

Domestic building insurance premiums continue to fall

16 January 2020

Domestic building insurance

Average insurance premiums covering homeowners for problems when a builder dies, disappears or goes out of business are at their lowest level since 2012.

A new [report from the Essential Services Commission](#) found claims for domestic building insurance are low.

The commission's director of pricing, Marcus Crudden says average premiums fell by more than 15 per cent in two years.

"Average premiums peaked in 2016 at \$1,089 before falling to a seven-year low of \$835 in 2018", he said.

This fall coincided with the establishment of a new sales platform by the Victorian Managed Insurance Authority and new providers coming in to offer this type of insurance.

The report also shows:

- 49 per cent of claims made to date relate to structural defects with the average cost of finalised claims around \$36,823 per dwelling.
- the number of claims has stayed low with less than 1.5 per cent of certificates to date resulting in a claim
- insolvency is the most common reason for claims

- the number of certificates issued for registered builders has increased steadily since the scheme started but the number of policies issued for owner builders has fallen
- sixty-six per cent of certificates issued in 2018 were for new dwellings (52,681 certificates out of a total of 80,366)
- the total value of insured projects exceeded \$20 billion in 2018.

Domestic building insurance scheme performance

Total and average premiums for registered builders, January 2005 to June 2019

Calendar year	No. of project certificates	Premiums (\$m)	Ave. premium of a project certificate	Value of project certificates (\$m)	Ave. project value (\$000)
2005	42,556	27.4	\$644	6,839	161
2006	47,337	28.3	\$598	8,035	170
2007	50,574	27.3	\$540	8,779	174
2008	49,946	25.2	\$504	8,954	179
2009	58,525	32.0	\$546	10,718	183
2010	62,414	39.7	\$636	12,195	195

Calendar year	No. of project certificates	Premiums (\$m)	Ave. premium of a project certificate	Value of project certificates (\$m)	Ave. project value (\$000)
2011	59,256	42.3	\$714	12,059	204
2012	55,918	44.9	\$804	10,917	195
2013	59,055	52.9	\$896	11,609	197
2014	64,917	65.9	\$1,015	13,828	213
2015	69,247	73.9	\$1,067	15,750	227
2016	72,959	79.5	\$1,089	17,657	242
2017	78,391	73.8	\$941	19,731	252
2018	80,366	67.1	\$835	20,616	257
2019 (Jan-Jun)	35,677	30.2	\$848	9,312	261

* Domestic building insurance claims data is not considered final for at least seven years as claims can be made for up to six years after building is completed. Therefore the number of claims from 2012 to now may still increase.

For general enquiries

Phone: [\(+61 3\) 9032 1300](tel:+61390321300) or [1300 664 969](tel:1300664969)

Email: reception@esc.vic.gov.au

You can also find us on [Twitter](#) and [LinkedIn](#).

For VEU enquiries

Phone: [\(+61 3\) 9032 1310](tel:+61390321310) or submit a [contact form](#).

For media enquiries

If you have a media enquiry, please contact:

Michelle Bryne

michelle.bryne@esc.vic.gov.au

0437 677 385

(03) 9032 1324

Clayton Bennett

clayton.bennett@esc.vic.gov.au

0447 933 140

Subscribe

[Subscribe](#) to receive email updates from us.

Useful resources

[Domestic building insurance scheme performance reports](#)

(,)

[Download this media release as a PDF](#)

(pdf, 147.57 KB)

To learn more, visit www.esc.vic.gov.au