



Amendments to the Building Work Contractors (Building Indemnity Insurance) Regulations 2025

Many domestic building work contracts in South Australia require that Building Indemnity Insurance be taken out before work commences.

The purpose of Building Indemnity Insurance is to provide a fund of insurance to homeowners in the event that they have a claim against a builder who has died, disappeared or become insolvent.

The recent *Building Work Contractors (Building Indemnity Insurance) Amendment Regulations 2025* which commence a little later in the year under the *Building Work Contractors Act 1995* have amended the trigger amounts for the requirement for insurance, as well as the amount of the insurance available.

From mid November 2025 onwards, “minor domestic building work” will be building work under \$20,000 (up from \$12,000). Contracts for amounts under \$20,000 do not carry the requirement for Building Indemnity Insurance to be taken out, nor compliance with some other sections of the *Building Work Contractors Act 1995*.

The limitation on insurer’s liability is also increased, from \$80,000 to \$250,000. Whilst, in reality, Building Indemnity Insurance had already increased from the originally prescribed \$80,000, our

expectation is that most Building Indemnity Insurance upon the changes taking effect will now increase further to be either the actual contract price or up to \$250,000 (whichever is the lower).

It is our strong recommendation that any homeowner undertaking building works which cost more than \$20,000 to ensure that the builder has taken out Building Indemnity Insurance before paying any money under the building contract, including any deposit. Further to that, from mid November onwards, the insurance documentation should be carefully considered to ensure that ideally it is for no less than the statutory maximum of \$250,000.