

## **Building Services Authority's New Insurance Requirements**

### **Purpose**

To advise building certifiers of the Building Services Authority's (BSA) new insurance requirements, which commenced on 1 July 2000.

### **Local governments no longer act as agents for the BSA**

As from 30 June 2000, local governments no longer act as agents for the BSA and are not able to accept premium payments or contract copies on behalf of the BSA.

The BSA has now introduced its instant Phone Pay service, which allows contractors to notify the BSA of contract details and pay insurance premiums directly by phone. The service is only available to licensed contractors who perform insurable work. Contractors are issued with a Personal Identification Number (PIN) to be used to gain access to the Phone Pay service.

For further information regarding the Phone Pay service please telephone the BSA's insurance enquiry number on 07-3247 5850.

Building certifiers must, under no circumstances, collect insurance premiums or try to obtain insurance on behalf of building contractors.

### **BSA insurance requirements**

The BSA has provided information to assist building certifiers in assessing whether or not, BSA insurance is payable for residential construction work. For this assessment building certifiers should follow the process shown below and refer also to the flow-chart attached to this News Flash.

#### **1. Determine if BSA insurance is payable**

Licensees must obtain the necessary insurance if the work to be performed is for:

- 1) The construction of:
  - Houses, Duplexes, Townhouses and Villa Units; or



- Any residential building up to 3 storeys in height (excluding a car park)  
*This description includes – Residential units within a mixed residential/commercial construction, but only the residential component is insurable; or*
  - Residential outbuildings (i.e. garage, pool change-room etc.).
- 2) The replacement of, or extension to, part or all of a building described above that is over \$3,300 in value (including GST) affecting:
- Internal or external walls, including windows or doors; or
  - Roofs, floors, foundations or ceilings; or
  - Re-fitting bathrooms; or
  - Re-fitting kitchens.

## **2. Requirements for releasing building approval:**

*(Section 68 (2) of the Queensland Building Services Authority Act 1991)*

- 1) An assessment manager or private certifier must not issue a development approval for building work in respect of residential construction work, unless the assessment manager or private certifier has written information from the authority showing that the appropriate insurance premium has been paid; or
- 2) The applicant produces satisfactory evidence that no insurance premium is payable.

## **3. Documents to be sighted**

Receipts for payment of premium are no longer acceptable. The following are the only forms of evidence, as issued by the BSA, which are considered to meet the requirements of section 68 (2) of the QBSA Act.

- 1) 'Confirmation of Insurance' letter; or
- 2) Insurance Certificate; or
- 3) Owner-Builder Permit.

Contractors using the Phone Pay service can have the BSA's Confirmation of Insurance letter faxed to their building certifier the same day.

## **4. Procedure for claiming the BSA sighting fee**

The following procedure for claiming the BSA sighting fee should be used by building certifiers:

- 1) Record the 'Construction Number' shown on the Confirmation of Insurance letter as issued by the BSA.
- 2) Each quarter, prepare a Tax Invoice to the BSA for all Construction Numbers recorded during the quarter, including the contractor's name, licence number, date sighted and to whom the cheque is payable.
- 3) Forward a Tax Invoice for a claim to the BSA.

### **When a development permit is deemed to have been issued**

Recent audits carried out by the BSA have found some building certifiers are concerned with regard to when a development permit is deemed to have been issued. This is because a decision notice can be signed and withheld e.g. in situations where the building certifier is awaiting the applicant to provide the builder's number, before issuing the development permit for building work.

It is the BSA's opinion that under its legislation a development application is deemed not to be issued until it is provided to the applicant.

### **Failure to comply with the provisions of the QBSA Act**

Failure to comply with the provisions of the QBSA Act in regard to these matters can result in a maximum penalty of 20 penalty units. Currently, a penalty unit is \$75 and therefore, the maximum penalty would be a fine of \$1 500.

Failure to comply would also constitute official misconduct, as under the BSA Code of Conduct, building certifiers are required to comply with any Act that regulates or governs their functions.

## IS BSA INSURANCE PAYABLE ?

Is the proposed work for construction, alteration, addition or repair to:

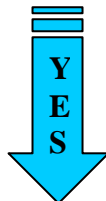
- Houses
- Duplex/s
- Townhouses
- Villa Units
- Residential Units (up to 3 storeys excluding car park)
- Residential/Commercial mixed construction (up to 3 storeys excluding car park)
- Residential Outbuildings
- Kitchen & Bathroom renovations



No further action required.

NOTE: The following work is not insurable-

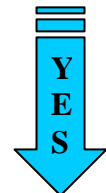
- Boarding-house, Guest house, Hostel, Lodging house,   Backpackers accommodation, Hotel or Motel
- A retirement village governed by *The Retirement Villages Act 1998*
- A residential unit forming part of commercial or industrial premises where it is the only unit in the complex and serves that complex
- Residential premises which are part of a health-care building or educational institution
- Children's home, orphanage, hospital, nursing home, prison, reformatory or correctional centre



Is the value of the work (labour and materials) over \$3,300.00 (including GST)



No further BSA requirement



Is the work to be performed by an Owner-builder?



Sight Owner-builder permit and record permit number. No further BSA requirement.



Work is insurable and must be performed by a licensed contractor

Certifier must sight written evidence from BSA that insurance has been paid