



# General Information about the operation of the APIV Scheme

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The Australian Property Institute Valuer Ltd

[APIV Webpage](#)

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## APIV Scheme overview

The Australian Property Institute Valuers Ltd Professional Standards Scheme ('Scheme') is approved under the Professional Standards Act 2003 (Vic). The Scheme is recognised in all state and territories, under mutual recognition provisions in the respective professional standards legislation.

In the event that a successful claim is made against an APIV member, the Scheme will operate to 'cap' the member's liability to an amount outlined in the Scheme instrument. In order to obtain the benefit of the Scheme members must comply with certain requirements including in relation to notification and holding minimum levels of professional indemnity insurance.

Professional standards legislation requires the APIV to monitor and enforce compliance obligations under the Scheme, thereby contributing to improving the professional standards of members. The Scheme document can be found on the [APIV website](#).

## Who must join the Scheme?

The API Membership Policy states that API members who undertake valuations and hold one of the following certifications must join the APIV and participate in the Scheme, unless exempted by the APIV Board:

- a) Certified Practising Valuer,
- b) Certified Practising Valuer (Plant & Machinery), or
- c) Residential Property Valuer.

The Scheme operates on a 'one-in, all in' basis, hence firms and their employees/sub-contractors, who are eligible for APIV membership, and are covered under the valuation firm's professional indemnity insurance (PII) policy, must join the Scheme to gain the benefit of the Scheme.



## What is an exemption and what categories are there?

An exemption may be granted to an API member to be exempt from participating in the Scheme on four (4) specific reasons.

- **Non-Practising** Member.
- **ADI Employee** - Member is an employee of an Authorised Deposit-Taking Institution ("ADI") and only provides valuation services for the ADI's internal risk/review purposes.
- **Government Employee** - Member works solely as an employee of the Commonwealth / State Government / Local Government and only provides valuations services for the Commonwealth / State Government / Local Government's internal purposes.
- **100% non-recourse government contracts** - Member derives 100% of their income from a Commonwealth / State Government / Local Government contract which includes as a condition of engagement that the professional services are provided on a non-recourse basis.

An API member granted an exemption will be exempt from participating in the Scheme.

The APIV also has some limited exemption and approval powers in relation to the requirements of the APIV Insurance Standards.

## What does the Scheme cover?

The Scheme applies all types of 'Occupational Services' carried out by a Scheme member by application of the qualifications, training, skills, practices, disciplines, specialisations, standards, guidelines and experience of a CPV, CPV(P&M) or RPV. This includes 'Valuation of Real Property' & 'Valuation of Plant & Machinery'.

Valuation of Real Property is defined as any valuation of any right, interest, or benefits related to the ownership, occupation or use of real property including land and all things that are a natural part of the land as well as any improvements to the land (but excluding plant, machinery, and equipment) expressed as an Assessed Value.

Valuation of Plant & Machinery means any valuation of any right, interest or benefit related to the ownership, possession or use of any chattel(s), including plant, machinery, or equipment, expressed as an Assessed Value.

Assessed Value under the Scheme means an express statement of professional opinion by a person who is or was a Scheme member as to the value of any right, interest or benefit related to the ownership, occupation or use of real property or plant, Machinery or equipment.

It also includes a range of other consultancy services including market commentary, feasibility reports, land use assessments and housing supply analyses.

## What does it not cover?

The Scheme does not apply to any liability arising out of acts or omissions in the course of providing services that do not involve the application of the APIV member's occupational qualifications, training, skills etc. acquired as a CPV, CPV(P&M) or RPV.

## How does the Scheme set the monetary ceiling?

The applicable monetary ceiling under the Scheme is determined according to the service type which gives rise to the claim against the member. In the case, of Real Property Valuation Services (other than Low Risk Valuations) it also depends upon the Assessed Value set out in the member's valuation report.

The applicable monetary ceiling in respect of each service type is set out below:

Category	Assessed Value ("AV")	Monetary Ceiling
<b>Category 1 Services</b> Real Property Valuation Services (other than Low Risk Valuations)	\$0 to \$3,500,000	\$1,000,000 (fixed)
	\$3,500,001 to \$7,500,000	AV x 33%
	\$7,500,001 to \$100,000,000	\$2,000,000 + (AV x 7.5%)
	\$100,000,001 or greater	\$10,000,000 (fixed)
<b>Category 2 Services</b>	Low Risk Valuations (LRV)	\$1,000,000 (fixed)
<b>Category 3 Services</b>	Plant & Machinery Valuations (P&M)	\$1,000,000 (fixed)
<b>Category 4 Services</b>	Other Occupational Services (OOS) <i>(which is any other occupational service that is not encompassed in categories 1, 2 or 3)</i>	\$1,000,000 (fixed)

## What are Low-Risk Valuations (LRV)?

Low-Risk Valuations have been determined to hold significantly less risk than other types of Real Property Valuation. They are capped at \$1m.

