

Differences between the old and new regime

Issue	Then (before 1 July 2026)	Now (from 1 July 2026)
When the cover can be called on?	Last resort. The purchaser could claim only if the owner-builder had died, disappeared or become insolvent: cl 20(2), Ministerial Order No. S 95 28 February 2024 (MO)	First resort. The purchaser and subsequent owners can claim for incomplete and/or defective work without the death, disappearance or insolvency of the owner-builder.
Value of building work that triggers cover	More than \$16,000 There was no clear statutory method for calculating the value, so whether the owner's own labour counted was uncertain.	More than \$20,000 (sections 25B(2) and 137I(c)) The SIS does not apply to domestic building work where the cost is less than \$20,000 or the prescribed amount (section 137J(d)). The value is calculated under a defined method: an estimate of labour and materials, plus GST, less chattels and excluded items, so the owner's own labour counts.
Is a certificate of consent (CoC) needed to trigger the need for owner builder insurance cover?	No. The need for owner-builder warranty insurance turned on the value of the work, not on whether a CoC had been obtained (cl 5, MO)	Yes. The SIS applies to owner-builder work carried out under a CoC (s 137I(c)).
When is premium paid and how?	Before entering the contract of sale and after obtaining the defects inspection report, the owner-builder paid the premium to an insurance agent acting on behalf of the VMIA to obtain the policy.	Before entering the contract of sale and after obtaining the defects inspection report, the owner-builder buys cover from a Building and Plumbing Commission (BPC) appointed distributor (the BPC does not sell it directly): apply, supply the building permit, CoC, certificates of compliance, rates notice, title and plan, and allow about three weeks. See list here: https://www.bpc.vic.gov.au/builders/builders-insurance/dbi-approved-distributors This mechanism was created by regulations passed on 30 June 2026.
What insurance document is	A certificate of currency for the owner-builder warranty	A notice of cover under the SIS (s 32B, SL Act)

Issue	Then (before 1 July 2026)	Now (from 1 July 2026)
required in the section 32?	insurance (s 32B, <i>Sale of Land Act 1962</i> (Vic) (SL Act)).	
Monetary cap per dwelling	\$300,000	\$400,000
Who the cover protects	The purchaser and subsequent owners within the cover period; the owner-builder cannot claim for their own work.	SAME
What the cover covers	Non-structural defects for 2 years after the completion date and structural defects for 6 years after the completion date (cl 23, MO).	Non-major defects for 2 years after the completion date and major defects (structural or weatherproofing) for 6 years after the completion date (reg 8 and reg 8A)
Defects report when there are owner-builder works	Required. A report from a prescribed building practitioner is needed whenever the owner-builder has carried out work within the broad definition of construct, regardless of value or insurance (section 137B(2)(a)).	SAME
Section 137C statutory warranties	Apply to the work and run with the building to the purchaser and subsequent owners. Need to be included in the contract (section 137C).	SAME
Consequence of non-compliance	The purchaser may avoid the contract at any time before settlement (section 137B(3)), and the vendor commits an offence (section 137B(2)).	SAME