RICS Valuers Limited FAQ

This FAQ should be read in conjunction with the RICS Valuer Registration and Firm Regulation FAQ

RICS Valuers Limited

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RICS Valuers Limited

1. What is RICS Valuers Limited?

RICS Valuers Limited (RICSV) is a Professional Standards Scheme that is compliant under the Professional Standards Act 1994 (NSW) as approved by the Professional Standards Councils in Australia.

RICSV is a legal instrument that can cap the occupational liability* of a compliant participant in the event of a professional indemnity claim. The Professional Standards Council oversee the operation of the Scheme through a Professional Standards Improvement Programme.

*Occupational liability means civil liability arising (in tort, contract or otherwise) directly or vicariously from anything done or omitted by a member of an occupational association acting in the performance of his or her occupation. Professional Standards Act 1994 (NSW)

RICSV is required to demonstrate that it:
• can regulate its participants effectively;
• raises the profile of its participants and the profession they represent;
• remains committed to improving professional standards;
• improves the confidence in using the services of its participants; and
• complies with Professional Standards Legislation.

RICSV is effective in New South Wales and, under the mutual recognition provision within the respective Professional Standards Legislation, in all states and territories in Australia except for Tasmania. The statutory requirements for participants in the Scheme are in addition to those under RICS Valuer Registration (VR) and RICS Firm Regulation.

2. Who are the Professional Standards Councils?

Professional Standards Councils (PSC) are a group of independent statutory bodies established in each state and territory across Australia. They work to improve professional standards and to protect consumers of a range of professional services, doing so through their responsibilities under professional standards legislation.

3. Who is eligible to participate in RICSV?

A person can apply to participate in RICSV if they have achieved appropriate professional competence such that they are eligible for and a member in good standing of RICS Valuer Registration. This includes non-RICS members who have relevant professional qualifications and experience, as set by the relevant RICS governing body or board from time to time, to be eligible for RICS Valuer Registration.

A firm (a whole or part of any body corporate, franchise, partnership, limited liability partnership, unincorporated practice or a sole practitioner, or equivalent in any state or territory throughout
Australia) is eligible to participate in RICSV if it is duly authorised by RICS to use the designation ‘Regulated by RICS’ and is regulated as such by RICS under RICS Regulations.

4. How do I apply to participate in RICSV?

RICSV is available to all persons who are signed up to RICS Valuer Registration and firms that are registered to carry the designation ‘Regulated by RICS’.

Once the eligibility criteria has been met, you will need to complete and return the RICSV Application form and return this along with the correct fee to regulationapac@rics.org.

5. How do I join RICS Valuer Registration as a RICS member?

For RICS valuation professionals in Australia, VR became a mandatory requirement from 28 April 2017. The RICS Member Portal is where all Registered Valuers will provide RICS with their valuation and regulatory information. Log-in with your e-mail and password (registering to use the website first if required) then click on the link to apply. Respond to all questions and declarations until you see the ‘Submit’ button to complete your application. If we have further questions about your application, we will be in touch to discuss these.

6. How do I become a RICS member?

RICS has several routes to membership that recognise your existing qualifications, experience and membership of another organisations, such as the Australian Property Institute (API). Membership with RICS can be obtained via direct entry or by assessment.

<table>
<thead>
<tr>
<th>API qualification</th>
<th>RICS qualification</th>
<th>Additional requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAPI and</td>
<td>AssocRICS</td>
<td>None</td>
</tr>
<tr>
<td>Certified Property Practitioner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PMAPI and</td>
<td></td>
<td>At least two years’ relevant experience (gained before or after gaining the RPV designation)</td>
</tr>
<tr>
<td>Residential Property Valuer credential</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td>MRICS</td>
<td>Applicants must have five years’ relevant experience of which one year must be post-credential.</td>
</tr>
<tr>
<td>Certified Commercial Property Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Facilities Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Practising Valuer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MRICS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Practising Valuer – Plant and Machinery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Practising Valuer – Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Development Practitioner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAPI and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified Funds Manager</td>
<td>demonstrate three hours' CPD relating to the Red Book</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>FAPI (Fellow of API)</td>
<td>FRICS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A Fellow of API is eligible to be admitted to FRICS.</td>
<td></td>
</tr>
</tbody>
</table>

To begin your membership enquiry please visit the [membership wizard](#) and submit your details to us. Alternatively, you can contact the membership team in Australasia on 02 9216 2333 or at [australasia@rics.org](mailto:australasia@rics.org).

