

## Q&A: Tarion Seeking Feedback on Proposed Regulatory Changes

Following consultation on proposed policies in 2021, Tarion is now consulting on regulatory changes to support improvements to the Customer Service Standard, an increase to the Warranty Compensation Limit, and the creation of a Temporary Relocation Warranty.

Tarion is seeking input from stakeholders and the public on several changes and your feedback will help to inform Tarion's path forward.

This Q&A has been developed to assist in providing more information.

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### 1. [What consumer protection initiatives is Tarion seeking public input on?](#)

Following consultation on proposed policies in 2021, Tarion is now consulting on regulatory changes to support improvements to the Customer Service Standard, an increase to the Warranty Compensation Limit, and the creation of a Temporary Relocation Warranty.

Specifically, Tarion is consulting on proposed changes to Regulation 892 under the Ontario New Home Warranties Plan Act to:

- Extend the initial homeowner submission period by 10 days (i.e., now 40 days) and make the current grace period of 10 days at the end of the first year permanent.
- Create a mid-year submission at six months.
- Allow homeowners to add items to a running list of potential defects at any time during the first-year warranty period.

- Remove the 30-day timeline for a homeowner to request a conciliation and instead allow them to request a conciliation up to 120 days after the close of the first year for any items submitted during the first year.
- Remove the 30-day timeline for a homeowner to request a conciliation in year two of the warranty and instead allow them to request a conciliation up to 120 days after the close of the second year for any items submitted during the second year.
- Create a new requirement that Tarion must schedule a conciliation inspection within 15 days of the request being made and make changes to the current requirements for timelines of conducting the conciliation inspection and issuing the assessment report.
- Increase the warranty compensation limit available from Tarion relating to freehold homes (i.e., lot and dwelling) that do not benefit from additional Common Element protections from \$300,000 (current) to \$400,000 (proposed).
- Create a new Temporary Relocation Warranty of \$150/day, to help cover costs associated with temporary accommodations if a repair renders the home uninhabitable.

This consultation builds upon the progress Tarion has made since 2019 and follows the roadmap to modernize our operations outlined in the [implementation plan](#) that was released in 2020.

Together, the changes Tarion is making will help homeowners, increase consumer confidence, and create a stronger new home warranty and protection program for all Ontarians.

## 2. [When would these proposed improvements come into effect?](#)

The proposed improvements are anticipated to come into effect on July 1, 2023.

Tarion is committed to keeping the public informed on these important changes. We will continue to communicate with key stakeholders, including homeowners and builders, on the timing of these changes.

## 3. [How is Tarion collecting input from consumers?](#)

Tarion is collecting input from stakeholders through virtual roundtables and meetings with homeowners, the building industry and other stakeholders, and submissions from any member of the public to the Ontario Regulatory Registry or via [submissions@Tarion.com](mailto:submissions@Tarion.com) by November 14, 2022.

Tarion welcomes feedback and encourages anyone interested to provide comments as part of the consultation process.

#### 4. How will these improvements enhance consumer protection?

These changes will help Tarion improve our customer service timeframes, modernize our processes to better serve the needs of homeowners, and be a more responsive and transparent authority.

For example:

- Enhancements to the Customer Service Standard will improve homeowners' ability to seek assistance from Tarion, reduce the chance of a homeowner missing a timeline, and increase opportunities for homeowners to receive warranty coverage.
- Homeowners would benefit from the Temporary Relocation Warranty, as this compensation would now be eligible under the warranty and providing compensation to homeowners in instances where they must relocate while repairs that arose from a warranted item are underway will help reduce their financial burden.
- The new Warranty Compensation Limit would benefit future freehold homeowners with enhanced consumer protection as an increased compensation limit would help them get more overall coverage and make the Ontario coverage for freehold homes the highest such coverage available in Canada.

#### 5. Do I need to comment on all proposed improvements for my feedback to be considered?

Tarion recognizes that not all of the topics will be relevant to every individual or organization. Please provide comments on the topics that are relevant.

While this consultation focusses on specific recommendations and questions, if you have additional comments, please send them to [submissions@tarion.com](mailto:submissions@tarion.com).

#### 6. Why has Tarion only now decided to reconsider the 30-day deadline?

Effective September 14, 2020, Tarion made interim improvements to Tarion's Customer Service Standard (CSS).

These changes include increasing homeowners' ability to access help from Tarion by adding 10-day grace periods to:

- The initial 30-day claim submission period
- The initial 30-day request for conciliation period
- The year-end claim submission period with written evidence the homeowner reported items to their builder during the first-year warranty period
- The year-end request for conciliation period

Additionally, these changes allow homeowners to add additional items to forms during the 30-day and year-end claim submission periods, and increase the types of claims that can be addressed anytime in the first year by expanding the definition of emergency claims to include any water penetration claims.

Now, Tarion is seeking input on long-term regulatory changes to the CSS.

7. You previously consulted on relocation costs. How is this different than before?

The previous consultation was designed to help Tarion get a better understanding of stakeholder feedback on relocation costs and Tarion's current Temporary Relocation Allowance.

Based on the feedback from the previous consultation, Tarion is now proposing to create a new Temporary Relocation Warranty which would cover an amount of up to \$150 per day with a cap of \$15,000.

This new warranty would fall within the maximum statutory warranty compensation limit.

8. How do the proposed changes to the Customer Service Standard differ from the two options proposed in spring 2021?

Tarion is proposing changes to the Customer Service Standard that combine some elements of both [options 1 and 2](#). For example, Tarion is proposing a new 6-month submission period and unlimited ability to request conciliation inspections consistent with option 1; however, Tarion is proposing a longer deadline to request a conciliation consistent with option 2.

9. Considering home prices across the province, why is Tarion proposing to increase the warranty compensation limit to \$400,000?

Despite the cost of a typical home being higher than the warranty compensation limit, the major cost of a new home in Ontario continues to be the value of the land upon which the home is built – not the cost of the home itself. Additionally, the new home warranty applies to the construction of a home and not the land.

The average cost to the homeowner for the coverage (2021) is about \$1300, paid as a one-time enrolment fee (i.e. not an annual premium) payable to Tarion by the vendor of the home.

Now, the proposal is to increase the limit by 33%, from \$300,000 (current) to \$400,000 (proposed) and making the Ontario coverage for freehold homes the highest such coverage available in Canada.