



**MACKAY
CHAPMAN**

DBI ELIGIBILITY TOOLKIT FOR DOMESTIC BUILDERS

A Reference Guide to Obtaining and Retaining DBI
Eligibility in Victoria

Edition: March 2026

IMPORTANT NOTICES

Important Notices

Regulatory Changes Notice

The Victorian domestic building insurance landscape is undergoing significant change. As of 1 July 2025, the Building and Plumbing Commission (BPC) assumed responsibility as the designated insurer for domestic building insurance (DBI), taking over from the Victorian Managed Insurance Authority (VMIA).

From 1 July 2026, all private insurers will exit the Victorian DBI market. DBI will be issued exclusively by the BPC, and the system will transition to a first-resort insurance model. Builders should not assume that existing eligibility will transfer automatically; each builder must apply to the BPC and ensure their eligibility is confirmed under the new arrangements.

This toolkit reflects the regulatory position as at March 2026. Builders are strongly encouraged to monitor the BPC website (www.bpc.vic.gov.au) for further updates and to seek specialist legal advice regarding the transition.

Disclaimer

This toolkit is intended as a general reference guide only and does not constitute legal advice. The information contained in this document is based on legislation, regulations, and practice as at March 2026. It should not be relied upon as a substitute for professional legal advice tailored to your specific circumstances.

Mackay Chapman has taken reasonable care to ensure the accuracy of the information presented. However, no warranty or guarantee is given as to the accuracy, currency, or completeness of any information in this document.

Builders and other parties should seek advice from a qualified building and construction lawyer before acting on any information contained in this toolkit.

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SECTION 1

Overview of DBI Eligibility

What is DBI Eligibility and Why Does It Matter?

Domestic building insurance (DBI) eligibility is the threshold requirement that every registered domestic builder in Victoria must satisfy before they can lawfully carry out domestic building work above the prescribed contract value. Without current DBI eligibility, a builder cannot obtain DBI certificates for individual projects and, as a consequence, cannot lawfully enter into or carry out domestic building contracts that require insurance.

DBI eligibility is therefore foundational to a builder's ability to trade. Its suspension or cancellation can have an immediate and existential impact on a building business.

The Legislative Framework

DBI in Victoria is governed by the following principal legislation:

- **Building Act 1993 (Vic)**, specifically section 135 and the Domestic Building Insurance Ministerial Order, which establishes the DBI scheme and the role of the designated insurer.
- **Domestic Building Contracts Act 1995 (Vic)**, which governs the terms of domestic building contracts, including implied warranties that are central to the protections underpinning DBI.
- **Building Legislation Amendment (Domestic Building Insurance New Offences) Act 2024**, which commenced on 28 February 2024 and creates new offences under Part 3A of the Domestic Building Contracts Act 1995.
- **Building Legislation Amendment (Buyer Protections) Act 2025**, which commenced on 1 July 2025.

The BPC as Designated Insurer

As of 1 July 2025, the Building and Plumbing Commission (BPC) is the designated insurer under the Building Act 1993. The BPC assumed responsibility for all DBI policies previously provided by the Victorian Managed Insurance Authority (VMIA).

The BPC assesses and grants DBI eligibility, issues DBI policies, manages claims, and administers the DBI scheme. Builders interact with the BPC primarily through the BuildVic Portal and through BPC-approved distributors.

The \$16,000 Threshold

DBI is required for domestic building work where the contract value (including labour and materials) exceeds \$16,000. This threshold applies regardless of whether the work is new construction, alterations, additions, or renovations.

DBI is not required for multi-storey residential buildings with a rise in storeys of more than three.

Who Needs Eligibility

DBI eligibility is required for:

- Registered domestic builders seeking to carry out insurable domestic building work
- Applicants for registration as a domestic builder
- Former builders seeking reactivation of registration

Each eligible entity is assessed separately, regardless of common ownership or association with other entities.

