



Registered Master Builders Association of New Zealand Incorporated

Submission Home Warranty Provider Registration

Regulations

April 2026

The Registered Master Builders Association submission on the Home Warranty Provider Registration Regulations

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Ministry of Business, Innovation and Employment (MBIE) on the Home Warranty Provider Registration Regulations.

About Master Builders

Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play, since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2024, the construction sector contributed 7.8 per cent of the country's real Gross Domestic Product (GDP) accounting for over \$17.2 billion¹. It also employed 295,100 people (or 10.2% of the country's total workforce) in the December 2025 quarter².

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders, we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build are well-built, accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland, Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawke's Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton, South Canterbury
Southern	Otago, Central Otago, Gore, Southland

¹ Statistics New Zealand – Infoshare: Gross domestic product – March 2024

² <https://www.stats.govt.nz/news/building-new-zealand-focus-on-the-construction-industry/>

1. Overall position

The Registered Master Builders Association of New Zealand (Master Builders) supports the proposed home warranty provider registration framework. We agree that mandatory registration, clear financial capacity requirements, and ongoing regulatory oversight are essential to support consumer protection and confidence in the context of the transition to proportionate liability.

We are supportive of the overall structure and intent of the proposed criteria. Our comments are directed at ensuring the requirements are clear, proportionate, and aligned with established regulatory practice, particularly in relation to governance assurance, auditor and actuary roles, and ongoing reporting.

Responses to proposed criteria and questions

Criteria 1: Evidence of financial capacity and claims management capability

Master Builders supports the requirement that all home warranty providers must attest they are solvent and able to meet obligations to policy and guarantee holders over a 10-year period. We agree this should be supported by independent financial audit and actuarial assessment.

We are comfortable with the requirement that providers attest that they can demonstrate solvency and meet long-term obligations, supported by evidence including:

- Audited financial statements.
- An actuarial assessment of claims risk and loss provisioning.
- Governance arrangements and organisational structure appropriate to the provider's operations.

However, we seek clarification on the intended scope of the auditor's role, particularly where the criteria refer to an auditor providing a professional conclusion on governance. It would be helpful to understand whether this is normally within the scope of their role and responsibilities as an auditor.

Question 1: Are there any outputs or additional evidence from an audit or actuarial review that should be included?

We consider the following to be appropriate minimum evidential requirements:

- Audited financial statements prepared in accordance with New Zealand accounting standards.
- An actuarial report addressing claims probability, loss provisions, stress testing that is consistent with a Liability Valuation Report. This should set out the actuary's estimates of the liabilities and assets associated with seeing all current guarantees through to expiry and paying any associated claims and sustainability over the 10-year warranty period.
- In addition, it is important to clarify the basis for liability valuation, for example, liabilities may be valued on a best estimate basis but then subjected to stress testing using more conservative assumptions. We recommend that MBIE explicitly specify the nature of the required stress testing (and we would be happy to provide input to support this process).

- A provider-issued solvency attestation confirming the ability to meet obligations to guarantee holders. This could be based on Sections 77/78 of the Insurance (Prudential Supervision) Act (IPSA), whereby the appointed actuary provides a statement confirming that the financial statements have appropriately included the recommended provisions.

We would suggest that governance expectations should be evidenced through provider declarations and prescribed disclosures, rather than expanded audit opinions, to maintain clear professional boundaries.

Question 2: Are there data reporting requirements needed to support audit or actuarial assessment?

To support consistent and effective assurance, MBIE could prescribe baseline data inputs, such as:

- Aggregate claims history and trends.
- Policy volumes, coverage limits, and exposure profiles.
- Key balance sheet items, including:
 - Nature and value of assets
 - Guarantee liabilities
 - Other liabilities
 - Net assets/equity

Standardising these inputs would improve consistency, reduce duplication, and support comparable regulatory outcome and should be collected no more than quarterly but no less than annually.

Ensuring liabilities are appropriately valued is critical. One effective approach is to compare home warranty providers by assessing the level of risk underwritten against the provisions held for future claims and expenses. This comparative analysis helps identify whether provisions are aligned with underlying risk and whether providers are maintaining prudent reserves. Increased transparency strengthens regulatory oversight and builds confidence that obligations will be met consistently across the sector.

The consultation document does not address the provider's asset base. For instance, if all assets backing guarantee liabilities are related party assets, this may pose concerns regarding security. Conversely, holding funds in cash with a registered New Zealand bank provides a safer and more transparent arrangement. These distinctions are crucial, as they directly affect the security of guarantee liabilities and the strength of the provider's financial position.

Question 3: How could this requirement differ for new entrants compared to existing providers?

We do not support differentiating baseline financial capacity or solvency requirements for new entrants. All home warranty providers should be required to meet the same minimum standards,

regardless of whether they are an existing provider or a new entrant. It is essential to maintain a level playing field to ensure the integrity and sustainability of the scheme.

Differentiating requirements could create a perception that new entrants are afforded an easier pathway, potentially undermining market confidence and raising concerns about the entry of less committed or transient operators. Uniform standards help to safeguard consumers and uphold trust in the sector.

