



MEDIA RELEASE

Victorian Government to Force Builders into State-Controlled Insurance Monopoly

Sydney, 7th March 2025

The Victorian Government has introduced the Building Legislation Amendment (Buyer Protections) Bill 2025, which, if passed, will eliminate competition in domestic building insurance and force all builders to obtain cover exclusively from the Victorian Building Authority (VBA).

This move creates a state-controlled monopoly, leaving builders with no choice but to rely on a single government-run insurer. It also shifts Victoria to a first-resort insurance model, meaning that any homeowner complaint could automatically trigger an insurance claim—regardless of merit. Builders could face rectification orders or recovery actions years after completing a project and have limited rights to challenge them.

Key concerns with the proposed changes:

- State-Controlled Insurance Monopoly – Builders will no longer have access to competitive or commercial insurance options and will be forced to deal exclusively with the VBA.
- Escalation of Contractual Disputes – The first-resort model can turn standard disputes that would usually be resolved between builders and owners, into insurance claims, driving up costs.
- Limited Rights to Challenge Rectification Orders – Builders could be forced to rectify work or pay compensation, even when not at fault, with limited ways to dispute claims.
- Higher Insurance Costs – First-resort models increase administrative costs and premiums, adding financial pressure on builders.
- More Red Tape & Delays – Centralizing insurance, registration and enforcement within the VBA could lead to longer claim processing times and regulatory bottlenecks, disrupting cash flow and project timelines.

Under these changes, reputable builders will bear the brunt of increased compliance, higher costs, and greater financial risk, while bad operators will continue to find ways around the system.

We are urging the government to pause the legislation and engage in genuine consultation with the builders and insurers to develop a fairer, more sustainable solution that protects consumers without punishing good builders.

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