When Eligibility Is Required

A builder must hold current DBI eligibility at the following points:

- When applying for or renewing registration as a domestic builder
- When seeking revocation of a suspension of registration
- When purchasing individual DBI policies (certificates) for specific projects

DBI coverage provides protection of up to \$300,000 per home (for policies issued on or after 1 July 2014). A DBI policy may be triggered where the builder dies, disappears, becomes insolvent, or (for policies issued on or after 1 July 2015) fails to comply with a Tribunal or Court order. The policy covers structural defects for 6 years and non-structural defects for 2 years, with a general limitation period of 10 years under section 134 of the Building Act 1993.

SECTION 2

Eligibility Assessment

How the BPC Assesses Eligibility

The BPC conducts a comprehensive assessment of each builder's suitability for DBI eligibility. The assessment is designed to evaluate whether the builder presents an acceptable risk profile for the purposes of the DBI scheme. It is not a simple formality; the BPC exercises genuine underwriting judgment.

What the BPC Examines

The BPC's assessment covers the following key areas:

- Past building performance, including defect history and claims experience
- The type and number of projects the builder undertakes or proposes to undertake
- The builder's technical and management skills
- The builder's business history and track record
- The builder's financial position and solvency

Financial Assessment Criteria

The financial component of the assessment is detailed and rigorous. The BPC examines a range of financial indicators, including but not limited to:

- Net tangible assets
- Turnover growth trends
- Shareholders' funds relative to sales
- Profit margins
- Interest cover and cash flow
- Working capital position
- Return on equity and return on assets
- Payment and collection cycles (debtor/creditor days)
- Business structure and trading history
- Statements of assets and liabilities (personal statements for sole traders and partners)
- Trust deeds, where applicable

Builders should ensure their financial records are current, accurate, and professionally prepared before applying for or seeking to increase their DBI eligibility.

Eligible Entity Types

DBI eligibility is available to the following entity types only:

- Sole traders
- Partnerships
- Companies

Corporate partnerships and trusts are not eligible entity types for DBI purposes. Each entity is assessed separately, regardless of common ownership or association with other entities.

SECTION 3

Eligibility Limits and Categories

Gross Limit (Total Construction Limit)

When the BPC grants DBI eligibility, it assigns a gross limit (also referred to as the total construction limit). This represents the maximum total value of domestic building work that the builder may have under construction at any given time.

The gross limit operates as a revolving limit. As projects are completed and certificates are closed out, capacity is freed up for new projects. The builder's total outstanding insured work must not exceed the gross limit at any point.

Category Limits

In addition to the gross limit, the BPC assigns category limits. A category limit is the maximum value of a single project that the builder may undertake within a particular category of work.

The certificate categories are as follows:

Category	Description
C01	New Single Dwelling Construction
C03	New Multi Dwelling Construction
C04	Alterations/Additions/Renovations (Structural)
C05	Swimming Pool
C06	Refurbishment - Non Structural
C07	Other

How Limits Interact

A builder must hold a category limit that is sufficient for each individual project, and the total value of all projects on foot must remain within the gross limit. For example, a builder with a gross limit of \$5 million and a C01 (new single dwelling) category limit of \$800,000 may undertake multiple new dwelling projects up to \$800,000 each, provided the total value of all current projects does not exceed \$5 million.

Limit Increases

Builders may apply to the BPC for an increase in their gross limit or category limits. The BPC will typically require:

- A financial review, including updated financial statements
- A forecast of works, demonstrating the anticipated volume and value of projects
- Evidence of the builder's capacity to manage the proposed increase

Limit increase applications can trigger a broader eligibility review. As illustrated in the case studies in this toolkit, applications for limit increases have, in some instances, led to the imposition of additional conditions or even the suspension of eligibility. Builders should approach limit increase applications with care and, where appropriate, seek professional advice before lodging the application.

SECTION 4

Terms Offered for DBI Eligibility

What "Terms Offered" Are

When the BPC grants or renews DBI eligibility, it issues a document known as the "Terms Offered". This document sets out the builder's approved eligibility limits, the categories of work, and any conditions attached to the eligibility.

