

How to avoid the 7 costly mistakes owner builders make when buying insurance

Be Aware! Australian Owner Builder Insurance Services has compiled this report after many years of help for owner builders and listening to the problems that can arise if you do not buy the right policy your project. The old motto “she’ll be right” does not work in insurance! If you do not take the time to check that the construction and public liability policy is the ‘right’ one for your project, in the event of a claim you and your family will not be covered. Don’t let this happen to you!

1 Buying the Cheapest

Insurance is much like any product, you get what you pay for. Each policy will have different policy extensions, inclusions, conditions and excesses, often the cheapest policy will offer the least protection.

2 Sum Insured too low

A common trap for owner builders is to under insure the project. A misconception is that by quoting a lower cost for the project the premium will be lower. The belief is that the cost of the claim in most cases will not be as big as the amount insured. This is a dangerous misconception. Bear in mind most policies have an averaging clause that means if you only part insure the construction, the insurer will only part pay the insurance claim.

3 No support in claims

If the worst case happens and there has been damage, theft or third party loss, great service from a supportive claims department can help to quickly get you back on track. It’s best to read review

4 Won’t extend the policy

A lot of policies are only for 12 months and are not extendable. If you think you may take longer, ask. It can be difficult to find a new insurer to take the policy mid-way through the project, it is best to find a policy that best suits your need from the beginning.

5 Thinking your Home and Contents insurer will cover you when renovating

Most home and contents polices limit or exclude cover when a homeowner undertakes a renovation. In all circumstances you must check with your home and contents insurer BEFORE you start any works! In most cases if you undertake a larger renovation over \$50,000 then the existing house will not be covered. It is highly advisable to cover your existing property when insuring your renovation or extension, in the event of a claim – let the insurers have the hassle.

6 Using a builder to lock up & forgetting insurance

While the builder should have construction and public liability insurance in place, there will be no insurance once the project is at lock up stage. Research before the project begins to which insurers will take on the project once you take over at lock up stage.

7 Buying a builders policy and paying for stuff you cannot claim on

Most policies on the market are for registered builders, and the insurer does not want to make the policy owner builder specific because of the cost. Therefore they include blasting or explosives, maintenance, underground works etc... which you are being charged for but cannot claim on. Always read the PDS before buying the Insurance.

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Purchase our owner builder developed Construction and Liability policy to ensure you and your family protect your most valuable investment your home during construction.

You can have a **sneak peak** of our Course, designed for you on our website. Go to aobis.com.au and you will have access to a module. Once you have purchased our purposely designed owner builder policy you will be sent the code to access the complete course. AOBIS we are here to help your building process not just sell you insurance.

Good Luck
the AOBIS Team.

AOBIS – Australia’s largest Owner Builder underwriting agency

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