



Home Warranty Insurance in British Columbia

**WHAT YOU NEED TO KNOW
TO PROTECT YOUR INVESTMENT**



BC HOUSING



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Understanding Home Warranty Insurance

Buyers of new homes in British Columbia are fortunate to be protected by one of the strongest construction defect insurances in Canada. You can get the most out of this coverage by learning as much as you can about your home warranty insurance.

BC Housing provides helpful information in its free Guide to *Home Warranty Insurance in British Columbia*, available at www.bchousing.org.

Purchasing a home is a significant investment and you want to make sure it's well protected. Here are a few tips to help you understand the basics of home warranty insurance and your rights and responsibilities.



Make Note of Coverage Expiry Dates

The home warranty insurance provided on new single-family and multi-family homes built for sale in BC protects against different construction defects for specific periods of time. Better known as 2-5-10 home warranty insurance, it includes:

2 years coverage on materials and labour

Some limits may apply, including:

- 12 months coverage for defects in materials and labour for detached homes and strata units (including fee-simple homes).
- 15 months coverage for defects in materials and labour for the common property of multi-unit strata buildings.
- 24 months coverage for defects in materials and labour for major systems (electrical, plumbing, heating, air conditioning etc.).

5 years coverage on the building envelope

- Covers components that separate the indoors from the outdoors, such as exterior walls, foundation, and roof.
- Includes unintended water penetration.

10 years coverage on building structural defects

- Covers defects in materials and labour that result in the failure of a load-bearing part of the home.
- Covers any defect that causes structural damage and affects the use of the home for residential occupancy.

Read your policy thoroughly and make note of what's covered, the expiry dates and your responsibilities. Before each expiry date, inspect your home to identify any problems. Strata properties may have different expiry dates for individual units and common property.



Know What's Covered

Review your policy and make sure you understand the extent and limitations of your coverage.

Certain aspects of a new home may not be covered by the warranty, including:

- Normal wear and tear, acts of nature, landscaping, fencing, patios, detached structures such as sheds, carports or garages, or failure to carry out proper maintenance.
- Design, materials or labour supplied by the owner or someone other than the builder, their workers or subtrades.

Learn more about exclusions in the *Guide to Home Warranty Insurance in British Columbia*.

You can also search BC Housing's free *Residential Construction Performance Guide* at www.bchousing.org. It explains how new homes should perform and which defects – including design, materials or workmanship – may be covered under home warranty insurance in British Columbia.





Purchasing a home is a significant investment and you want to make sure it's well protected.

Buying a Resale Home

Because the warranty applies to the home and not the owner, it automatically transfers to the new owner if the house or unit is sold within the warranty period. Here are a few tips when buying a resale home with home warranty insurance:

- Before completing the sale, review the policy documents to find out coverage expiry dates and ask the seller if any claims have been made or are outstanding. Only an owner is entitled to get a claims history report from the warranty provider (available for a fee up to \$25), so you may want to make it a condition of sale.
- If the home was constructed with a building permit issued after November 19, 2007, you can look it up online at BC Housing's New Homes Registry, searchable by legal or civic address. It will tell you whether the home has





a policy of home warranty insurance and the name of the warranty provider, or whether the home was built by an owner builder. If you cannot find the address and you think the home is less than 10 years old, call BC Housing's Licensing and Consumer Services branch for more information.

- Make sure you obtain the policy documents, maintenance manual (if one was provided to the original purchaser; if not, ask your builder or look for it on the warranty provider's website) and other manuals from manufacturers and warranties for appliances, products or systems.

Safeguard Your Documents

Store the warranty insurance policy in a safe place with your other documents relating to the home, such as the maintenance manual, manuals for appliances, walk-through inspection report and other warranties. If you sell the home you will need to pass these documents to the new owner.

Maintain Your Home

Homeowners are responsible for home maintenance, so make sure you read your warranty maintenance manual and know your responsibilities. Maintaining your home will protect both your investment and your insurance coverage.

If you are the first owner of a new home, make sure you receive a copy of a maintenance manual from the builder or warranty provider (if buying a resale home, obtain it from the seller). If you did not receive your maintenance manual, it's best to check with your builder who can advise if any of the finishings in your home have specific maintenance requirements and provide any specific manuals for your home.

Most warranty providers have a general maintenance manual available on their website. Read it carefully and follow it. Warranty providers may deny coverage for neglect or improper maintenance if a homeowner receives a manual and does not perform the recommended maintenance.

You can also check out the *Maintenance Matters* videos and bulletins at www.bchousing.org for helpful tips and checklists on a range of maintenance topics.





Make a Claim

If you need to make a claim for defects, not addressed by your builder, be sure to send details to both your warranty provider and your builder. To be covered, *you must report a problem in writing to the warranty provider and your builder before the warranty coverage expires.*

For strata homes, report problems with the unit to the warranty provider, and problems with the common property to the strata council and/or building manager. Keep copies of all correspondence related to defects and claims.

It's also important to take reasonable steps to minimize further damage from a defect. Coverage may be withheld if an owner fails to prevent or minimize further damage.

Inspections and Repairs

After receiving your claim letter, the warranty provider or original builder must make reasonable attempts to contact you to arrange an evaluation of the possible defect.

You must allow the warranty provider or the original builder access to your home to investigate claims, inspect damage you have reported and inspect for maintenance requirements at reasonable times, provided you are given advance notice. You must also give the warranty provider all the information and documentation they need to properly investigate the claim. In addition, you are also required to give the builder and trades people reasonable access to make repairs.

Repairs must be undertaken in a timely manner, with reasonable consideration given to weather conditions and the availability of materials and labour. As the owner, you should receive a summary of the warranty repairs, including the one year warranty on repairs and replacements.





Homeowners are responsible for home maintenance. Know your responsibilities and make sure you read your warranty maintenance manual.





If you need to make a claim for defects not addressed by your builder, make sure you send details to both your warranty provider and your builder.

Dispute Resolution

If the warranty provider rejects your claim after receiving it, the company must give you reasons in writing.


If you disagree with a claims decision made by your warranty provider, you should review the dispute resolution process on the warranty provider's website. Usually the process will outline several options to help resolve your concerns:

- Discuss the situation with your claims representative. If this does not resolve your complaint, escalate your concerns to a manager who can review your concerns and address them further.
- The warranty provider must have an ombudsperson or a complaint liaison officer that you can address your concerns to. The ombudsperson will try to resolve the situation by acting as a liaison between you and the warranty provider.
- *The Homeowner Protection Act* and its Regulations allows owners to initiate mandatory mediation of disputes with their warranty provider over claims filed before the expiry date of coverage. This process is explained in your policy and on BC Housing's website.

For more information about dispute resolution, download the free publication *Options for Residential Construction Disputes* from www.bchousing.org or contact the Licensing and Consumer Services branch of BC Housing.

Learn More


Visit www.bchousing.org or call us for more homeowner and homebuyer information.

You can also stay up-to-date on BC Housing news by following us:  @RegistrarBCH

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