

Insurance on plumbing work

Before starting a job requiring a Compliance Certificate, a licensed plumbing practitioner must provide the consumer with a document containing the following information about plumbing practitioners' insurance.

A brief description of the required plumbing practitioners' insurance

Victorian consumers have a level of insurance protection when they use licensed plumbing practitioners. Licensed plumbing practitioners must obtain certain qualifications and experience and hold insurance coverage required by law before being licensed by the Victorian Building Authority (VBA).

The full terms and conditions of the required insurance are provided in the *Ministerial Order – Licensed Plumbers General Insurance Order 2002* (the required insurance) and may be downloaded from www.vba.vic.gov.au. The following is a brief description of the required insurance.

What plumbing work is covered by insurance?

All licensed plumbing practitioners must be covered by the required insurance when carrying out plumbing work that requires a compliance certificate. In brief, a compliance certificate is required in circumstances such as:

- where the plumbing work, including the cost of materials and labour, regardless of where the materials were purchased or who purchased them, has a value of \$750.00 or more; or
- most gas work regardless of the value (there are some exceptions); or
- any below ground sewerage work.

Please note: A compliance certificate must be issued for work described in s 221ZH(1) of the *Building Act 1993*. This Act is accessible at www.parliament.vic.gov.au/legislation.

The required insurance coverage includes:

- (a) rectifying defective plumbing work that does not comply with prescribed plumbing standards;
- (b) trade practices liability;
- (c) consequential loss and non-completion. For example, where the consumer suffers a loss where the work is not completed for reasons such as the licensed plumbing practitioner dies, develops a legal incapacity, disappears, becomes bankrupt or insolvent, has their VBA licence suspended or cancelled, or the consumer ends the contract due to the licensed plumbing practitioner wrongfully failing or refusing to complete the work (domestic work only) failure to complete the work or where the plumbing practitioner is unable to carry out the plumbing work;
- (d) public liability, that is, where the work carried out results in personal injury to the consumer or another person, or damage occurs to the consumer's property or another person's property either during or for the specified period after the work is finished.

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What period is covered by the Insurance?

For rectifying defective work and consequential loss and non-completion of work, the insurance coverage is for an event that happens within six years from the date the work was completed or from the date the licensed plumbing practitioner gave the consumer a compliance certificate relating to the work. The insurance continues during the six year period even if the plumbing practitioner ceases to be licensed or does not renew his or her policy.

For public liability the insurance coverage is for an event that happens during the period of the plumbing practitioner's insurance, caused by an occurrence relating to the work.

Limits of required insurance coverage

There are limits on how much can be paid out under the insurance for particular claims. In brief, the limit for public liability is \$5,000,000 for any one claim, and for all other claims:

- (a) relating to domestic plumbing work \$50,000; and
- (c) relating to non-domestic plumbing work \$100,000 for any one claim or series of claims.

Resolving any Problems

If a consumer has any concerns about the plumbing work done by a licensed plumbing practitioner, the VBA encourages them to contact the plumbing practitioner, discuss their concerns and give an opportunity to reassess and rectify any defective or faulty work to resolve the issue.

If the issue is not resolved or the consumer believes they have a claim against a licensed plumbing practitioner, the consumer may contact a VBA Customer Service Officer who may be able to assist. In some cases, the consumer may be advised to make a written complaint, which could result in a VBA investigation.

Can a consumer make an insurance claim directly?

A consumer may claim directly against the plumbing practitioner's insurance policy in circumstances described in the required insurance.

The information contained in this fact sheet does not create any rights itself and does not prevent a consumer from taking any other legal action to recover any loss believed to have been suffered. This document contains only a brief description of the insurance required by law. It should be noted that there are exceptions which may extend or limit a claimant's rights under the required insurance.

Note: This document may be downloaded or printed and provided by a licensed plumbing practitioner to a consumer.