

# Scope of Work

## Insurance Valuation Reports

### 1. Overview

Founded in 1995, Keen Property has extensive experience in providing professional insurance valuations. Insurance valuations have been a core part of our services since inception, demonstrating our expertise across various asset classes and property titles. Our services cover:

- **Asset Classes:**

- Residential properties (e.g., prestigious houses, waterfront properties, and prestigious apartments)
- Commercial properties (e.g., offices, mixed-use buildings, major shopping centres, and five-star hotels)
- Industrial properties (e.g., warehouses and educational facilities)

- **Property Titles:**

- Strata title
- Building Management Committees (BMC)
- Community title
- Company title
- Deposited plans
- Stratum lots

### 2. Quotation Process

- **Initial Review:**

- Upon receiving a request, we review the strata or relevant property plan to determine the number of lots, property address, and any complexities such as access issues, heritage considerations, or challenging topography (assessed via aerial imagery).

- **Quotation:**

- Based on the review, a quote is provided.

### 3. Instructions to Proceed

- Upon receiving instructions to proceed, we request the current insurance expiry date, the current sum insured if available, and access contact details as applicable. The commencement date of the insurance valuation is typically set as the day following the policy's expiry. This ensures our valuation assumes a total loss on the last day of a 12-month policy starting from the commencement date. However, we can adjust the commencement date based on specific instructions from the owner(s).

### 4. Valuation Approach

- **Replacement (New for Old):**

- Replacement is assessed on a "New for Old" basis, ensuring functional equivalence and usable areas matching the original structure. The valuation

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incorporates modern materials, techniques, and compliance with the National Construction Code of Australia.

- **Reinstatement of Partially Damaged Buildings:**
  - In the event of partial damage, reinstatement will involve repairing or restoring the damaged parts to ensure they are not worse or less extensive than their condition when new, in accordance with Section 161(b) of the Strata Schemes Management Act 2015.
- **Reconstruction Assumptions:**
  - The valuation assumes reconstruction of the property after a total loss, taking into account necessary allowances and considerations.
- **Inspection Scope:**
  - Inspections include the assessment of common property and, if deemed appropriate, the interior of individual lots to gain an understanding of owners' improvements and fixtures.
- **Consideration of Relevant Legislation:**
  - The valuation process adheres to legislative requirements and guidelines to ensure compliance and accuracy.
- **Allowances:**
  - Considerations for removal of debris, professional fees, and escalation costs are included.
- **Other Considerations:**
  - Access (e.g., hoarding or traffic management requirements, vehicular, pedestrian, marine)
  - Environmental factors
  - Topography (e.g. steep gradients)
  - Heritage considerations

#### 5. Legislative Compliance

Keen Property adheres to the guidelines of the Australian Property Institute, which adopts the International Valuation Standards. Additionally, we comply with relevant legislation, including but not limited to the following:

##### Relevant Legislative Provisions (Summary):

- **Strata Schemes Management Act 2015**
  - Section 160: Owners Corporation obligations to insure the building.
  - Section 161: Requirements for damage policies, including:

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- Replacing the building if it is destroyed, ensuring it is not worse or less extensive than when new.
- Repairing or restoring damaged parts to ensure they are not worse or less extensive than when new.
- Providing for expenses incurred in removing debris and professional services necessary for rebuilding, replacing, or repairing.
- Section 162: Proportional payment of insurance premiums for strata schemes covering only part of a building.
- **Strata Schemes Management Regulation 2016**
  - Regulation 39: Calculation of minimum insurance limits and escalation allowances.
- **Community Land Management Act 2021**
  - As stated in the Community Land Management Act 2021, the owners must insure the improvements as defined in Part 9, Division 1 of the Act.

#### 6. What is Insured?

- **It is not limited to common property.**
- **Definition of Building:**
  - A 'building', in relation to a strata scheme or a proposed strata scheme, means a building containing a lot or proposed lot, or part of a lot or proposed lot, in the scheme or proposed scheme.
  - The basis for insurance valuation under the SSMA 2015, Section 161, Items (3) and (4):
    - **Parts of a Building to be Covered:**
      - Owners' improvements and fixtures forming part of the building.
      - A building consisting entirely of common property.
      - Anything prescribed by the regulations as forming part of the building for the purposes of this section.
    - **Parts of a Building Not Required to be Covered:**
      - Fixtures removable by a tenant at the expiration of a tenancy.
      - Owners' improvements and fixtures comprising paint, wallpaper, and temporary wall, floor, and ceiling coverings.
      - Anything prescribed by the regulations as not forming part of a building for the purposes of this section.
  - This interpretation is fundamental to understanding what must be insured by the Owners Corporation.



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#### 7. Additional Improvements

Information regarding additional improvements or fixtures added by owners that may impact the valuation should be provided in as much detail as available.

#### 8. Update Insurance Valuations

Keen Property offers update insurance valuations for up to two consecutive years following an inspected valuation. These updates do not require a property inspection unless advised of significant changes that could affect the insurance valuation.

#### 9. Conclusion

Keen Property is committed to delivering accurate and reliable insurance valuations that meet legislative requirements and address the unique needs of each property and ownership structure.