

Tab L – Comparison of international schemes

Jurisdiction	British Columbia (Canada)	Ontario (Canada)	Ireland	South Africa	United Kingdom	New Jersey (USA)	New Zealand
Legislation	<i>Homeowner Protection Act</i>	<i>Ontario New Home Warranties Plan Act</i>		<i>Housing Consumers Protection Measures Act, 1998</i>		<i>New Jersey's New Home Warranty and Builders' Registration Act (1977)</i>	None requiring building insurance at present. However, the NZ government is currently consulting on proposed legislation requiring a guarantee and insurance product to be put in place for all residential new builds and significant alterations. It is proposed that homeowners would be able to opt out of purchasing the guarantee and insurance product and claims can be

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							made 10 years from completion.
Insurance scheme	New home guarantee	Ontario New Home Warranties Plan	HomeBond, the National House Building Guarantee Scheme	National Home Builders Registration Warranty Fund	Major provider is NHBC (claims to supply 75-85% of the UK market)	State of New Jersey's New Home Warranty Program	Voluntary at present and available via the two major builder associations. The NZ government estimates that about 40 per cent of new homes and significant renovations currently have a guarantee and insurance product
Type of scheme	Mandatory	Mandatory	Voluntary	Mandatory	Voluntary, however, financial institutions require insurance to approve loan.	Mandatory	At present voluntary. It is a policy of the NZ Certified Builders Association (NZCB) to require its members to take out a policy for all projects above \$30K.

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Insurance provider	Private insurers licenced and authorised by the provincial Financial Institutions Commission	Tarion Warranty Corporation, a private corporation financed entirely through the fees paid by its members (residential building contractors)	Established in 1977 by the Construction Industry Federation and the Irish Home Builders Association, in conjunction with the Department of the Housing, Planning, Community and Local Government. Underwritten by Allianz Insurance.	Government	NHBC (est. 1936) is a private company limited by guarantee (non-profit), governed by a Council comprising representatives from organisations or groups such as mortgage lenders, law societies, consumer groups, architects, surveyors and builder associations. Model includes NHBC setting own building standards for its insurance, inspecting insured work, and registration of builders and developers. Has parallel lines of business in private	Third party insurance-backed warranty. Private warranty plans need to be enrolled in. Any builder not participating in an approved private warranty plan is automatically enrolled in the State Plan.	10 year guarantee provided via the two major builder associations (Master Builders and NZ Certified Builders Association). The NZCB is underwritten by Lloyds of London insurance.

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					certification, WHS, and training.		
First resort or last resort	First resort	First resort (homeowner can seek Tarion assistance with dispute resolution or claim while builder still operating and without first exhausting other remedies)	First resort	Last resort Rectification work performed under the warranty by the Regulator if builder unable or unwilling to rectify following the completion by the consumer of a complaint and conciliation process.	Pre-completion: Last resort (builder insolvency or fraud) Defects: First resort (homeowner can seek NHBC assistance with dispute resolution or claim while builder still operating and without first exhausting other remedies)	Last resort	Both guarantees available are last resort.
Type of building covered	All new buildings and building envelope renovations on multi-unit	New building (but not one built on existing footings)	All new buildings	All new buildings	New homes or newly converted for private sale	New homes	Available for all building projects. Master Build Guarantee for projects over \$30K.

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	buildings less than 25 years old. Exemptions apply to owner-builders and those built for rent (after the imposition of covenant preventing sale for 10 years).						
Minimum threshold			No minimum	No minimum	No minimum	No minimum	
Insurance cover amount	The lesser of \$200,000 or the purchase price for new single-family homes, and the lesser of \$100,000 or the purchase price for strata homes, where the	The maximum statutory warranty coverage available for freehold homes and condominium units is \$300,000.	<ul style="list-style-type: none"> Defects insurance: €50,000 for any one Housing Unit or the rectification cost for the Housing Unit, whichever amount is less. The 	Not a monetary limit. In the event that a builder is unable or unwilling to rectify reported defects, the Regulator can rectify the	Pre-completion: cover is limited to 10% up to 100,000. Defects: Not a monetary limit. Builder must rectify in first 2 years. Builder encouraged to rectify in years 3-10 via incentives	The purchase price of the home in the first good faith sale or the fair market value of the home on its completion date, if there is no good faith sale. coverage extends to	NZCB: <ul style="list-style-type: none"> the full contract price, once the building works have been completed up to \$2,500,000 (cover above \$2.5 million may be available upon application)

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	owners own their individual strata lots and together own the common property and common assets. For common strata property, coverage is limited to the lesser of \$100,000 times the number of units, or \$2.5 million per building.	<p>The maximum coverage for condominium common elements is \$50,000 times the number of units, up to a maximum of \$2.5 million.</p> <p>The maximum combined coverage for a condominium project (units and common elements) is \$50 million.</p> <p>There is a maximum of \$15,000 for warranted damage caused by environmentally harmful substances or</p>	<p>financial limit for all Housing Units in one Continuous Structure is €500,000.</p> <ul style="list-style-type: none"> Structural insurance: €200,000 for any one Housing Unit or the rectification cost for the Housing Unit, whichever amount is less. The financial limit for all Housing Units in one Continuous Structure is €2,000,000. 	defects, following the completion by the consumer of a complaint and conciliation process.	(see under Other below). NHBC will then try to get money back from builder if they have to step in and rectify because builder unable or unwilling.	defective systems, workmanship, materials, plumbing, electrical and mechanical systems, appliances, fixtures, and equipment, and major structural defects.	<ul style="list-style-type: none"> Loss of deposits if the builder doesn't start the building work. Cost to complete the works if they are started but not completed. Alternative accommodation. <p>Master Build Guarantee:</p> <ul style="list-style-type: none"> Loss of deposit - up to \$50K or 10% of contract price (whichever is less) Non-completion - up to \$500,000 or 20% of contract price (whichever is less). The maximum cover for all claims throughout the life of a Guarantee is the value of the Building

