undertaking lower value building work can opt-in to Halo.

"Approximately a third of all builders in New Zealand are members of NZCB, so if Kiwis are using other builders they won't have access to our building guarantee," says Mr Florence.

NZCB's member builders are typically from small to medium-sized building firms that offer a full spectrum of residential and light commercial building services. Reflecting its focus on quality, NZCB is the only building trade association that requires builders to hold a formal trade qualification to be eligible for membership, and it provides ongoing skills development for its members.

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