The Scheme provides ten (10) Low-risk categories:

- d) Valuation of Real Property undertaken in the capacity as an arbitrator.
- e) Valuation of Real Property undertaken for the purpose of asset means testing.
- f) Expert Determination.
- g) Expert Evidence Valuation.
- h) Financial Reporting Valuation.
- i) Government Valuation.
- j) Insurance Valuation.
- k) assessment of any unit entitlement in respect of any subdivision, strata title, company title (or similar) property.

- l) Valuation of Real Property undertaken for the purpose of determining a rate, tax, duty or levy that applies in respect of the property including but not limited to any council rates, Good & Service Tax or stamp duty
- m) Valuation of Real Property undertaken for Resumption purposes.

## **PI Insurance compliance under Scheme**

In order to obtain the benefit of the Scheme, members must maintain, during the currency of the Scheme, a professional indemnity insurance (PI Insurance) policy which meets the minimum requirements set out in the APIV Insurance Standards. The key requirements include:

### **Sum Insured**

Where a proceeding is brought against a person who was a Participating Member at the time of the act or omission giving rise to the Occupational Liability, such person must have the benefit of a PI Policy with a Sum Insured not less than:

- a) where the act or omission giving rise to the claim occurred during the currency of the Scheme, the amount of the applicable monetary ceiling (calculated as per the table on page 5); or
- b) where the act or omission giving rise to the claim occurred during the currency of a previous APIV scheme of which the member was a participating member, the applicable monetary ceiling set out in that prior scheme.

The Sum Insurance cannot be less than \$1 million. Members should obtain advice from a specialist insurance broker in selecting an appropriate sum insured having regard to the above requirements.

### **Defence Costs**

Where the PI Policy is costs inclusive the Sum Insured must exceed the above minimum requirement by at least \$500,000.

Where the PI Policy provides cost-in-addition cover such cover must be not less than \$500,000.

## Maximum Excess

The maximum excess is calculated on the valuation firm's annual fees as follows:

Annual Firm Fees	Maximum Excess
\$0 - \$349,999	\$40,000
\$350,000 to \$499,999	\$60,000
\$500,000 to \$999,999	\$80,000
\$1,000,000 to \$1,999,999	\$100,000
\$2,000,000 to 9,999,999	\$150,000
\$10M+	\$250,000

## Run-off Cover

Where automatic run-off cover is not reasonably available (which is currently the case), members must arrange and maintain run-off cover for a period 7 years following cessation of the insured professional business.

## Compliance obligations of APIV members

Members are responsible to determine their compliance obligations and to ensure that they comply with all relevant legal and Scheme requirements.

This General Handout contains only a high level overview of the key aspects of the operation of the APIV Scheme. It is the responsibility of each participating Member to familiarise themselves with the compliance requirements of the Scheme.

A Member who is a participant in the Scheme must, at all times, observe and comply with the following obligations:

- a) the APIV **Scheme instrument**;
- b) the APIV **Insurance Standards** under the APIV Scheme, including the maintenance of a compliant PII Policy, sufficient business/liquid assets and the requirement to take out run-off cover for a prescribed number of years;
- c) the **Supervision Guidelines** accompanying the APIV Scheme;
- d) the **disclosure requirements** relating to limitation of liability pursuant to the Professional Standards Legislation; and
- e) the requirements of the Professional Standards Councils (PSC) and the Professional Standards Legislation, including but not limited to:
  - (i) completion of annual compliance Self-Declaration.
  - (ii) full participation in APIV random Compliance Audit.



- (iii) notifying within a reasonable time frame of any new notification, claim or settlement of an existing claim.
- (iv) updating within a reasonable time frame of any existing notification or claim.
- (v) immediately advising the APIV when a notification or claim approaches or exceeds 50% of the Monetary Ceiling for the professional services undertaken;
- (vi) notifying and updating the APIV of new and existing complaints and disciplinary matters relating to professional services; and
- (vii) providing APIV with PII policy information, data and any other evidence of Scheme compliance, as requested by the APIV.

## **APIV's obligations to monitor members compliance.**

As the administrator of the APIV Scheme, the APIV is required to discharge its own compliance obligations to the PSC. The APIV does this by checking the compliance of members through the annual membership renewal process and random audits.

## **Further Information**

For further information on the Scheme, please check out [APIV Webpage](#) contact the APIV team on 03 9644 7500 or via email at [apivadmin@api.org.au](mailto:apivadmin@api.org.au). Further member resources can be found the APIV website.