



**W**hen insuring your property assets, it is imperative to know, that in the event of a disaster, you can replace your assets to the same size and scale as the existing structure, utilising modern materials and construction methods.

As Registered Valuers, Williams' Harvey can provide you with a reinstatement insurance valuation which will give you peace of mind knowing your assets are properly insured.

The aim of this booklet is to provide helpful and practical valuation advice when insuring your property assets.

**Insurance**

*noun (mass noun)*

*"an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for a specified premium."*

Oxford Dictionary



WILLIAMS' HARVEY

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All material and opinions in this brochure are not market specific and should be used as a guide only. Williams' Harvey should be consulted before relying on or acting on this information.

Are you  
insuring  
your  
property?

Independent, expert property advice

WILLIAMS' HARVEY

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## How can a Registered Valuer help?

A Registered Valuer can estimate the cost, at the date of valuation, of replacing your asset with a new modern equivalent asset including the use of current equivalent technology, materials and services to the same size and scale of your existing asset. This will allow you to replace your asset in the event of disaster.

## The difference between Market Value (MV) and Reinstatement Value

The market value of your property can be very different to the reinstatement value.

Market Value (MV) indicates “the most probable price that would be achieved in a hypothetical exchange in a free and open market transaction”. As building improvements get older they can depreciate and become obsolete. This may reduce their market value.

Reinstatement Value is distinctly different, as this refers to the cost to replace your asset today, to the same size and scale, taking into account modern equivalent technologies, materials and services.

Cost does not always equal value and if you have an older premises, cost to recreate may well be above the asset's current market value.

“Independent, Expert  
Property Advice”

## What does a Registered Valuer do?

- We undertake a full property inspection measuring all building improvements and floor areas. We take particular note of the style and design of the improvements, construction materials, fittings and appointments.
- Other site improvements are also captured measuring sealed yard spaces, driveways, retaining walls, fencing, swimming pools and anything else required to be included.
- We photograph the exterior and interior of all building improvements, other improvements and site works capturing an excellent visual record of your assets.
- We draw a floor plan of the building improvements.
- Taking into account current construction costs, we estimate what we consider to be the current reinstatement cost to replace your assets to the same size and scale utilising modern technologies, materials and services.
- We provide an insurance valuation report and reinstatement valuation certificate that your insurers can rely upon.
- As Registered Valuers we are well qualified to undertake the above and ensure that when you are insuring your property assets you have arranged the appropriate cover so you can replace your assets to the same size and scale they were before any disaster event.

## Key items of analysis to arrive at your 'Reinstatement Sum Insured' with your Insurer

1. Reinstatement Value  
This is the assessment to reinstate your building improvements to the same size and scale utilising modern technologies, materials and services.
2. Other Site Improvements  
This again is the assessment to reinstate your other site improvements to the same size and scale utilising modern technologies, materials and services.
3. Demolition  
Prior to reinstating your assets the site will need to be cleared. This is known as demolition. The costs of demolition are deducted from your Sum Insured. Therefore it is imperative that when deciding on your Reinstatement Sum Insured, demolition is included
4. Inflationary Provisions  
If your asset is destroyed on the last day of your policy there is 12 months of inflationary pressures on construction prices. It also takes time to demolish and clear the site, draw plans and gain Council consents and rebuild your assets. Therefore there is a need to also include inflationary provisions within your Reinstatement Sum Insured.
5. Reinstatement Sum Insured  
This is the sum you agree to insure your property assets for with your insurer. You arrive at your Reinstatement Sum Insured by: Reinstatement Value + Demolition + Inflationary Provisions = Reinstatement Sum Insured.