

## **Press Release: Locally run builders guarantee launched just as global insurer withdraws from New Zealand market**

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Hot on the heels of the withdrawal by Lloyd's of London from the New Zealand market for builders guarantees a locally-owned insurance agency has announced they are launching a new one and is calling on all builders to join their programme.

Last week the New Zealand Certified Builders Association advised its members that it had stopped issuing its Halo Residential Guarantee, effective immediately. This on the back of losing their underwriter, a Lloyd's of London syndicate, which has pulled out of the market globally. The Lloyd's withdrawal has also affected New Zealand's only other insurance-backed builders guarantee, Stamford Insurance's 10 year warranty, leaving just the Master Build Guarantee, which is only available from members of that association.

Now Bultin, a boutique insurance agency that specialises in construction insurance and builders guarantees, has announced that they are launching their own policy.

Ben Rickard, Marketing Manager at Bultin, described the new policy as "a real alternative for homeowners who want to use a builder that is not a member of the Registered Master Builders Association, but also want, or need if their lender requires it, the reassurance of an independent, third party guarantee. An independent guarantee assures them that the home they have paid for will be completed at the agreed price and will be free of defects."

Bultin's builders guarantee programme is open to residential building companies with a solid financial position, a good track record and robust construction management and quality control processes.

"We've been able to ensure an almost seamless transition for all our existing accredited builders onto the new policy, meaning that there is no interruption to their business or the cover they can offer their clients."

Bultin are also extending an open invitation to members of NZ Certified Builders to join their new guarantee programme. "Having promised their customers that as a condition of membership they must supply a 10 year builders guarantee, only to have it taken away, we are pleased to be able to offer Certified Builders an alternative, allowing them to provide guarantees to those clients they have promised them to."

Having specialised in construction insurance and builders guarantees for more than 20 years Bultin are no strangers to the whims of the insurance market. They and many of their customers were affected by the shock collapse of CBL Insurance in 2018, an A-rated, licensed insurer that was a leading player in the market for builders guarantees both here and internationally.

Bultin began their search when it became clear that Lloyd's was no longer interested in underwriting builders guarantees. It led them to Southern Pacific Insurance Corporation (SOPAC), a US regulated corporation that specialises in construction bonds and performance guarantees. Rob Harrison, Underwriting Director at SOPAC said the company sees significant growth potential in the New Zealand market, where he says "there is a chronic shortage of housing stock. By all accounts only half of all new residential construction is covered by an independent guarantee in New Zealand, so there's an opportunity to substantially grow the market. Now, with Lloyd's withdrawal having left

Master Builders as the only option in the market our entry, in partnership with Builtin, is really great timing, as it means builders and homeowners will still have a choice”.

Mr Harrison said New Zealand’s strong legislative and regulatory framework and established builder licensing regime, coupled with Builtin’s comprehensive process for assessing builders for entry to the programme convinced them to enter the market. “For the first time anywhere in the world we have agreed to delegate the authority to run a programme on our behalf and we’re excited to support Builtin and the New Zealand market. Our experience overseas gives us the capability to respond rapidly to events in any jurisdiction we support and we look forward to providing exemplary products and service to our New Zealand customers in partnership with Builtin.”

Mr Harrison was also impressed with Builtin’s track record and experience in the market. Builtin has been providing builders guarantees for more than 20 years, firstly on behalf of the Certified Builders Association, when in 2002 they launched the first insurance-backed alternative to Master Builders, and secondly as a provider of third party guarantees to independent builders, reselling Stamford’s Insurance’s Lloyd’s-backed policy to their pool of accredited builders.

This experience led Builtin to take a cautious approach to their search for a new provider. Mr Rickard says “the SOPAC team come well recommended by the London broker who assisted in our search. We’ve also been impressed by their approach to this partnership, their understanding of the market, their risk profile and underwriting disciplines.”

SOPAC is a privately owned, US corporation headquartered in American Samoa. It declared revenues in 2019 in excess of USD5,000,000 and capital in excess of USD100,000,000. SOPAC operates under US legal jurisdiction and insurance regulatory frameworks and is registered by the US National Association of Insurance Commissioners. SOPAC provides surety and financial products in markets worldwide, including the United States, Europe, the Middle East and South America.

Builders interested in joining Builtin’s programme can request accreditation at:  
<https://builtininsurance.co.nz/10-year-guarantee/>

**ENDS**

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