Builders must carefully review the Terms Offered before accepting them. Acceptance creates binding obligations, and the conditions imposed can have significant implications for the builder's operations and finances.

Standard Conditions

All Terms Offered include certain standard conditions. These typically provide that:

- The BPC reserves the right to review the builder's eligibility based on the activities and financial position of related entities
- The BPC has the right to enforce any applicable indemnity (indemnities are important and discussed below)
- The BPC reserves the right to review eligibility if the builder becomes insolvent or enters any form of external administration

30-Day Acceptance Period

Builders are typically given 30 days to accept the Terms Offered. If the builder does not accept within this period, the offer may lapse and the builder's eligibility may not be confirmed. Builders should act promptly upon receiving Terms Offered and seek advice if they have concerns about any of the conditions imposed.

Additional Terms the BPC May Impose

At its discretion, the BPC may impose additional conditions as part of the Terms Offered. These may include:

Project-by-Project review

A requirement that the builder submit details of each proposed project for BPC approval before a DBI certificate will be issued. This effectively gives the BPC a veto over individual projects and can significantly slow a builder's operations.

Security Requirements

The BPC may require the builder to provide security, such as a bank guarantee or security deposit, as a condition of eligibility.

Occupancy Permit Conditions

The BPC may impose conditions requiring the builder to provide evidence of occupancy permits being issued for completed projects, as a means of monitoring project completion.

Further Uplift Conditions

Where a builder is seeking an increase in limits, the BPC may impose conditions that must be satisfied before the increase takes effect. These may include the submission of updated financial reports or evidence of successful completion of current projects.

Financial or Other Reporting Requirements

The BPC may require the builder to provide audited financial reports, management accounts, or other financial information on a periodic basis (for example, quarterly or half-yearly).

WIP Valuation Requirements

The BPC may require a builder to provide a work-in-progress (WIP) valuation, supported by an accountant's declaration confirming that the WIP has been prepared in accordance with Australian Accounting Standards. This can be a significant compliance burden and may raise professional indemnity concerns for the builder's accountant.

Guarantees, Indemnities, and Security

The BPC typically require directors or other related parties to provide personal deeds of indemnity as a condition of the builder's eligibility. The BPC may also require security deposits or other forms of financial security.

Personal deeds of indemnity can expose individual directors (or even non-director parties) to significant personal liability. Builders should obtain independent legal advice before agreeing to provide personal indemnities or security. For example, if the BPC pays out under the DBI policy then it will seek to recover that amount paid out from the builder. If the builder cannot pay or is in external administration, then the BPC will seek to recover the amounts from individual directors or even non-director parties who have entered into a deed of indemnity.

SECTION 5

Maintaining Eligibility

Ongoing Obligations

DBI eligibility is not a once-off grant. Builders must satisfy ongoing compliance obligations to maintain their eligibility. Failure to meet these obligations can result in suspension or cancellation of eligibility.

Tax Compliance

Tax compliance is the single most common source of eligibility problems for Victorian builders. The BPC monitors builders' tax compliance, and the ATO routinely notifies the BPC of tax debts and defaults. The critical tax obligations include:

- Pay As You Go (PAYG) withholding obligations
- Goods and Services Tax (GST) obligations
- Company tax obligations

A builder who falls behind on any of these obligations risks automatic suspension of their DBI eligibility. The consequences can be swift and severe: without eligibility, a builder cannot obtain new DBI certificates and may be unable to commence or continue domestic building work.

ATO Payment Arrangements

Where a builder has an outstanding tax debt, entering into a formal payment arrangement with the ATO does not automatically protect the builder's DBI eligibility. The BPC may still suspend eligibility notwithstanding the existence of a payment arrangement. Builders with tax debts should seek specialist advice on how to manage both their ATO obligations and their DBI eligibility simultaneously.

