

MEDIA RELEASE – For Immediate Release

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Master Builders Victoria (MBV) ‘frustrated and disappointed’ after second massive hike in building insurance costs.

Master Builders Victoria (MBV) says it is ‘frustrated and disappointed’ by the Victorian Managed Insurance Authority’s (VMIA) announcement today that domestic building insurance is set to face an average 53 per cent increase from August 6.

New home builds and new multi-unit dwellings will soon be forced to pay an extra 65 per cent in premiums for building insurance, while insurance for renovations will increase by 20 per cent.

The Government-backed VMIA insurance agency has been under increasing financial pressure after reportedly paying out more than 4000 claims relating to collapsed building companies over the past year, with Porter Davis being one of the largest.

MBV CEO Michaela Lihou says this new significant cost increase could put a major financial handbrake on the Victorian Government’s ambitious target of building 80,000 new homes every year for the next decade.

“While we applaud the Government’s vision for growth and remain keen to work with the Government to achieve this much needed housing increase, it’s obvious that major escalations in costs like this for both the building industry and consumers will not help build confidence in the industry,” she says.

“We acknowledge how important it is for the industry to have a sustainably funded underwriter, but we are very concerned that this significant cost increase this will create yet another significant barrier to securing projects and put builders under even more financial pressure than ever.”

“And it’s worth noting that this just announced VMIA increase is the second our industry has had to deal with from the agency in less than a year, after a 43 per cent increase just 11 months ago.”

“It is enormously frustrating to say the least.”

MBV has estimated that the new premiums will add thousands of dollars to new building costs.

For example, a standard Category C new single dwelling build with a current DBI (domestic building insurance) cost of \$4562.91 (including stamp duty and GST) will now jump to something like \$7,528.76 (including stamp duty and GST).

Ms Lihou says these new increases have come at a time when many registered small to medium business enterprises are still struggling to deal with construction costs, which have increased overall by 40 per cent since 2019.

“We understand why the VMIA wants to justify these increases as necessary cost recovery measures given the financial pressure it has been under,” she says.

“But many of our members feel like all too often it’s one step forward and then literally two financial steps backwards for them and their clients. It’s not hard to see why many of them are finding it difficult to see things getting any easier at all in the short term.”

ENDS:

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