### 7. How does my firm become Regulated by RICS?

Firms that are Regulated by RICS are dedicated to maintaining the highest level of ethical and business standards and provide a level of quality assurance that distinguishes them from non-regulated firms. There are certain eligibility requirements and further information can be found in the [RICS Valuer Registration and Firm Regulation FAQ](#) document.

### 8. What are the key responsibilities under RICSV?

In summary, RICSV participants are required to:

- Comply with all the provisions and requirements of RICSV and the relevant Professional Standards Legislation for their state/territory;
- Disclose your participation in RICSV as prescribed by the Professional Standards Act;
- Inform RICSV of all claims, or notifications or circumstances which might give rise to a claim, within a policy period;
- As necessary and upon request, submit to RICS all information as required by RICSV in the prescribed format.

### 9. How does RICSV work?

If proceedings are brought against a participant in RICSV, relating to occupational liability for damages arising from a single cause of action, the participant must be able to demonstrate that:

- they have professional indemnity insurance that complies with RICSV insurance standards; and
- the limit of indemnity on that insurance policy is no less than the liability cap that applies to the claim.

In addition, a participant will need to be able to demonstrate that they were in RICSV at the time of valuation, i.e. they were eligible and compliant with the Professional Standards Scheme.

If the court is satisfied that these requirements have been met then, in awarding damages, they will limit those damages to the relevant cap as specified in RICSV.
Both RICSV and API Valuers Limited (APIV) include a provision to help a Court in determining which cap on occupational liability will apply in instances where a participant belongs to more than one Professional Standards Scheme. In this instance, the higher of any two caps will apply.

If the Court is not satisfied that the participant has met the above requirements, then no cap on occupational liability can be applied.

10. What are the caps on occupational liability under RICSV?

For claims arising from a single cause of action, the following limits may be pleaded in the defence of a claim.

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
<th>Band</th>
<th>Liability Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Property Value A</td>
<td>$0 million to &lt; $3 million</td>
<td>$1 million</td>
</tr>
<tr>
<td>2</td>
<td>Property Value B</td>
<td>$3 million to &lt; $5 million</td>
<td>$2 million</td>
</tr>
<tr>
<td>3</td>
<td>Property Value C</td>
<td>$5 million to &lt; $10 million</td>
<td>$3 million</td>
</tr>
<tr>
<td>4</td>
<td>Property Value D</td>
<td>$10 million to &lt; $20 million</td>
<td>$4 million</td>
</tr>
</tbody>
</table>

For properties valued at above $20 million, the liability limit will be 20% of the value of the property on the day of the valuation, up to a maximum of $10 million.

11. Discretionary caps

RICSV participants may, upon successful application, have a discretionary higher cap (DHC) of up to $20 million on their occupational liability. This can apply to all work, individual matters or a group of individual matters.

More information can be found in the RICS Valuers Limited Professional Standards Scheme document and s.24 of Professional Standards Act 1994 (NSW). Refer to the Application for a Discretionary Higher Cap document for more information on how to apply.

12. What are my professional indemnity insurance requirements?

RICS Registered Valuers and Regulated Firms must ensure that all previous and current professional work is covered by adequate and appropriate professional indemnity insurance. In addition, there are specific requirements set out in the RICSV Professional Indemnity Insurance Standards.

