

# Insuring success

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Ewan Craig talks about the competency of insurance

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Insurance is one of the optional competencies of the building surveying Assessment of Professional Competence (APC), which by its nature is more suited to those involved with insurance work on a regular basis such as loss adjusters.

## The levels

### At level 1

Demonstrate knowledge and understanding of the principles and practices of insurance in relation to your area of practice.

### At level 2

Apply your knowledge and/or be involved with the insurance of construction and/or property related matters.

### At level 3

Demonstrate a thorough understanding of the regulations and practice governing the insurance of construction and/or property related matters.

Insurance can be involved in many activities, such as remedial works covered by claims, the insurance required in building contracts, professional indemnity cover to practice or in reinstatement cost assessments.

You should be familiar with the insurance issues in your submission documents and be ready to address questions on them and aspects related to them.

## Questions

Actual questions are based on the candidate's experience, which should be at level 2 but could exceed this. Two examples are given below.

### Could you please explain how you prepared the reinstatement cost assessment for property X?

This is aimed at level 2, however your experience may extend to level 3, say if you gave reasoned advice in a report to the client. The answer would explain pertinent issues to support your application of knowledge.

This is a detached commercial property. I confirmed with my client that an assessment of building reinstatement cost for insurance purposes is required and not another form of valuation. I followed the RICS [Reinstatement cost assessments of buildings](#) guidance note.

By adopting consistent methods for taking instructions, inspection of buildings, collating information, I carried out the assessment with speed, accuracy and efficiency. My initial enquiries established matters that influence the reinstatement cost ? for example, that 'day one assessment' was required and the building was not listed or subject to other constraints.

The quality of the information is pivotal to the accurate assessment of the reinstatement cost. I inspected the property, gaining information for the assessment including measurements to calculate the gross internal area, form of construction, age and the surrounding properties. I built up a rate for the building from its elements and used this to prepare the total reinstatement cost assessment, which included fees, demolition costs and external works following the RICS guidance note. My manager checked and used the calculation in the report to the client.

**Would you please explain the insurance aspects influencing the remedial works in the insurance claim for project Z?**

This is aimed at level 2. The answer would show the issues that were considered in applying your knowledge.

Project Z arose from an insurance claim for flood damage. The insurer approved the claim and appointed a loss adjuster with whom I liaised throughout the project on issues such as costs and the extent of the works. I was appointed by the insured for the remedial works and other works they wished to carry out at the same time. This mix of works could have potentially complicated matters. I followed my practice's methodology for projects arising from an insurance claim with additional processes compared to work financed directly by the client. I established the policy cover limits to confirm the adequacy of the sum insured with the loss adjuster; this confirmed there were no restrictions to full reinstatement.

Other insurance aspects included establishing the policy excess and that no endorsements applied from the building and the contents policies. Betterment was also clarified, because the insurance policy is written on the basis of indemnity, i.e. to place the insured as nearly as possible in the same financial position after a loss as immediately before it happened.

Although not required, I was mindful that reinstatement is just one way of assessing indemnity; if the building was not going to be repaired then some other assessment may be more appropriate, such as diminution in market value.

## Care

Given the time constraints of the APC your answer should give a brief but whole response. Care should be taken to demonstrate your own skills, abilities and knowledge to the assessors.

Thanks to [Alan Cripps](#) , RICS Associate Director of the Built Environment, for his input to this article.

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## Further information

- Details on the [APC pathway guide](#) for building surveyors are on isurv
- Figures show that candidates with access to [isurv.com](#) are 12% more likely to pass than those who do not

- Related competencies include [Client care](#) , [Building pathology](#) , [Inspection](#) , [Construction technology and environmental services](#) , [Legal/ regulatory compliance](#) , [Design and specification](#)
- This feature is taken from the RICS *Building surveying journal* (July/August 2015)