

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The objects of this Bill are:

(a) to amend the NSW Self Insurance Corporation Act 2004 to enable the NSW Self Insurance Corporation (SICORP) to be the sole provider of home warranty insurance required for certain building work under the Home Building Act 1989, and

(b) to make consequential amendments to the Home Building Act 1989.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on a day or days to be appointed by proclamation.

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NSW Self Insurance Corporation Amendment (Home Warranty Insurance) Bill 2010

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Schedule 1 Amendment of NSW Self Insurance

Corporation Act 2004 No 106

Home warranty insurance functions of SICORP

Schedule 1 [4] inserts proposed sections 8A and 8B in the NSW Self Insurance Corporation Act 2004.

Proposed section 8A provides for the functions of SICORP in connection with the provision of home warranty insurance for the purposes of Part 6 of the Home Building Act 1989. The proposed section also enables SICORP to engage insurance agents to assist in providing home warranty insurance.

Proposed section 8B specifically authorises, for the purposes of Part IV of the Trade Practices Act 1974 of the Commonwealth and the Competition Code of New South Wales, certain matters in connection with the provision of home warranty insurance by or on behalf of SICORP.

Schedule 1 [12] amends section 13 of the NSW Self Insurance Corporation Act 2004 to enable the Governor to make regulations for or with respect to certain matters concerning insurance agents and brokers and other intermediaries used by such agents and the conduct of building management service providers who provide services to builders whose work is insured by SICORP.

Schedule 1 [1] and [3] amend section 3 of the NSW Self Insurance Corporation Act 2004 to insert definitions of certain new terms and expressions and to provide that the new notes to be included in the Act do not form part of the Act.

Home Warranty Insurance Fund

Schedule 1 [11] inserts a proposed Division in Part 4 of the NSW Self Insurance Corporation Act 2004 to provide for the establishment of a Home Warranty Insurance Fund in the Special Deposits Account and the use and investment of money deposited in the Fund.

The Fund will be managed by SICORP and all money paid to or recovered by SICORP in connection with its home warranty insurance business will be paid into the Fund. The Fund will be used to finance the home warranty insurance business of SICORP.

Schedule 1 [2] and [5]–[10] make amendments to the NSW Self Insurance Corporation Act 2004 that are consequential on the insertion of the proposed Division and the establishment of the Fund.

Savings and transitional provisions

Schedule 1 [13] amends clause 1 of Schedule 1 to the NSW Self Insurance Corporation Act 2004 to enable the Governor to make regulations of a savings or transitional nature consequent on the enactment of the amendments to the Act that are made by the proposed Act.

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Schedule 1 [14] inserts proposed Part 3 in Schedule 1 to the NSW Self Insurance Corporation Act 2004. The proposed Part provides for certain contracts, agreements and other arrangements entered into by the Minister in anticipation of SICORP acquiring its home warranty insurance functions to become binding on SICORP once it acquires those functions.

Schedule 2 Amendment of Home Building Act 1989

No 147

SICORP to be sole home warranty insurance provider

Schedule 2 [5] amends section 102 of the Home Building Act 1989 to provide for home warranty insurance required under Part 6 of that Act to be provided by SICORP instead of insurers approved by the Minister administering that Act (as is currently the case). Schedule 2 [1], [3] and [6]–[10] make consequential amendments to that Act.

Schedule 2 [4] inserts proposed section 91A in the Home Building Act 1989 to enable the Minister to issue guidelines with respect to appropriate market practices or claims handling procedures (or both) in connection with the provision of home warranty insurance by or on behalf of SICORP. Schedule 2 [2] makes a consequential amendment to section 89G of the Act.

Savings and transitional provisions

Schedule 2 [11] amends clause 2 of Schedule 4 to the Home Building Act 1989 to enable the Governor to make regulations of a savings or transitional nature consequent on the enactment of the amendments to the Act that are made by the proposed Act.

Schedule 2 [12] inserts proposed Part 17 in Schedule 4 to the Home Building Act 1989. The proposed Part contains provisions of a savings or transitional nature consequent on amendments made to the Act by the proposed Act. In particular, the proposed Part provides for:

- (a) SICORP to become the only insurer authorised to issue new home warranty insurance in respect of residential building work or owner-builder work done in New South Wales on and from the day on which Schedule 2 [5] to the proposed Act commences (the new scheme day), and
- (b) any existing approved insurers to cease to be authorised to issue new home warranty insurance on and from the new scheme day, and
- (c) certain obligations of existing or former approved insurers concerning the provision of information and compliance with the insurance industry deed to which they were a party to be continued in effect in relation to contracts of insurance entered into before the new scheme day.