



A note to clients on the new building insurance requirements in Victoria

We know that building or renovating a home is one of the biggest decisions you will make, and we appreciate the trust you place in us throughout the process. This includes keeping you informed of important changes that affect the building process and your contracts.

One of these important changes commenced on 1 July 2026, with the Victorian Government introducing a mandatory new home warranty scheme to replace the domestic building insurance scheme. These changes apply to domestic building contracts valued at \$20,000 or more and have required us to update our standard contract terms. We want to explain what this means for you.

What is the change in insurance?

From 1 July 2026, any contract to build or renovate a home valued at \$20,000 or more is covered by the new First Resort Home Warranty Scheme (FRHWS).

One of the major changes is that your builder must purchase this insurance on your behalf within 10 business days of all parties signing the contract.

Your builder won't be able to start any building work until the insurance policy has been issued. Because of this, they may ask you to pay a deposit, or at least the insurance premium amount before work can begin. Your builder will let you know the premium amount that applies to your contract.

Managing costs and premiums

- Any variation that increases the costs of your contract may also increase the insurance premium.
- If a variation results in an additional premium being payable, your builder must pay this within 10 business days of the variation being made.

Agreeing to variations

- All variations should be discussed and agreed with your builder and signed off by all parties before work proceeds.

Delays in availability of some contracts

Unfortunately, the Victorian Government delayed the release of legislation and approved forms needed for this new scheme to commence and for us to complete our standard contracts. Despite this HIA has moved quickly to update its contract documents (including New Homes and Alterations & Additions) to comply with the new legislation and these are ready for use. However, there are still delays in rolling out the new insurance product across the industry and some specialised contracts are in the process of being finalised. As a result, you may experience delays in receiving your updated contract, or in your builder securing insurance for your project. Your builder may also need to request additional information from you to complete the insurance application. This is not a reflection of your builder's efficiency, it is a delay affecting the whole industry in Victoria while the new scheme is rolled out.

What this may mean for your build

As you work with your builder through this transition, HIA recommends that you exercise patience and understanding. These changes and the delays in supporting documentation are being felt across the entire building industry and are not the fault of individual builders.

Open communication with your builder will keep your project moving as smoothly as possible. If timeframes for signing your contract, paying your deposit or starting work are affected, your builder will let you know as soon as they can.

For further information about the First Resort Home Warranty Scheme we recommend contacting the [Building and Plumbing Commission](#).