

## Introducing Home Warranty insurance – 1 July 2026

From Wednesday 1 July 2026 the Building and Plumbing Commission (BPC) is introducing **Home Warranty** - a new mandatory insurance cover builders must purchase on behalf of the homeowner, for residential building projects up to 3 storeys and valued at more than \$20,000.

### Premium increase

The introduction of Home Warranty will see a premium increase of no more than 5% on what builders currently pay for Domestic Building insurance (DBI).

The rise reflects the increase in maximum coverage from \$300,000 under DBI to \$400,000 under Home Warranty, and greater protection for homeowners when something goes wrong.

### What is Home Warranty?

Home Warranty replaces DBI from 1 July 2026 and provides much greater protection for homeowners.

Home Warranty applies to new eligible domestic building work in Victoria. All existing DBI policies continue under the DBI scheme.

The BPC is the sole, not for profit, provider of Home Warranty with the domestic building private insurance market closed from 1 July 2026. Existing DBI policies will remain in place until their expiry, with private insurers supporting those policies under their current terms and conditions.



## What is covered?

Home Warranty covers homeowners for major defects, non-compliant or incomplete work in cases where the builder is unable or unwilling to complete or fix the work.

Home Warranty may be available to the homeowner up to 6 years from the date the property was occupied including six years for structural defects and two years for non-structural defects.

Home Warranty does not cover homeowners who use unregistered builders for their projects.

## Cover details

The homeowner will be covered from the earliest date of when the builder pays the applicable premium, starts carrying out building work, or signs a Major Domestic Building Contract (MDBC).

Builders will have 10 days to pay the Home Warranty insurance premium from the date the contract is signed.

The homeowner is protected under Home Warranty, with the following cover available.

- The maximum cover available under Home Warranty from 1 July 2026 is \$400,000
- Structural or major defects including waterproofing and weatherproofing are covered up to 6 years after the work is completed or when the building contract is terminated.
- Non-structural defects such as painting and joinery, are covered up to 2 years after the work is completed or when the building contract is terminated.
- Non-compliant work that does not meet the required regulations is also covered.
- Incomplete work is capped at 30% of the total contract price including agreed variations.
- Home Warranty also covers the homeowner for lost deposits when the building work has not started.
- Out of pocket costs including accommodation and removal and storage are capped at \$12,000.
- Cover to secure a building site is capped at a maximum of \$5,000.
- Swimming pools are also covered and capped to a maximum of \$400,000.



## Other new powers

Home Warranty is part of a suite of tools that will be available to the BPC to protect consumers and get buildings fixed from 1 July 2026.

A new **notification power**, requiring builders of class 2 apartment buildings to notify the BPC six months before an occupancy permit is due to be issued, allows the BPC to inspect and ensure the building is safe and compliant.

If defects or non-compliance are identified at these inspections, they will need to be rectified before the occupancy permit can be issued. A failure to notify risks significant financial penalties – more than \$100,000 for individuals and more than \$500,000 for companies

A new **rectification order power** will allow the BPC to act against a builder if serious defects are identified after the homeowner has moved in.

If a builder is unwilling or unable to comply with the rectification order, the homeowner may also be able to make a claim under Home Warranty.

## The Building and Plumbing Commission