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<b>BULLETIN NUMBER:</b>	<b>05-2014</b>
<b>TITLE:</b>	<b>HOME WARRANTY INSURANCE REGULATION – SUPERINTENDENT’S INTERPRETATION OF SECTION 6(i)</b>
<b>DATE:</b>	<b>July 2014</b>

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## **PURPOSE**

The purpose of this bulletin is to provide clarity regarding the meaning of section 6(i) of the Home Warranty Insurance Regulation (Regulation):

- 6 A warranty provider may exclude the following from coverage under a home warranty insurance policy: ...
  - (i) designs, materials or labour supplied by anyone other than the residential builder or the employees, agents or subcontractors of a residential builder, but not including any designs, material or labour retained by the residential builder or by an owner builder in a reconstruction.

This permitted exclusion is intended to apply to designs, materials or labour supplied after completion of construction of the new home and after commencement of home warranty coverage. The reason for the permitted exclusion is that the home warranty insurance provider cannot be held responsible for modifications or alterations to the new home that occur outside of the control of the residential builder after initial construction is completed.

There may be situations during the construction of a new home where the future owner of the new home arranges with the residential builder to personally supply designs, materials or labour to the new home during construction. For example, the future home owner may wish to install his/her own flooring, electrical, or roofing. If the residential builder permits this to happen, the residential builder remains responsible because it continues to control overall construction. The designs, materials or labour contributed by the future owner of the new home will be deemed to be supplied by an employee, agent or subcontractor of the residential builder and will be covered under the home warranty insurance policy to the extent that coverage exists. The result will be that those designs, materials or labour will not be permitted to be excluded from coverage under the home warranty insurance policy.

Any questions regarding the contents of this bulletin may be directed to the Office of the Superintendent of Insurance at 780-427-8322 or toll free by dialing 310-000, then 780-427-8322 or e-mail at [TBF.insurance@gov.ab.ca](mailto:TBF.insurance@gov.ab.ca).

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