



RICS CPD
Risk Management in Valuation



We will cover...

- A decade on – Where have we come from
- Risk Liability & Insurance Guidance Note
- The Court's approach to valuers' liabilities
- How are valuers better protecting themselves
- Limiting Liability explained
- Q&A

2

Events of the downturn 2008

- Property crash
- Interest rates at all time high
- Repossessions
- Confetti Letters
- Commercial settlements
- Insurer losses = rising premiums
- Where are we now

3

Where are we now – PI Market update

- It's still all about valuations for lending
- Insurer appetite increase, though remains limited in comparison
- Sole practitioners and smaller firms hardest hit
- Rise in allegations relating to missed defects
- The Lloyds review

4



Risk, Liability & Insurance Guidance Note

1st Edition

Published in January 2013

Developed by RICS Regulation

Aims to make valuers aware of, and be better informed about, the main risks and liabilities associated with negotiating valuation contracts and by understanding key legal concepts and risk areas, valuers will be in a stronger position to negotiate with clients and ultimately, avoid risk.

2nd Edition

Published in January 2018

Little changes made to the residential section, most updates relate to the inclusion of guidance around commercial valuation.

5



Risk, Liability & Insurance in Valuation

2nd Edition – Some of the key sections?

- The Court's approach to valuers liabilities
- Liability caps
- Third party reliance on valuations
- Contractual terms
- Professional indemnity insurance (PII)

6

// howden

The Court's approach to valuers' liabilities

- Breach of contract
- Negligence
- Duty of Care
- The standard of care of a valuer: the 'bracket'
- Limitation

No such thing as a cost free claim!

7

// howden

How are valuers better protecting themselves

- Engagement letters
- Audit trail, comparables and site notes
- Technology
- Internal procedures and working practices
- Limiting liability
- External influences

8

Efficient PI Insurance Buying



- Start the process early
- Your proposal form represents your business; does it represent it well and is it accurate?
- Ensure the person in charge of buying insurance understands how to run the process
- Report your claims history accurately and steps taken to prevent reoccurrences
- Does your broker understand what you do and how you do it?
- It's not just about premium
- Ensure you understand what your policy covers

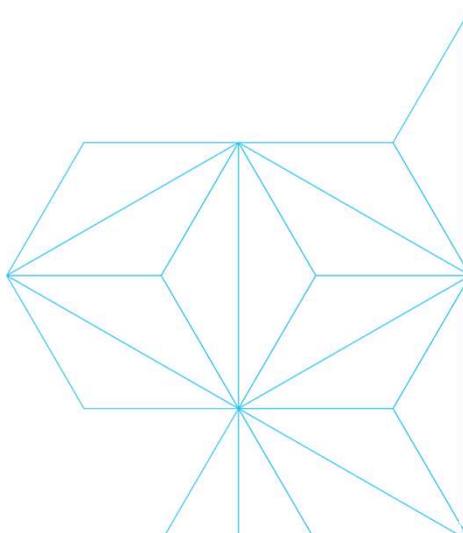
9



Doing a good job is not enough.....

Neither an overvaluation nor missing a defect is negligent in itself. The aim is to show that even if an overvaluation has been made or a defect has been missed, that nevertheless the survey was carried out with the reasonable skill and care of the ordinary, skilled professional

The site notes should provide the muscles to the defence of a claim





Q&A



Howden Insurance Brokers is a subsidiary of Howden Broking Group Limited, part of the Hyperion Insurance Group. Howden Insurance Brokers Limited is authorised and regulated by the Financial Conduct Authority. Firm reference number 312584. Registered in England and Wales under company registration number 203500. Registered office: 16 Eastcheap, London EC3M 1BD.

This document or any portion of the information it contains may not be copied or reproduced in any form without the permission of Howden Insurance Brokers Limited, except that clients of Howden Insurance Brokers Limited need not obtain such permission when using this report either for their internal purposes or to give to their clients.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. Howden makes no representations or warranties, expressed or implied, concerning the accuracy of information contained herein. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

Copyright © May 2014 Howden Broking Group

