

# Insurance Valuations

Commercial property owners insure their property mostly against damage or destruction from fire, flooding, earthquake or other natural disasters because it is prudent risk management. But more significantly for leased or mortgaged properties, there is generally a *contractual requirement* to insure for reinstatement in the event of a loss.

Duke & Cooke provides this service for numerous clients on an on-going basis.

## What does an insurance valuation provide?

An insurance report provides your insurers with the required figures and calculations for determining your **property's insurable value**. These include:

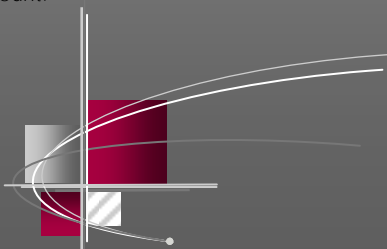
**Reinstatement Estimate** – this is the cost to rebuild a Building Act-compliant structure, in current equivalent materials, which includes allowances for design and consent fees.

**Indemnity Value** – this is the depreciated value of the insured assets taking into account their age and condition.

**Demolition** – this is the cost of site clearance in the event of a loss.

**Inflation** – this is the anticipated amount by which the insured reinstatement and indemnity amounts may increase during the period of insurance and any additional time required to rebuild.

**Sum Insured** – this is the sum of the reinstatement, inflation and demolition estimates, and your premium will be assessed against this amount.



## Frequently Asked Questions

### What should be insured?

Your insurance should cover all on-site development work including buildings and site development works. Land is not an insurable asset in New Zealand.

### Why should site development works be insured?

Site development includes sealed yardage, fencing and landscaping and should be covered by your insurance as these developments can be damaged or destroyed particularly during the reinstatement process.

### Why use a registered valuer?

A real cost saving can be made by using a registered valuer. A portion of your insurance premium comprises the **Fire Service Levy that is levied against your property's indemnity or depreciated value**. A registered valuer's assessment of indemnity value can be used for this purpose; otherwise, the levy is applied against the full reinstatement value. The assessment **process as a whole benefits from a registered valuer's** experience and knowledge, as well as any future valuation work you may require.

### How frequently should the insurance assessment be updated?

In stable market conditions where inflation is reasonably in check, we recommend bi-annual reviews; however, where inflation is running a bit higher, it may be appropriate to review annually.



*Require more information or need to arrange a valuation? Simply contact Duke & Cooke to speak to any of our commercial valuers  
Phone (03) 548 9104.*

### What is taken into account in the insurance assessment process?

Duke & Cooke valuers have a sound knowledge of the Building and Resource Management Acts and will assess a reinstatement estimate that reflects current requirements to comply. For example, some older buildings may now not comply in terms of access, and the requirement to provide a lift service to a first floor area can add significantly to the cost to rebuild.

### What will be in the insurance report?

As well as a report providing the various required values, a building data form with photographs is provided for each significant building structure on the site, which details its age, area, construction and any other special features.

### What does the insurance valuation cost?

We are happy to provide you with a quotation for this work. The first insurance valuation requires a thorough inspection and investigation of the building(s) and site works; thereafter reviews are undertaken that require a fraction of the time.

If your property is leased, the full cost of insurance including our valuation fee can, in most cases, be passed on to the tenant.