Annual Financial Statements

Builders are required to provide financial statements to the BPC on an annual basis (or more frequently if required by the Terms Offered). Late or missing financial statements can trigger a review of the builder's eligibility and may lead to suspension.

Notification Obligations

Builders must promptly notify the BPC of material changes to their circumstances, including:

- Changes to the directorship or ownership of the building entity
- Changes to the builder's business structure
- Material changes in the builder's financial position, including insolvency of related entities

- Any criminal or regulatory proceedings against the builder or its directors

Failure to notify the BPC of material changes can constitute non-disclosure and may provide grounds for cancellation of eligibility.

Eligibility Review

The BPC has the power to review a builder's eligibility at any time. A review may be triggered by a range of factors, including adverse claims experience, financial deterioration, or information received from third parties (such as the ATO). Builders should be aware that maintaining eligibility is an ongoing process, not a static entitlement.

SECTION 6

Suspension and Cancellation of Eligibility

What Suspension Means

Suspension of DBI eligibility is a temporary restriction on the builder's ability to obtain new DBI certificates. During a period of suspension, the builder generally cannot take on new domestic building projects that require DBI. However, existing DBI certificates for projects already under way may continue to provide coverage (subject to their terms).

Suspension can be immediate and can occur without prior notice, depending on the trigger. The impact on a builder's business is often severe, as it effectively prevents the builder from entering into new domestic building contracts.

Common Suspension Triggers

The most common triggers for suspension of DBI eligibility include:

Tax Debt

This is the most common trigger. The ATO notifies the BPC of outstanding tax debts, and suspension can follow swiftly, often on an automatic basis. Builders should not assume they will receive advance warning.

Small Business Restructure (SBR) Entry

A builder who enters a small business restructure (SBR) process may have their eligibility suspended for the duration of the process.

Company Insolvency

If the building entity enters receivership, voluntary administration, or liquidation, eligibility will be suspended or cancelled.

Associated Entity Insolvency

Insolvency of a related company or a director-related entity can trigger suspension of the builder's eligibility, even where the builder itself remains solvent and profitable. This is a significant risk area and is illustrated in the case studies in this toolkit.

Overdue Financial Statements

Failure to submit required financial statements by the due date can result in suspension.

Claims History Patterns

A pattern of DBI claims against the builder may lead the BPC to review and suspend eligibility pending further assessment.

Director Associations with Insolvent Entities

The BPC applies underwriting rules regarding director associations. Where a director of the building entity has a current or historical association with an insolvent entity, the BPC may suspend or cancel eligibility, even if the builder itself is financially sound.

Criminal or Regulatory Proceedings Against Directors

Criminal charges or regulatory proceedings against a director of the building entity can trigger a review and potential suspension or downgrade of eligibility.

Cancellation vs Suspension

Cancellation is the permanent termination of a builder's DBI eligibility, as distinct from the temporary restriction imposed by suspension. Cancellation is typically reserved for more serious matters.

Cancellation Grounds

The grounds for cancellation of eligibility may include:

- Fraud or dishonesty in connection with the eligibility application or DBI claims
- Deliberate concealment of material information from the BPC
- Continued operation while suspended (carrying out insurable work without valid eligibility)

The consequences of cancellation are severe. A builder whose eligibility is cancelled will need to apply afresh and demonstrate that the circumstances giving rise to cancellation have been fully addressed.

SECTION 7

Remediation and Reinstatement

Tax Debt Remediation

Where eligibility has been suspended due to an outstanding tax debt, the remediation pathway is generally as follows:

- Pay the outstanding tax debt in full, or enter into and comply with an ATO-approved payment arrangement
- Obtain acknowledgment from the ATO that the debt has been satisfied or that the arrangement is in place
- Notify the BPC of the resolution and provide supporting documentation

In most cases, reinstatement following tax debt resolution takes approximately 5 to 10 business days from the date the BPC receives satisfactory evidence. However, reinstatement is not automatic and the BPC retains discretion as to whether it reinstates eligibility.

