



Home warranty changes in Victoria: What property owners need to know

Victorian property owners are set to see major changes to domestic building protection when Victoria's new Home Warranty scheme begins on 1 July 2026.

For years, Domestic Building Insurance (or DBI), has operated as a last resort scheme. In practical terms, that has meant owners could usually only access cover in limited circumstances, such as when a builder had died, disappeared or become insolvent, or in some cases where a builder failed to comply with a final order.

That is now changing.

Under Victoria's new Home Warranty framework, eligible property owners will have access to stronger protection where domestic building work is incomplete, defective or non-compliant, including where the builder is unable or unwilling to complete or fix the work. This is a significant shift from the previous last resort model, with the reforms designed to support earlier intervention, more practical rectification pathways and greater confidence for owners when building issues arise.

What is changing?

The reforms form part of Victoria's broader building system changes and sit under the Building and Plumbing Commission, which brings building regulation, dispute resolution and home warranty functions together.

From 1 July 2026, the new statutory insurance arrangements are intended to apply to domestic building projects up to three storeys. Importantly, consumers are expected to be able to seek help even if the builder is still trading, rather than having to wait for insolvency, disappearance or death.

There are also some key changes to the way cover applies:

- The threshold for when insurance is required is increasing from domestic building work valued at more than \$16,000 to more than \$20,000
- The maximum cover available is increasing from \$300,000 to \$400,000

Why this matters

This is a positive and significant shift for owners.

Under the previous model, many people assumed they had broader protection, only to discover that access to DBI was much narrower than expected. If a builder was still operating, owners often faced a longer and more complex path to pursue rectification or compensation.

The new approach is intended to create earlier intervention, clearer pathways and more practical outcomes. Rather than leaving owners to wait for a last resort trigger before support may be available, the regulator will have stronger rectification powers and can take a more direct role where builders fail to meet their obligations. In some cases, that may include requiring the original builder to fix the work, arranging for another builder to carry out rectification and then pursuing the responsible builder for costs.

What owners should keep in mind

While the reforms are a positive step, they do not mean every building issue will become simpler overnight.

Eligibility, policy scope, timing and the type of building work involved will still matter. The reforms are aimed at domestic building projects up to three storeys, and there will still be rules around what is covered, when cover applies and how matters are assessed.

It's also worth noting that these changes relate to domestic building protection in Victoria. They do not replace the need for owners and committees to understand how their broader insurance arrangements may respond, particularly where defects, incomplete work, common property concerns or liability issues overlap with other policies.

How Whitbread can help

While these reforms are a positive step for Victorian property owners, building defects and warranty matters can still be difficult to navigate. Understanding who is responsible, what protection may apply and which pathway is most appropriate isn't always straightforward, particularly when multiple parties or overlapping issues are involved.

Whitbread's expert claims team can help clients understand how different insurance and warranty pathways may interact, including where building defects, incomplete work, common property issues or liability concerns overlap. While Home Warranty matters will follow the statutory process, early guidance can help reduce confusion, support better decision-making and make it easier to understand which pathway may be appropriate.

If you are dealing with building defects or want to better understand how these Victorian changes may affect your property, Whitbread can help you understand the available pathways and where your protection may respond.

Achieving the best strata insurance outcome

As a broker, our recommendation will not always be based on price. When comparing quotes and policies, it is important to consider the product inclusions, excesses / deductibles, exclusions and cover limits for each insurer. Please contact your Whitbread insurance broker if you would like to know more about how these Victorian changes may affect your property or to discuss a particular risk in greater detail.

The information provided here is general advice only and has been prepared without taking into account your objectives, financial situation or needs. Please contact Whitbread Associates Pty Ltd | ABN 69 005 490 228 | AFSL 229 092, trading as Whitbread Insurance Brokers, for further information or alternatively refer to our website at www.whitbread.com.au.