

# Home Warranty Insurance in B.C.

**Tom Reeves**

**Director Home Warranty Operations**

**Lombard Canada**

# ***Homeowner Protection Act (HPA):***

- ***Home Warranty Insurance requirements*** for new homes came into effect July 1, 1999
- **Building envelope renovation regulations** October 2000, amended in July 2004
- **Consumer Protection Legislation**

# HPO's Responsibilities under Warranty System

- HPO licenses residential builders and building envelope renovators
- HPO administer documentation of builders needed to obtain building permits
- HPO use moral suasion to provide consistent application of Act by home warranty insurance industry

# Home Warranty Insurer's Role

- **Warranty Providers approve builders – a precondition of their HPO licence.**
- **Warranty Providers review project details and builder qualifications prior to committing to provide warranty**
- **Policies are issued to the homeowner from the insurer upon completion of the project**
- **Claims are the responsibility of the insurer**

# Current Licensing Status

- **3,900+ Licensed Residential Builders**
- **66 Licensed Building Envelope Renovators**
- **Four Insurers providing warranties on new homes, effectively two for envelope repairs**



# Most homes build since 1999 have Home Warranty Insurance policies

- 130,000+ homes built by licensed builders which have 2/5/10 home warranty insurance
- 22,000+ building envelope renovations on 523 buildings performed by licensed repair contractors which have home warranty insurance on the repairs.



# New Home Construction Since 1999

- 78,600 multi-unit homes with 2/5/10 year home warranty insurance
- 52,300 single family homes with 2/5/10 year home warranty insurance



# Building Envelope Renovations Since 2000

- 65 buildings (2,769 units) with the 2-year labour and materials warranty
- 458 buildings (19,261 units) with the 2/5 year warranty insurance or better



Statistics Courtesy of the HPO

# 2/5/10 Warranty Insurance

- 2 years labour and materials
  - common vs other than common property
- 5 years on the building envelope including water penetration
- 10 years on structure



# Permitted Exclusions

- **General**
- **Defect related**
- **Coverage does not cover bodily injury or damage to personal property**



# Warranty Insurance on Building Envelope Renovations

- October 2000 – July 2004
  - 2 years on labour and materials OR
  - 2 years on labour and materials AND 5 years on the building envelope



# Warranty Insurance on Building Envelope Renovations

- After July 2004

- 2 years on labour and materials AND 5 years on the building envelope



# 2-Year Stand-alone Warranty

October 2000 – July 2004

If dollar threshold met:

- 2-year labour and materials warranty required
- licensed building envelope renovator required

After July 2004

If dollar and cladding surface thresholds both met:

- 2 year labour and materials AND 5 year building envelope warranty required
- licensed building envelope renovator required

# 2-Year Stand-alone Warranty

October 2000 – July 2004

If dollar threshold met:

- **Re-Written**
- 

**After July 2004**

If dollar and cladding surface thresholds both met:

- **2 year labour and materials AND 5 year building envelope warranty required**
- licensed building envelope renovator required

# 2/5 Year Warranty Insurance

- 2-year labour and materials warranty
- 5-year building envelope warranty
- Exclusions apply



# Home Warranty Insurance

- **Strongest product defect and design warranty in Canada for New homes / Building envelope repairs**
- **Covers:**
  - materials and labour
  - building envelope and
  - structural components
- **Bodily injury not covered (includes bodily injury resulting from mold)**
- **Personal Property is also not covered**



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**Thank you**

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