SBR Remediation

Where eligibility has been suspended due to entry into a Small Business Restructure (SBR), the builder must:

- Complete the SBR process
- Obtain a discharge certificate confirming the SBR has been finalised
- Submit the discharge certificate to the BPC with a request for reinstatement

Financial Statement Remediation

Where eligibility has been suspended due to overdue financial statements, the builder must:

- Prepare the required financial statements (audited if required by the Terms Offered)
- Submit the statements to the BPC

The BPC will review the submitted statements and, if satisfied, reinstate eligibility. The review may also trigger further conditions if the financial position has deteriorated.

Conditional Reinstatement

In some cases, the BPC may reinstate eligibility on a conditional or provisional basis. Conditions may include:

- Monitoring conditions, such as periodic financial reporting
- Reduced eligibility limits pending a further review
- Requirements to provide additional security or indemnities

Builders should carefully review any conditions attached to reinstatement and ensure they have the capacity to comply.

When Professional Legal Advice Is Essential

While some remediation pathways are straightforward (such as paying a tax debt), many eligibility suspension and cancellation scenarios involve complex legal and commercial issues. Builders should seek professional legal advice where:

- The suspension or cancellation is based on director associations or related entity insolvency
- The BPC has imposed conditions that the builder considers unreasonable or disproportionate
- The builder intends to challenge the BPC's decision through the appeal process or judicial review
- The builder's business viability is at immediate risk

SECTION 8

Challenging Eligibility Decisions

Builder Assessment Committee (BAC) Referral Triggers

Applications for DBI eligibility may be referred to the Builder Assessment Committee (BAC) where the application raises particular concerns. Common referral triggers include:

- A history of insolvency, administration, or bankruptcy (of the builder, its directors, or associated entities)
- Unresolved legal judgments or current legal proceedings
- Disciplinary findings by the VBA or other regulatory bodies
- Previous DBI claims against the builder
- Incomplete or undisclosed information in the application
- Financial statements that do not support the proposed volume of work

Appeal to the Builder Assessment Committee

Where a builder's application for eligibility is refused, or eligibility is suspended or cancelled, the builder may appeal to the Builder Assessment Committee (BAC). The appeal must be lodged within 28 days of the decision.

The BAC will review the decision and may affirm, vary, or set aside the original decision. The builder should prepare comprehensive submissions addressing the grounds for appeal and providing all supporting evidence.

Appeal to the Chief Officer, DBI

If the builder is dissatisfied with the BAC's decision, a further appeal may be made to the Chief Officer, DBI within 28 days. The Chief Officer must make a decision within 14 days of receiving the appeal.

Judicial Review in the Supreme Court

As a final avenue, a builder may seek judicial review of an eligibility decision in the Supreme Court of Victoria. Judicial review is concerned with the legality of the decision-making process rather than the merits of the decision itself. It is typically pursued only where there has been a clear error of law, a denial of procedural fairness, or a decision that is legally unreasonable.

Judicial review proceedings are a significant undertaking. However, as illustrated in this toolkit, the credible threat of judicial review can be a powerful lever in negotiating a resolution with the BPC.

Key Legal Principles

The following legal principles are relevant to challenging eligibility decisions:

- **Procedural fairness:** The builder must be given a fair opportunity to be heard and to respond to adverse material before a decision is made.
- **Proportionality:** The conditions imposed must be proportionate to the risk identified. Conditions that are excessive or punitive relative to the risk may be challenged.
- **Reasonableness:** The decision must be one that a reasonable decision-maker could have reached on the material available. A decision that is irrational or unsupported by the evidence may be set aside.
- **Materiality of non-disclosure:** Not every omission in an application will be material. The builder may argue that an alleged non-disclosure was not material to the risk assessment.

