

Domestic building insurance premiums at 'appropriate levels'

The main provider of domestic building insurance for Victoria is setting premiums that effectively cover expenses, risks and long-term claim costs, according to the state regulator.

The [Victorian Managed Insurance Authority](#) is the main provider of domestic building insurance which covers homeowners for defects if their builder dies, disappears or goes out of business.

In its biennial assessment, the Essential Services Commission's [Domestic Building Insurance Premium Validation Review 2016–2018](#) found the VMIA's premiums are viable.

In its review, the commission found the VMIA's:

- **Domestic building insurance premiums are sufficient.** The report found premiums are at sufficient levels to cover expenses, risks and long-term claim costs. It found while claim costs increased between 1 July 2016 and 30 June 2018, the costs associated with handling and administering claims (expenses) declined significantly.
- **Premium coverage is not excessive.** The report found premiums are reasonable and not set above the level required to cover expenses, risks and long-term claims costs. The VMIA decreased its premiums by 22.5 per cent on 1 July 2017 due to expected large cost savings from its new multi-agent distribution model.
- **Underwriting standards conform to commercial standards.** While the VMIA provides domestic building insurance to some builders it regards as 'higher-risk', it manages the additional risk by placing conditions on their eligibility.

Read the [full report](#) on the commission's website.

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