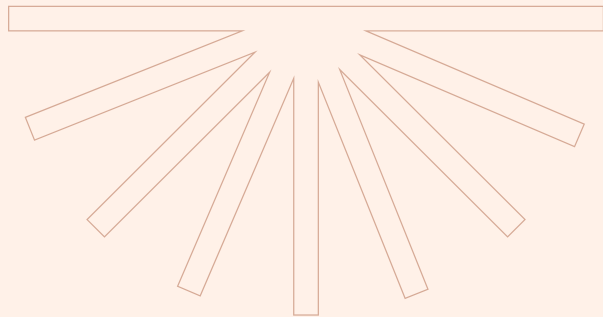




# REINSTATEMENT COST ASSESSMENT

Commonly known as  
Replacement Cost Assessment  
Fire insurance valuation



Office



Industrial



Hotel



Residential



Prepared by:  
TDQS Pty Ltd

June 2022

# REINSTATEMENT COST ASSESSMENT

An assessment of re-construction of an identical structure & building in an event of total loss or of such substantial damage that the entire building will require demolition and rebuilding.

Recommended sum to be insured comprised of demolition, rebuilding costs and professional fees including escalation costs for re-construction period.

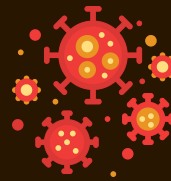


# PURPOSE

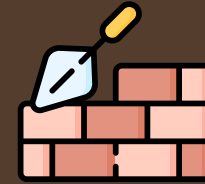
- Ensure the building is not over or under insured
- Pay the right insurance premium
- Avoid huge financial out of pocket in an unfortunate event.

# WHY NOW?

Over the last two years, we have experienced bushfire, Covid-19, flood, shortages of labour and materials and fuel prices hiked, it is estimated construction costs have increased between 8% - 35% from 2020 to 2022. It is highly recommended to re-value your property portfolio asap.



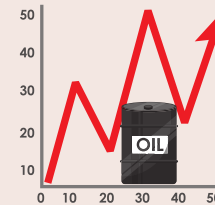
**Covid-19 & Lockdown**



**Shortages of labour and materials**



**Torrential Rain & Flood**



**Fuel Prices Hike**

# UNDER-INSURED

Insurers could apply co-insurance also known as "average clause" in the event of a loss which contained in most commercial property insurance policies.

it is extremely important that your Sum Insured reflects the true replacement cost of your property regardless of what property is worth based on its age and what you paid for it.

If your property is only insured for 75% of the true replacement value, your insurer will only pay out 75% of your claim although your total claim is less than your insurance value.

Most policies allow a sum insured that is within 80% of the replacement value without the clause coming into effect.

## Example

A building is valued at \$100m but insured at \$75m (75% of true replacement cost). In an event of a loss, you are claiming \$20m and the pay out to you is \$15m (75% of \$20m) so you are out of pocket \$5m.

# HOW FREQUENT SHOULD WE VALUE?



## Year 1

**Valuation - Site inspection**  
Analyse building structure, finishes and fittings, full measurement on scale drawings.

Report included 2nd year insured sum based on index prediction.



## Year 3

**Valuation - Site inspection**

Site re-visit, full measurement, verify changes e.g. extension or refurbishment

Report included full year insured sum based on index prediction.





# Contact Us

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