

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100 Parliament House
Canberra ACT 2600

14 April 2008

Dear Committee,

Re: Senate inquiry into Australia's Mandatory Last Resort Home Warranty Insurance Scheme

I am concerned about the Builders Home Warranty Insurance scheme in Victoria and some other states. The information that I have is that the present scheme is expensive and offers extremely limited coverage in a very narrow range of circumstances. The deficiencies in the present arrangements have led to a view by some experts that BHW1 is virtually junk insurance.

Private insurers have been able to sell mandatory last resort policies with few government controls in Victoria and other states since 2002. They have pocketed hundreds of millions of dollars in premiums for policies that provide holders with very little protection. This is disturbing.

I support the Senate Committee to develop recommendations to remove last resort schemes and replace them with a new scheme giving both builders and home-owners a fairer means for resolving disputes for fairer cost.

Yours faithfully,

Peter Kavanagh
DLP MLC for Western Victoria
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