Your professional indemnity insurance does not serve to limit your occupational liability, however, RICSV limits the liability of its participants by insurance arrangements under s.21 of the Professional Standards Act 1994 (NSW). RICSV participants must comply with these requirements and carry a limit of indemnity of no less that the highest cap on liability that applies to their current, past or future work, where they have been or will be a participant in a Professional Standards Scheme.
Individuals and firms that belong to and comply with the insurance requirements of APIV should already have professional indemnity insurance that complies with RICSV, however, it is the participant’s responsibility to ensure this is the case.

It is essential to seek profession advice on your insurance arrangements. RICS has a Preferred Partner for professional indemnity insurance in Australia, the details of which can be found on the RICS Benefits Plus page.

13. Exemptions from insurance requirements

RICSV participants may, upon successful application, be exempt from certain insurance requirements. More information can be found in the RICSV Professional Indemnity Insurance Standards document. Refer to the RICSV Application for Exemption from Insurance Standards for more information on how to apply.

14. What are my disclosure requirements?

Professional Standards Legislation requires the following disclosure statement to be displayed by all participants in a Professional Standards Scheme.

Liability limited by a scheme approved under Professional Standards Legislation.

This statement is designed to give consumers clear notice that you are a recognised professional and that you operate under an approved Professional Standards Scheme. It must be printed in a size not less than Times New Roman 8-point font.

You must use the prescribed statement to ensure that you do not commit an offence regarding disclosure. Failure to disclose limited liability may result in a financial penalty (this varies across jurisdictions; up to $20,000 for individuals in South Australia) or, in some cases, the professional concerned may not be covered by the scheme.

The disclosure statement is to appear on all materials given (or caused to be given) by members of an association to clients or prospective clients that promote or advertise the person or their occupation.

The disclosure statement should appear on:
- Letterhead & letters signed by the company or on its behalf;
- Fax Cover Sheets;
- Documents such as written advice, plans, drawings, specifications and other documents produced for clients but not accompanied by a letter or other document containing a disclosure statement;
- Newsletters and other publications;
- Memorandum of fees and invoices not accompanied by a letter or other document containing a disclosure statement;
- e-mail; and
- Websites, which are specifically mentioned only in the statute in South Australia. However, the Professional Standards Councils believe that to provide a higher standard
of consumer protection, it is prudent for the limited liability disclosure to also be made on websites. Members of occupational associations to whom a Professional Standards scheme applies are advised to seek independent legal advice if they are unsure of how and where to disclose their limited liability.

The disclosure statement does not need to appear on:

- Social media networks, blogs, etc. that are accessed voluntarily by consumers – rather than being 'given, or caused to be given' by professionals to their clients or prospective clients;
- Advertisements in print media, directory listings and similar forms of promotion or advertising; or
- Business Cards.

For further information about the disclosure statement, visit the Professional Standards Councils website: www.psc.gov.au.

15. What is the duration of RICSV?

PSC approved RICSV to commence on 1 January 2016 for a period of five years. Prior to expiry on 31 December 2020, RICSV can apply to renew the Professional Standards Scheme for a further five years in accordance with the professional standards legislation.

16. Can I belong to more than one Professional Standards Scheme?

For valuation professionals, the only Professional Standards Schemes available are RICSV and APIV. Both include a provision that allows a participant to belong to more than one Professional Standards Scheme at a time, or by request exempt oneself.

Should a claim arise for valuation work that was conducted whilst an active participant in both schemes, and where the applicable cap for the subject valuation is different, the higher of the two caps will apply. This provision helps a Court in determining which cap on occupational liability will apply.

It is important to note that there are differences between the caps under RICSV and APIV.

- Under the RICSV Scheme, the cap on a participant’s occupational liability is determined by the “Property Value” (as defined in the Scheme document) of the valuation.

- Under the APIV Scheme, the cap on a participant’s occupational liability is determined by the “category” to which they belong at the time of the valuation. Each participant is required to apply for a category, determined by the highest valuation conducted in the previous twelve months, that they will remain in for the next twelve months.

