

COMPLETION OF WORKS – NOVATION OF CONTRACTS

There seems to be some misinformation in the market that Vero has undertaken to make 'claims payments' to the new owner of Beechwood in relation to completion of homes. This is not the case.

The new Beechwood has undertaken to complete homes commenced by the 'old' Beechwood on the same terms as the original contract. That is, the completion of each home should not involve the homeowner paying more than was agreed to in the original contract, subject of course to any variations. As a consequence the homeowner should incur no additional building costs in relation to completion of the home.

The owners of the new Beechwood are licensed builders who are offering to complete these homes.

Homeowners who may be considering claiming upon their Vero policy have an obligation to minimise (mitigate) their loss. If a homeowner elects to terminate their contract and make a claim upon Vero, we will assess their claim on the basis that the home could have been completed by the new Beechwood at no additional cost to the homeowner. On receipt of such a claim we will undertake our normal assessment process and, subject to any reasonable grounds not to, will likely nominate the new Beechwood to complete the home. Under the terms of the Policy the homeowner has an obligation to give access to our nominated builder. The new Beechwood will then complete construction.

A homeowner who does not novate their contract to the new Beechwood, terminates their original contract and then contracts with another builder to complete their home at additional cost, will be limited in their claim to what their loss would have been had they agreed to allow the new Beechwood to complete their home. This is because they have an obligation to mitigate their loss and the new Beechwood has offered to complete the contract at no additional cost.

Any agreements between Vero and the new Beechwood are commercial in nature and designed to ensure that our policyholders receive the home that they contracted for. Accordingly, there is no facility for Vero to deviate from our normal claims process for any homeowner who elects to refuse to novate. In particular there is no facility to make additional payments outside the terms of the policy i.e over and above what it would have cost Vero for the new Beechwood to complete the contract.

Vero understands there is confusion by homeowners as to who is taking responsibility for completing the works on their home. The following four steps need to be completed before work can begin:

1. If the homeowner has submitted a completed claim form
2. The claim has been accepted by Vero
3. All outstanding progress payments have been made, and
4. They have novated their contract

Work by Beechwood on their incomplete homes can then commence.