Where new entrants have limited claims history, they should demonstrate compliance through robust forward-looking financial information, capital adequacy, reinsurance arrangements, or equivalent mechanisms capable of supporting a 10-year warranty obligation.

New providers could be required to submit a business plan demonstrating that sufficient capital exists to cover the guarantees the provider expects to write. This approach ensures that all providers, regardless of tenure, are subject to rigorous and consistent standards, thereby protecting consumers and the reputation of the home warranty market.

Question 4: Appropriate actuarial involvement

We consider actuarial involvement should focus on:

- Assessing claims probability and loss adequacy.
- Testing assumptions through stress testing and scenario analysis.
- Confirming that loss provisions are sufficient relative to exposure and scale.

We caution against requirements that extend actuarial or audit scope beyond these core functions, as this may increase compliance costs without delivering commensurate consumer benefit.

Clarification on auditor role and governance assurance

Master Builders supports the role of auditors in providing assurance over financial statements and reviewing the actuarial assessment relied upon by the provider. However, we are concerned that the current drafting could be interpreted as expanding the auditor's role into providing conclusions on governance arrangements and structures.

Recommended approach:

- Warranty providers attest to solvency, governance, and organisational arrangements.
- Auditors provide assurance over financial statements and confirm reliance on the actuarial assessment.
- Governance is shown through required disclosures and annual provider declarations, similar to filings for Companies and Financial Service Providers Registers, not through auditor opinions. Providers confirm the accuracy of their information, facing regulatory penalties if these are false or misleading. Auditors do not assess governance arrangements. This model could also ensure strong oversight for home warranty providers.

Criteria 2: Operational requirements

Master Builders supports the proposed operational requirements, including the need for accessible complaints handling, management of conflicts of interest, and independence between warranty claims processing and building operations. We wish to emphasise that these requirements should apply equally to both new entrants and existing market providers, ensuring a consistent and robust regulatory framework for all participants and avoid any consumer misconceptions.

Question 5: Are there alternative or additional requirements to support consumer confidence?

We consider the proposed requirements to be a useful starting point. To further support consumer confidence, we would encourage alignment with the principles-based plain language approach reflected in the Conduct of Financial Institutions (CoFI) regime, where financial institutions are expected to communicate with consumers in a way that supports fair treatment and informed decision-making.

Question 6: Definitions of complaints, disputes, and resolutions

We do not support overly prescriptive requirements that dictate how complaints or dispute resolution processes must be structured or delivered.

However, we support a requirement for information to be provided on access to independent dispute resolution, ensuring disputes are resolved in a fair, transparent, and independent manner.

Rather than prescribing process design, MBIE could set high-level expectations, including:

- Independence of the dispute resolution mechanism.
- Accessibility for consumers.
- Clear communication and transparency of outcomes.

This approach balances consumer protection with flexibility for providers.

Question 7: Best way to attest to operational requirements

We support attestation through an annual provider declaration, supported by prescribed disclosures and documentation retained by the provider and supplied to MBIE on request. Fit and proper person declarations linked to director changes are proportionate and appropriate.

Criteria 3: Ongoing reporting and information to support regulatory oversight

Master Builders supports ongoing reporting requirements to enable effective regulatory oversight, subject to standardisation, proportionality, and protection of personal information.

Question 8: Concerns with standardised data collection

We support standardised data collection in principle. Claims data that includes personal or identifying information, such as claimant identity or precise property location, should be provided at an aggregated and anonymised level unless otherwise justified and lawful. It is essential that privacy considerations are strictly adhered to, ensuring that any personal information is handled in accordance with relevant privacy legislation and best practice. Furthermore, much of the information provided may be commercially sensitive; therefore, we expect that such data will be submitted on a commercial-in-confidence basis, with appropriate safeguards in place to protect the confidentiality and proprietary interests of providers.

We recommend MBIE develop a prescribed reporting template to ensure consistency and minimise compliance burden, while explicitly incorporating provisions to address privacy and commercial sensitivity concerns.

Question 9: Additional methods to improve system oversight

In addition to routine reporting, MBIE could:

- Use trend analysis across providers to identify emerging risks.
- Require notification of material changes, including director movements, policy settings, or capital arrangements.

Where Building Consent Authorities (BCAs) are involved, MBIE-prescribed and standardised evidence and templates should be relied upon. We would not support BCAs developing their own bespoke verification processes.

Compliance and enforcement

Master Builders supports the introduction of offences and penalties to maintain scheme integrity and supports MBIE's intent to work constructively with providers to address emerging non-compliance and avoid unnecessary disruption to warranty availability.

Conclusion

Master Builders supports mandatory registration of home warranty providers and the overall direction of the proposed criteria. In finalising the regulations, we recommend that MBIE:

- Maintain consistent and robust baseline standards for all providers.
- Clarify and appropriately limit the scope of auditor and actuary roles.
- Use provider attestations and standard declarations to evidence governance arrangements.
- Ensure reporting requirements are standardised, proportionate, and privacy issues are fully addressed.

We welcome continued engagement as the regulations are developed.

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