Burden of Proof Considerations

In eligibility disputes, the practical burden falls heavily on the builder to demonstrate that they meet the eligibility criteria. Where the BPC has raised concerns, the builder must provide evidence and submissions that address those concerns directly. Builders should approach the process with thorough preparation and, where appropriate, professional legal representation.

SECTION 9

Case Studies

The following case studies are based on real matters handled by Mackay Chapman. All identifying details have been anonymised.

Case Study 1: Eligibility Suspension on Limit Increase Application

Background

A volume residential builder constructing approximately 200 to 250 homes at any given time held DBI eligibility with a gross limit of \$25 million. The builder applied to increase its gross limit to \$75 million to reflect its growing operations.

The Issue

Rather than assessing the limit increase application on its merits, the insurer suspended the builder's existing DBI eligibility and imposed a suite of onerous conditions, including personal indemnities, occupancy permit pre-conditions, and cancellation of a separate existing facility. The suspension placed the builder's entire operations at risk, as it could not obtain new DBI certificates for any projects.

The Approach

Mackay Chapman challenged the legality and transparency of the insurer's exercise of its eligibility suspension power. Proceedings were prepared for judicial review in the Supreme Court of Victoria. In parallel, an interim gross limit of \$20 million was negotiated to preserve the builder's trading continuity while the dispute was resolved.

The Outcome

The builder's eligibility and trading continuity were preserved. The builder subsequently re-engaged Mackay Chapman to secure a limit increase to \$25 million on materially less onerous conditions than those originally proposed. A further dispute arose when the insurer sought to impose disproportionate conditions on a subsequent increase from \$25 million to

\$30 million, including a \$500,000 capital injection requirement. Mackay Chapman again challenged the proportionality and reasonableness of the conditions.

Key Takeaway

A limit increase application can trigger a broader eligibility review and, in some cases, lead to suspension of existing eligibility. Builders should seek specialist advice before applying for significant limit increases and should be prepared to challenge any conditions that are disproportionate to the risk.

Case Study 2: Director Association with Insolvent Entity

Background

A specialist rectification and refurbishment builder held DBI eligibility and was trading profitably with an expanding pipeline of work.

The Issue

The BPC first suspended and then cancelled the builder's DBI eligibility because a director of the building entity had also been a director of a separate development company that had gone into liquidation, with more than \$2.3 million owed to unsecured creditors. The BPC applied a near-blanket underwriting rule that any builder whose director has prior external administration involvement is ineligible for DBI, regardless of the circumstances.

The Approach

Mackay Chapman prepared targeted submissions to the BPC demonstrating that the earlier insolvency was related to a single development project, that all ATO, employee, and trade creditor liabilities had been met, that there was no director misconduct, and that the building entity was solvent, profitable, and expanding. Mackay Chapman argued that it was legally and commercially unsound to treat a historical, separate unsecured creditor exposure as determinative of the current builder's governance and credit risk.

The Outcome

The BPC accepted that the prior insolvency arose from unique and limited circumstances and moved away from its original blanket position. The BPC offered reinstatement on provisional terms, which were then negotiated and refined. A DBI eligibility limit of \$4.5 million was approved, preserving approximately \$8 million in new contracts that had been scheduled.

Key Takeaway

Director associations with insolvent entities are a significant risk area. The BPC's underwriting rules can result in cancellation even where the builder itself is financially sound. Specialist legal submissions challenging the application of blanket rules can be effective in securing reinstatement.

Case Study 3: Criminal Proceedings Against Director

Background

A mid-tier Victorian construction company held DBI eligibility and maintained an active domestic building pipeline valued at between \$10 million and \$20 million.

The Issue

The BPC downgraded the builder's DBI eligibility following criminal proceedings being brought against a director of the company. The BPC determined that no DBI policies would be issued at all until the criminal matter was finalised. This effectively shut the builder out of the Victorian domestic building market for the duration of the proceedings, which had the potential to continue for an extended period.

The Approach

Mackay Chapman intervened to preserve the company's eligibility on an interim basis, ensuring that the builder could continue to trade and service its existing pipeline while the criminal matter was pending.

