



MEDIA RELEASE

Australian Property Institute's approach to liability paves a way towards solving PI crisis

SYDNEY: 16 January 2020 – In a move that paves a way towards solving the professional indemnity insurance crisis currently gripping the property profession, the Australian Property Institute Valuers Ltd (APIV) has introduced an innovative two-tier cap approach to professional liability within its industry-leading Professional Standards Scheme (the Scheme).

The Scheme, which is a legal instrument approved under the Professional Standards Act 1994 (NSW) is recognised in all jurisdictions. Regulated by the Professional Standards Councils (PSC), it has operated for almost 10 years and covers almost 4,000 real property valuer members across Australia.

API CEO, Amelia Hodge said the APIV has a strong relationship with the PSC and has been recognised by the PSC as effectively regulating members and managing the Scheme.

“Run by an expert team, the Scheme robustly administers API and APIV Standards, monitoring and enforcing compliance obligations, thereby contributing to the ongoing improvement of professional standards,” she said. “The introduction of the two-tier cap approach to liability within the Scheme is another example of our strong leadership. It will ease the professional indemnity problem facing these members, and as a consequence, improve consumer protections and help secure the ongoing viability of the property profession as a whole.”

The first tier of caps comprises seven categories which relate to ‘low risk’ valuations of real property – that is, valuations which present little risk of being subject to legal action.

“These valuations will be subject to a liability cap of \$1 million, the minimum currently possible for professional standards schemes,” Ms Hodge said.

The approach, which came into effect on 7 January 2020, also outlines a second tier that applies to real property valuations that are not considered low risk. This tier categorises an APIV member’s maximum liability per claim and the minimum PI cover required for their next PI policy, based on the highest single valuation they completed in the 12 months immediately prior to the inception of their current PI policy.

Ms Hodge said the approach delivers certainty around insurance limits which should therefore make PI cover within the profession more available, accessible and affordable in the long term, ultimately enhancing consumer protections.

The APIV Scheme remains in force for five years at a time and the APIV is now in the process of renewing its Scheme for 2021.

“The two-tiered approach will be further expanded and enhanced in APIV’s 2021 Scheme, which will run from 2021-2026,” Ms Hodge said. “We are constantly looking at opportunities to innovate and add new professional groups, thus extending important ethical, standards-based, independent regulation and promoting broader consumer protections. This next Scheme will therefore introduce a new stream for members who are certified plant and machinery valuers, an area in which we have many practising members.”

The APIV has strong ongoing engagement with key stakeholders, including the regulator, government, insurers and banks, as well as Lloyds of London, which approves the PI premium pool and insurance book globally. The APIV also regularly consults on issues affecting the profession and related industries.

The new approach to liability follows on the heels of API’s November 2019 announcement that it is partnering with the Association of Accredited Certifiers (AAC) to develop a Professional Standards Scheme for AAC’s accredited certifier members.

“As high professional standards are vital to the integrity of the industry and consumer protection, helping other property professional bodies to develop their schemes, and constantly improving on our own will ultimately progress the profession and deepen consumer confidence in the industry,” Ms Hodge said.

The Scheme document can be found on the API's website: <http://www.api.org.au>

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About the Australian Property Institute (API)

The Australian Property Institute (API) is the leading and contemporary membership organisation for property professionals. API sets and maintains the highest standards of professional practice, education, ethics and professional conduct for its members. In turn the work of API raises the bar for the entire property profession and advocates on a range of member issues with a range of stakeholders. API is committed to building and maintaining a strong base for the future of the property profession through broadening the expertise and knowledge of membership. As a result, API’s impartial, objective and independent advice is sought after by a broad range of organisations including all levels of Government.