

QLD BUSINESS

Warning insurance crisis could bring \$50 billion building sector to its knees

THE public indemnity insurance crisis engulfing the state’s building certifiers threatens to bring Queensland’s \$50 billion construction sector to its knees.

Glen Norris, The Courier-Mail

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QUEENSLAND’S \$50 billion construction sector could grind to a halt as building certifiers “drop like flies” out of the industry amid a growing insurance premium crisis.

Cornerstone Building Certification director Chris Easton said certifiers, who vouch for building standards, were facing exorbitant premiums on their public indemnity insurance increases amid the fall out of recent building disasters including London’s Grenfell Tower disaster.

“You will see certifiers dropping like flies and walking away because premiums are too expensive,” said Mr Easton. “Certifiers may not be the biggest cog in the wheel in construction but if we can’t perform our function the industry will grind to a halt.”

Earlier this week, [Virginia-based Building Certification Group](#) said it had stopped certification work on more than 1000 projects worth more than \$100 million because it could not get an insurer to provide public indemnity insurance.

Mr Easton said a claim that one certifier had experienced an annual premium increase from \$10,000 to \$20,000 was understating the size of the problem.



Cladding undergoing fire safety tests. Picture: Daron Hodder



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He said his company’s own public indemnity insurance had gone from \$15,000 for a 12 month period to \$194,000 for 18 months. This included a \$250,000 excess for claims related to building cladding.

Flammable cladding was blamed for the 2017 Grenfell Tower disaster and also has been linked to high-rise fires in Australia.

He said if too many certifiers dropped out of the industry, local councils would have to become the certifier of last resort even though they did not have the resources to take on the role. Councils outsourced their building certification roles 20 years ago.

Mr Easton said the [State Government should have acted three years ago](#) to prevent the looming public indemnity insurance crisis and may now have to step in to provide affordable premiums for certifiers to stop the industry coming to a standstill.



QBCC commissioner Brett Bassett.

Queensland Building and Construction Commission commissioner Brett Bassett conceded certifiers were facing premium increases but the total number of certifiers was increasing. As of June 30, there 487 certifiers in Queensland including local councils.

“The QBCC is aware of one of two certifiers, who are unfortunately currently experiencing circumstances arising from litigation and claim matters,” said Mr Bassett. “That type of difficult circumstance can affect any licensed profession, even when the global insurance industry is operating smoothly.”



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