

KEY STAKEHOLDER MESSAGES

November 2016

- This briefing is to discuss icare's operational response to the recent government reforms to the HBCF scheme.
- HBCF reforms will comprise legislative reform and policy (SIRA led) changes.
 - HBCF Insurance premiums to represent full recovery over the next two years to ensure the sustainability of the scheme.
 - Removal of 15% commission currently paid to Brokers by HBCF. Brokers will be able to charge builders competitively set fees.
 - SIRA licensing of private insurers entering the market.
 - Granting legislative enablers for increased risk management activity by insurers.
 - Establishing data exchange between government agencies.
 - Premium pricing models will be regulated and approved by SIRA on application by insurers.
- These reforms will not alter the existing insurance safety net functions of HBCF.
- The claims exposure of the scheme has been driven by claims expectations exceeding the original forecasts in 2009 underpinning current premiums.
- icare opportunities for co-design and engagement have been restrictive until the formal Government announcement was made.
- Operational changes icare would undertake in response to these reforms include:
 - Premium changes
 1. Base Premium based on breakeven expectations removal of cross-subsidisation between construction types.
 2. Introduction of Risk-Based Premiums based on the risk profile of the Builder. There will be a loading or discount of up to 30%.
 - icare will undertake a number of operational changes to drive better outcomes for customers. These include:
 - Revising outsourced services to better targeted objectives and reduce costs to lessen premium increases otherwise required,
 - A builder self-service portal will be created leveraging off the HBCF Guidewire transaction systems for lodgement of applications, job closures and Eligibility profile review,
 - Reviewing internal operations for effectiveness and efficiency.

NEXT STEPS

- SIRA will review icare's premium pricing submission in November 2016.
- Increased premium messages to be delivered with maximum notice to builders.
- icare will engage with Brokers and industry stakeholders regarding operational and administrative changes, we invite you to nominate one representative to attend a fortnightly "Distributor Advisory Committee". Details will be provided soon.
- Broker briefing Town Hall, tentatively scheduled for Wednesday 16th November 2016, 10.00am - 12.00pm, invitations will be issued soon.
- Major Builder Forum, tentatively scheduled for Monday 28th November at 9am at icare offices.