The Outcome

The builder's eligibility was preserved on an interim basis throughout the proceedings. When the criminal charges were ultimately dropped, Mackay Chapman negotiated the full reinstatement of the builder's DBI eligibility.

Key Takeaway

Criminal or regulatory proceedings against a director can have an immediate and severe impact on a builder's DBI eligibility, even before any finding of guilt. Early legal intervention is critical to preserving interim eligibility and trading continuity.

Case Study 4: Cancellation Based on Historical Insolvency Associations

Background

A small residential builder operated a profitable building business with a project pipeline valued at approximately \$3.5 million.

The Issue

The BPC cancelled the builder's DBI eligibility based on a director's historical association with entities that had previously become insolvent. The cancellation posed an existential threat to the business, as the builder could not obtain DBI certificates and could not lawfully carry out domestic building work.

The Approach

Mackay Chapman challenged the BPC's decision on the grounds of legal unreasonableness and procedural fairness. Through robust negotiation and the credible threat of judicial review proceedings, Mackay Chapman pressed for a commercial resolution.

The Outcome

A commercial settlement was reached that reinstated the builder's eligibility, preserving the \$3.5 million project pipeline. A DBI eligibility limit of \$2 million was approved.

Key Takeaway

Historical insolvency associations can form the basis for cancellation of eligibility, even where the current building entity is profitable and well-managed. A proactive legal challenge, grounded in principles of reasonableness and procedural fairness, can be effective in securing reinstatement.

Case Study 5: Onerous Eligibility Conditions

Background

A mid-tier high-end home builder applied for DBI eligibility. The builder had a track record of delivering quality residential projects.

The Issue

The insurer imposed a suite of onerous conditions on the builder's eligibility, including a requirement for a significant liquidity injection (approximately \$1 million), a personal deed of indemnity from a non-director party, and a downgraded risk rating attributed to negative working capital and an ATO debt. Significant discrepancies were raised regarding the builder's financial year 2024 financial reports and a \$1.45 million work-in-progress (WIP) valuation. A final demand was made for a secondary accountant's declaration in terms that threatened to invalidate the accountant's professional indemnity cover.

The Approach

Mackay Chapman challenged the proposed terms on multiple fronts. The financial report discrepancies and WIP valuation issues were addressed through detailed submissions. The demand for an accountant's declaration in the form proposed by the insurer was resisted on the basis that it was unreasonable and commercially impractical.

The Outcome

DBI eligibility was granted with a gross limit of \$25 million on workable conditions. The requirement for a personal deed of indemnity from the non-director party was removed.

Key Takeaway

Conditions imposed as part of the Terms Offered can be challenged. Builders should not accept onerous or unreasonable conditions without seeking specialist advice, particularly where conditions involve personal indemnities from non-director parties or requirements that may have unintended consequences for the builder's professional advisers.

SECTION 10

Upcoming Changes (From 1 July 2026)

Significant changes to the Victorian DBI scheme will take effect from 1 July 2026. Builders must prepare for these changes well in advance.

Exit of Private Insurers

From 1 July 2026, all private insurers will exit the Victorian DBI market. DBI will be issued exclusively by the Building and Plumbing Commission (BPC). Builders who currently hold eligibility through a private insurer will need to transition to the BPC.

Transition to a First-Resort Insurance Model

The DBI scheme will transition to a first-resort insurance model. Under the current last-resort model, a homeowner can only claim on a DBI policy where the builder has died, disappeared, become insolvent, or failed to comply with a Tribunal or Court order. Under the first-resort model, homeowners will have broader access to make claims on DBI policies.

This change is expected to increase the BPC's exposure to claims, which may in turn affect the BPC's approach to eligibility assessment and the conditions it imposes on builders.

Eligibility Not Automatically Granted

Builders should not assume that existing eligibility will automatically transfer to the BPC. Each builder must apply to the BPC and ensure their eligibility is confirmed under the new arrangements. Builders are accountable for ensuring that their eligibility is transferred and that there is no gap in coverage.

