

Media Release

23 December 2010

BUILDER FAILS TO PROVIDE INDEMNITY INSURANCE PROTECTION

Recent court action taken by Consumer and Business Services (CBS) is a wake up call to South Australian builders that they must have indemnity insurance.

The Commissioner for Consumer Affairs Paul White has reminded builders that indemnity insurance is a legal requirement for domestic building work costing \$12,000 or more and requiring Council approval.

“It is an important legal protection for home owners to ensure that building work is completed in the event that the builder dies, disappears or becomes insolvent,” Commissioner White said.

The Commissioner’s comments follow the successful prosecution of Unique Building Pty Ltd in the Adelaide Magistrates Court on December 22.

The company and its director Damian Boots were each fined \$6000 for breaches of the Building Work Contractors Act, which included a failure to take out indemnity insurance under two building contracts.

One of the contracts, a \$255,000 extension to a Toorak Gardens home, was signed in September 2009, just over one month after work had commenced.

Commissioner White said: “As was his right, the homeowner kept asking Mr Boots for proof of indemnity insurance cover over the job.

“However he never received it.”

In late 2010 CBS officers investigated the complaint and requested Unique Building Pty Ltd provide proof of indemnity insurance, which they failed to do.

“I want to remind consumers that your builder must ensure an indemnity insurance policy is in force before starting work and your local council will also require that a policy be in place before granting development consent.

“I also remind renovators to be diligent and research potential contractors before entering into contracts. Check their tradesperson’s licence or registration on the CBS website to make sure they are actually qualified to do the job,” Mr White said.



Government of South Australia
Attorney-General's Department

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