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Media release

NZ building warranties differ in important ways, new analysis finds

New Zealand's three main residential building warranties provide different forms and levels of protection, meaning homeowners should carefully understand what is covered before relying on a warranty if a defect arises.

The NZ Institute of Building Surveyors (NZIBS) has published a comparative analysis of the country's three principal residential building warranty products: the Master Build 10-Year Guarantee, the Halo 10-Year Residential Guarantee, and the Stamford Insurance-Backed 10-Year Building Warranty.

The report identifies important differences between the products, including their structure, claims processes, defect definitions, and available levels of cover.

Darryl August, NZIBS President, says homeowners are often not fully aware of the detail of their warranty cover.

“Many people building a new home know they have a warranty but may not fully understand how it will respond if something goes wrong.

“These products are not the same, and the differences can become particularly important when a homeowner needs to make a claim.”

One important distinction is how claims are processed.

Two of the three products require the homeowner to notify the builder first and allow 90 days for a remedy before the guarantee provider steps in.

The third gives the homeowner direct access to the insurer from the start.

For homeowners dealing with a builder who is insolvent, unresponsive, or in dispute, that process may affect how quickly support becomes available.

Two of the products are self-funded industry guarantees rather than insurance policies. The third is underwritten by Lloyd's of London. August says that distinction is worth understanding.

“An industry guarantee is a contractual promise. An insurance-backed warranty is a regulated policy with a licensed insurer behind it.

“Many homeowners may not have been clearly told which type they have, and that can be relevant if the builder stops work or becomes insolvent.”

The analysis also notes that the definition of a defect varies between products. Under one guarantee, a problem only meets the definition if it fails the Building Code, is not fit for purpose, and falls outside the Guide to Acceptable Tolerances.

The same guarantee caps the maximum payout on any single claim at \$250,000 or 25 per cent of the contract value, whichever is lower.

On a \$1.5 million build, that limit would apply irrespective of whether remediation costs exceed that amount.

Accommodation cover, for homeowners who cannot stay in their home during repairs, ranges from \$10,000 under one product to \$30,000 under another.

Deposit protection and non-completion cover are treated differently across the three products: they are not available under one product, are optional add-ons under another, and require the premium option under the third.

August says the purpose of the analysis is to help homeowners make more informed decisions before they sign a building contract.

“We are not telling anyone which product to choose. The right answer will depend on the builder, the project, and the level of protection the homeowner wants.

“The important point is that the decision should be made at the start, when there is still an opportunity to understand the options and choose the most appropriate level of cover.”

Legislative changes to the building warranty framework are signalled for 2027, as the current Building Act does not require builders to provide an independent warranty.

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For more information, call James Paul on 022 514 0716