Interim Terms and Financial Review

Builders who transition to the BPC may be offered interim terms of eligibility. These interim terms will be subject to a full financial review within six months. Builders should ensure their financial records are up to date and professionally prepared in anticipation of this review.

Builders are strongly encouraged to begin preparing for the transition as soon as possible. This includes reviewing their current eligibility terms, ensuring all compliance obligations are met, and seeking specialist advice on the transition process.

SECTION 11

Key Contacts and Resources

Organisation	Contact Details
Building and Plumbing Commission (BPC)	www.bpc.vic.gov.au Claims Portal BuildVic Portal
Victorian Building Authority (VBA)	www.vba.vic.gov.au 1300 815 127
Australian Taxation Office (ATO)	www.ato.gov.au 13 28 61
Consumer Affairs Victoria	www.consumer.vic.gov.au
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GLOSSARY

Glossary

Term	Definition
BAC	Builder Assessment Committee. The committee within the BPC that considers eligibility applications that have been referred for further assessment.
BPC	Building and Plumbing Commission. The designated insurer for domestic building insurance in Victoria as of 1 July 2025.
BuildVic Portal	The BPC's secure online portal for purchasing DBI, viewing certificates, accessing letters of eligibility, and checking limits and premium rates.
Cancellation	The permanent termination of a builder's DBI eligibility by the BPC.
Category Limit	The maximum value of a single project that a builder may undertake within a particular category of work.
DBI	Domestic Building Insurance. The mandatory insurance scheme protecting homeowners against loss arising from a builder's death, disappearance, insolvency, or failure to comply with a Tribunal or Court order.
DBI Eligibility	The status granted by the BPC that permits a registered domestic builder to obtain DBI certificates for individual projects.
Deed of Indemnity	A legal instrument by which a person (typically a director) personally guarantees the obligations of the building entity to the BPC.
Gross Limit	The maximum total value of domestic building work that a builder may have under construction at any given time. Also referred to as the total construction limit.
Insolvency	A state where an entity is unable to pay its debts as and when they fall due. Includes receivership, voluntary administration, and liquidation.
Materiality	The threshold of significance applied when assessing whether a non-disclosure or omission in an eligibility application is material to the risk assessment.
Non-Disclosure	The failure to disclose material information to the BPC in connection with an eligibility application or ongoing obligations.
Reinstatement	The restoration of a builder's DBI eligibility following a period of suspension.
SBR	Small Business Restructure. A formal process under the Corporations Act 2001 (Cth) that allows eligible small businesses to restructure their debts.
Suspension	A temporary restriction on a builder's DBI eligibility that prevents the builder from obtaining new DBI certificates.

Tax Clearance Certificate	A certificate issued by the ATO confirming that a taxpayer's tax obligations are up to date.
Terms Offered	The document issued by the BPC when DBI eligibility is granted, setting out the builder's approved limits, categories, and any conditions.
VBA	Victorian Building Authority. The regulator responsible for builder registration in Victoria.
VMIA	Victorian Managed Insurance Authority. The former designated insurer for DBI in Victoria, prior to the BPC assuming this role on 1 July 2025.
WIP	Work in Progress. The value of partially completed building work, often required to be valued in accordance with Australian Accounting Standards for eligibility purposes.

DISCLAIMER

Disclaimer

This toolkit is provided for general information purposes only. It does not constitute legal advice and should not be relied upon as a substitute for professional advice tailored to your individual circumstances.

The information contained in this document is based on legislation, regulations, and industry practice as at March 2026. Laws and regulatory practices are subject to change, and the information in this toolkit may not reflect changes that occur after the date of publication.

You should seek advice from a qualified building and construction lawyer before acting on any information contained in this toolkit, particularly in relation to decisions affecting your DBI eligibility or your ability to carry out domestic building work.

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