

Senators,

At present you are conducting an inquiry into Australia's Mandatory Last Resort Home Warranty Insurance Scheme.

To undertake a quick assessment as to the efficacy of this insurance in providing consumer protection it is suggested the Senate ask the states to provide the following information.

For any home building matter that went to CTTT, the builder was then liquidated and an insurance claim made

1. What was the determination of the CTTT
2. What was the insurance payout.

In general terms 2 would always have to be equal to or greater than 1 because as insurance covers legal costs and costs of alternate accommodation, and the consumer has to expend more money to be able access insurance and continue to pay for alternate accommodation.

The only reasonable way 2 could be less than 1 is if the CTTT got it wrong.

If there are cases of 2 being less than 1 it is probable a number of things happened

1. The consumer ran out of funds to take on the insurer
2. The consumer gave up due to the cost to the consumer in financial and personal terms
3. The insurer "out gunned" the consumer in a further court or the CTTT on legal matters such as interpretation of policy - Not the fact the building needed fixing or the consumer had incurred legal costs and costs of alternate accommodation.

In these cases the Senate could approach the consumer to find out what happened or invite the consumer to make a submission to the Senate.

Such a check would be an independent and unbiased assessment of the efficacy of this insurance product and demonstrate whether it does provide consumer protection.

A similar check could be made on the claims made on builders by the insurance companies.

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