Insurance Valuations

Risk Management and Lessons Learned

By Peter Greenham

Independent Inspections
P: 1300 857 149
F: 1300 857 150
M: 0402259479
E: admin@iigi.com.au

Introduction

- What is Insurance Valuation?
- What areas does it include?
- Types of Strata Plans?
- Risk Insurance and removal of Debris?
- Insurance Valuation Case Study

Independent Inspections
Identifying your needs

What is a Insurance Valuation?

- Definition

- The Replacement value involves the construction of a building having the same functional use and of the same useable area as the building was originally and also to conform to regulations and bylaws since the original date of construction.

Independent Inspections
Identifying your needs

What does a area Insurance valuation Include or not ?

- The body corporate must insure:
- common property and body corporate assets
- buildings in which lots are located.
-
- Building
- A building includes improvements and fixtures
- (excluding carpet), but does not include:
- temporary wall, floor and ceiling coverings
- fixtures removable by a lessee or tenant at the end of a lease or tenancy
- mobile or fixed air conditioning units servicing a particular lot
- curtains, blinds or other internal window coverings
- mobile dishwashers, clothes dryers or other electrical or gas appliances not wired or plumbed in.

Independent Inspections
Identifying your needs

Types of Plans?

- The common categories of plans registered as community titles schemes are:
- Building Format Plan (previously a Building Units Plan)

- A building format plan of subdivision is a form of subdivision that normally occurs within
- a building. An example of a scheme that is established as a building format plan is a multi-storey block of residential units.

- Standard Format Plan (previously a Group Titles Plan)

- A standard format of subdivision plan defines land with references to marks on the ground or a structural element (for example, survey pegs in the ground). An example of a scheme that is established as a standard format plan includes
- a townhouse complex where on each lot is a building and a backyard or courtyard..

Independent Inspections
Identifying your needs

Risk Insurance and removal of debris ?

- . The insurance policy must:
- cover damage and the costs associated with the reinstatement or replacement of insured buildings, (including the cost of taking away debris and the fees of architects and other professional advisers)
- provide for the reinstatement of property to its condition when new.

- The body corporate must take out public risk insurance over the common property and for assets for which it is practical to have public risk insurance. The body corporate is not required to take out public risk insurance over any other property, such as a lot owned by a person other than the body corporate.

- The public risk insurance must provide for the following type and level of coverage:
- for amounts the body corporate becomes liable to pay for compensation for death, illness and bodily injury and damage to property
- to the value of at least $10 million for a single event, and at least $10 million in a single period of insurance.

Independent Inspections
Identifying your needs

Case Study

- The Complex 2 Units
- Fire in one unit
- Took 26 months to finish
- Debris on site for 4 months
- Loss of rent for $320,000
- The Debris was removed after 4 months with the use of 2 excavators and a Truck.

Independent Inspections
Identifying your needs

When should update your insurance valuation

- If the body corporate is required to insure one or more buildings, the body corporate must, at least every five years, obtain an independent valuation for the full replacement value of the building or buildings.

Independent Inspections
Identifying your needs

Independent Inspections
Identifying your needs

Thank You

THE GLOBAL COMPACT
WE SUPPORT

Independent Carbon Neutral
ISO 14064

Independent Corporate Responsible Business
LEVEL 2 INTERMEDIATE
ISO 26000