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		hazards and a maximum of \$25,000 for coverage of septic systems.					Contract (up to a limit of \$1,000,000). <ul style="list-style-type: none"> Alternative accommodation up to \$10,000.
Period of cover	2 years on specified labour and materials; 5 years on the building envelope (which includes the components that separate the indoors from the outdoors, such as exterior walls, foundation, roof, windows and doors), including water	1 year – covers things such as that home is constructed in a workman-like manner and free from defects in material and protects from breaches of building code. 2 years – protects against water penetration 7 years – protects against structural problems.	<ul style="list-style-type: none"> Structural Insurance - 10 years cover for the repair of major structural defects Smoke Penetration / Water Ingress - 5 years cover for remedial work in the event of smoke penetration/ water ingress. Physical Danger - 5 years cover for certain physical fire safety risks. 	1. Minor defects identified by the housing consumer within the first three-months of occupation 2. Roof leaks identified by the housing consumer within one-year from date of occupation 3. Major structural defects identified by the housing consumer within five-years from date of occupation	<ul style="list-style-type: none"> Two-year builder warranty period backed by the NHBC resolution service and guarantee Next eight years NHBC insurance policy for physical damage to certain parts of the home caused by a failure to build to the NHBC Technical Requirements 	From the commencement date of the warranty up to two (2) years from that date, the mechanical, electrical, and plumbing systems and major structural defects are covered. The builder is responsible for warranty coverage during the first two years. During the third through tenth years of coverage, only	NZCB: <ul style="list-style-type: none"> 10 years from completion of project Master Build Guarantee: <ul style="list-style-type: none"> 10 years from acceptance of guarantee.

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	penetration; and 10 years on the structure itself.		<ul style="list-style-type: none"> Damage –5 years cover where damage affects the use of a significant portion of the habitable areas for ordinary and reasonable residential purposes. 			major structural defects are covered.	
Cost of cover and/or maximum excess payable		A scale starting from \$385.00 + \$50.05 = \$435.05 for a home costing from 0 to \$100,000 up to \$1,800.00 + \$234.00 = \$2034.00 for a home costing > \$1,500,000	Excess €650	For homes under R500K the enrolment fee is calculated at 1.3% of the value of the property (including land). For homes above R500K, a sliding scale	The cost of cover is dependent on premium rating and the selling price of the new homes being developed.	The contributions towards the State Plan are based on a sliding scale starting from 0.17% per each new home registered, if no claims made against the builder in the	NZCB: <ul style="list-style-type: none"> Scale in accordance with cost of contract from \$300 for projects under \$30K to \$2,500 for projects of \$2.5 million. For projects above 2.5 million price on application.

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				is used to calculate the enrolment fee.		last 10 years up to 0.595% if more than one payment (or a determination to pay) towards a claim in the last 2 years.	
Regulator	Financial Institutions Commission	New Home Buyer Ombudsperson Office Tarion decisions can be appealed to the Licence Appeal Tribunal (LAT), an impartial appeals process that was created for consumers by the Ontario government.	HomeBond Insurance Services Ltd is regulated by the Central Bank of Ireland and is a sub-agent of Arachas Corporate Brokers Ltd. trading as Arachas who are regulated by the Central Bank of Ireland and who are an appointed	National Home Builders Registration Council – a body established by the Act, conducts inspections, builder registration, disciplinary proceedings against builders and rectifies defects if	Authorised and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA)	New Jersey Department of Community Affairs (DCA) Commissioner	Self-regulated

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			intermediary of Allianz plc	builder unable or unwilling.			
Other of note	Private insurers are a mixture of large insurers and smaller Canadian warranty providers. It appears that a number of insurers have left the market.	On October 5, 2017, the Minister of Government and Consumer Services introduced a bill to provide for two separate organizations – a warranty program administrator and a regulator – to enhance consumer protection for owners and buyers of newly built homes. The bill does not appear to have been passed yet.	Requires inspections to be conducted during the build either by HomeBond or a Consulting Engineer	Requires inspections to be conducted during the build.	<ul style="list-style-type: none"> NHBC operates an integrated model of registering builders (through technical and commercial assessments), technical risk management (through setting technical requirements and standards, checking designs and inspecting work) and then providing a 10 year warranty on the completed home. 	Warranty providers all appear to be small private warranty providers and no large insurers appear to be in the market.	Up to February 2018, CBL Insurance provided building guarantees to individual builders and until 2015 it was the underwriter for NZCB. However, in January 2018, CBL Insurance went into voluntary administration in November 2018, was placed into liquidation by the Auckland High Court.

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					<ul style="list-style-type: none"> NHBC incentivise builders to manage repairs in years 3-10 as much as possible through the Premium Rating system (a form of no claims arrangement) and premium refunds (a form of profit share for builders with good long term claims records). As a result larger builders tend to repair the majority of claims in years 3-10. 		