The following table sets out the valuation bands, categories and caps of RICSV and APIV.
<table>
<thead>
<tr>
<th>Valuation Figure</th>
<th>RICSV Category</th>
<th>RICSV Cap</th>
<th>APIV Category</th>
<th>APIV Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 0 million &lt; 3 million</td>
<td>N/A</td>
<td>$1 million</td>
<td>A</td>
<td>$1 million</td>
</tr>
<tr>
<td>≥ $3 million &lt; $5 million</td>
<td>N/A</td>
<td>$2 million</td>
<td>B</td>
<td>$2 million</td>
</tr>
<tr>
<td>≥ $5 million &lt; $10 million</td>
<td>N/A</td>
<td>$3 million</td>
<td>C</td>
<td>$3 million</td>
</tr>
<tr>
<td>≥ $10 million &lt; $15 million</td>
<td>Participants can plead the cap that is relevant to the valuation figure</td>
<td>$4 million</td>
<td>D</td>
<td>$4 million</td>
</tr>
<tr>
<td>≥ $15 million &lt; $20 million</td>
<td>N/A</td>
<td>$5 million</td>
<td>E</td>
<td>$5 million</td>
</tr>
<tr>
<td>≥ $20 million &lt; $40 million</td>
<td>20% of the value of the property on the day of the valuation, up to a maximum of $10 million</td>
<td>$6 million</td>
<td>F</td>
<td>$6 million</td>
</tr>
<tr>
<td>≥ $40 million</td>
<td>N/A</td>
<td>$10 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This table illustrates the difference between an APIV participant who belongs to category B, C, D E or F, and a RICSV participant. Under APIV, if a claim arises for valuation work (excluding low-risk valuations) that would otherwise be capped at a lower level than the category a participant is in, they cannot avail themselves of that lower cap. The application of caps under RICSV does not present this issue.

For example, if a participant is subject to a claim of $6 million on an original valuation of $19.5 million, the following scenarios would apply.

<table>
<thead>
<tr>
<th>Scheme the participant was in at the time of the valuation</th>
<th>Category</th>
<th>Does the higher cap prevail?</th>
<th>Cap that applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>RICSV</td>
<td>N/A</td>
<td>No</td>
<td>$4 million</td>
</tr>
<tr>
<td>APIV</td>
<td>E</td>
<td>No</td>
<td>$5 million</td>
</tr>
<tr>
<td>APIV</td>
<td>F</td>
<td>No</td>
<td>$6 million</td>
</tr>
<tr>
<td>RICSV and APIV</td>
<td>F</td>
<td>Yes</td>
<td>$6 million</td>
</tr>
</tbody>
</table>
17. Will my insurance requirements change if I move schemes?

If you transition from one Professional Standards Scheme to another then you must ensure that your professional indemnity insurance continues to comply with the requirements of the scheme at the time of leaving and remain in force for the minimum period of time as required by that scheme.

For example, APIV requires cover to remain in force for a period of seven years after the date of the last valuation conducted whilst participating in the scheme. This applies if the scheme closes or if you choose to leave. In the circumstances, your policy must be renewed on a basis that is no less than what you had in place at the time of your last valuation, for a period of seven years.

There are several ways to comply with the insurance requirements of both a former and new Professional Standards Scheme, but it is essential to seek profession advice on your insurance arrangements.

18. Can a participant seek exemption from RICSV?

RICSV has the authority to agree exemption for individuals or firms that may belong to another professional standards scheme. Please contact us at the e-mail address below for further details.

If you have any further questions for the FAQ please submit these to regulationapac@rics.org

RICS Valuers Limited (RICSV) is an occupational association. RICSV has obtained approval from the Professional Standards Council for the establishment of the RICSV Scheme, a limited liability scheme under the Professional Standards Act 2004 (NSW) (the RICSV Scheme). The information provided by RICSV in relation to the RICSV Scheme is of general application only and is not intended to constitute, and should not be relied on as, professional or legal advice to members of RICSV. Members should seek their own independent legal and professional insurance advice regarding the operation of the RICSV Scheme and their specific insurance requirements.