

# Domestic Building Insurance eligibility explained

**All you need to know about Domestic Building Insurance and your eligibility.**



## What is Domestic Building Insurance (DBI)?

Domestic Building Insurance (DBI) is a statutory product that provides insurance cover for residential building works in Victoria over \$16,000.

**Upon practical completion of the construction (issuance of completion certificate), it provides cover for the construction defects and incomplete works for:**

- Up to \$300,000 cover (up to 20% of the contract value)
- 2 years of cover for Non-Structural Defects
- 6 years of cover for Structural Defects
- Or, if construction is incomplete, the policy will provide cover to continue and complete the construction (up to the limit of cover)

The policy will only respond if the builder responsible for construction is either deceased (deregistration of company), has disappeared, become insolvent or has failed to comply with a Tribunal or court order.

Therefore the builder is required to honour their workmanship and rectify the identified defects, unless the above conditions are met for the policy to respond.

## Who requires Eligibility?

- Domestic Building Registration Applicants
- Current Registered Domestic Builders
- Former & Suspended Registered Domestic Builders (for reactivation)
- Domestic jobs that require a building permit
- Unregistered builders who wish to undertake works over \$10,000 (Domestic Building Registration required)
- Unregistered builders who wish to undertake works over \$16,000 (Domestic Building Registration & Domestic Building Insurance required)
- Mutual Recognition Applicants

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## When is Eligibility required?

- Domestic Building Registration Application
- Domestic Building Registration Renewal
- Domestic Building Registration Revocation of Suspension
- Purchasing Domestic Building Insurance Policies

## Why does the new entity require eligibility assessment?

Each trading entity is considered separate and therefore a new eligibility assessment is required. Therefore, regardless of ownership or association with the new entity, a full assessment is always required.

## Why is Financial Assessment required?

The eligible entity will be required to possess adequate capital (net equity) to support requested eligibility limit (DBI Policies) should there be any occasion of defective workmanship or incomplete work.

The builder is required to rectify defective/incomplete works for the home owner and is responsible for the costs associated. The financial assessment measures the eligible entity's financial capabilities to honour the above condition as well as the financial sustainability of the entity.

If you cease to be a director of an entity, you should arrange Run Off cover. If Run Off cover is not in place, you will not have cover for claims made against you after the date the directorship ceased.

**For more information contact MBIB Ph: 1800 150 888**