

At the meeting (can be read by the chairperson):

Buildings - Approval of the SRV

Refer to the SRV enclosed / as sent out with the notice of the A.G.M.

The last valuation was undertaken during (month/year).

The figures used in the SRV are based on the valuation plus any inflation.

Refer to point 6 overleaf (point 6 can also be read out if necessary) – owners need to take care that their units sums are insured for an adequate sum and owners can instruct the body corporate to increase these sums as desired. The owner is advised to check this sum carefully.

Liability

To cover the owners collectively against the risk of any liability the body corporate may incur in respect of any bodily injury to or death or illness of a person on or in connection with the common property; as well as any damage to or loss of property that is sustained as a result of an occurrence or happening in connection with the common property.

Minimum Amount: Ten million rand - We have arranged R

The meeting decides whether this is adequate.

Fidelity

Insurance against fraud, dishonesty, misappropriation of funds.

Minimum Amount = Total Investments/Reserves + 25% of operational budget.

We have arranged R..... to meet this requirement.

The meeting decides whether this is adequate.

Additional Cover

Any items not prescribed, i.e. other cover may be arranged subject to owners approval by special resolution. A good example would be say a Golf Estate that seeks to insure golf carts.

State to owners – “The present insurance has been arranged by the trustees as advised by an authorised and independent financial/ insurance advisor. Written advice in respect of the present cover is based on a letter of advice from the advisor, which is held on record and obtained annually on policy renewal”.

Addsure is an authorised financial services provider (FSB licence No 15269), operating nationally across South Africa. Addsure is essentially an insurance brokerage and financial advisory practice that specialises in sectional title property insurance and financial planning



INSURANCE AT THE AGM

Quick Reference Guide

The Prescribed Management Rules set out the Order of Business for A.G.M.s which includes a few Insurance items for discussion, i.e.

- Approval of the SRV (Schedule of Insurance Replacement Values)
- Determination of the Extent of Insurance Cover:
 - Liability (PMR 23.(6))
 - Fidelity (PMR 23.(7))
 - Additional Cover (PMR 23.(8))



info@addsure.co.za ▪ www.addsure.co.za

Understanding the Schedule of Replacement Values (SRV)

1. A summary of the most recent valuation showing the building sections and common property improvements, professional fees, demolition costs and VAT.
2. The "building rate" per square metre per valuation and escalated for inflation in years in between physical valuations
3. The total sum insured plus the escalation for the year of insurance and during reconstruction and redesign.
4. These first two columns of the table identify the actual section number. The Door numbers are also shown as they often differ from section numbers. This allows owners to quickly identify their sections.
5. The floor areas and pq (participation quota) are shown so that owners can understand their participation in the building as well as get an idea as to whether or not they are adequately covered. An owner will refer to his or her floor area, multiply what they believe a fair rate would be, add on the professional fees, VAT and demolition and decide whether or not to increase their sum insured.
6. Additional sums column - An owner decides whether or not improvements made to their own section are adequately covered, and if not, will ask the body corporate to increase their sum insured by adding a sum in this column. The additional premium charged will be recovered from that owner. Where owners permit their bondholders, the banks/mortgagors will also instruct additional sums to be added to cover the bonds over these properties. Owners who are not happy with the additional sum requested by their bank need to engage with their bank to remedy the sum insured. Always remember that when you signed for your bond, you gave your bondholder the right to do things such as increase your property insurance. If you are unhappy about paying unnecessary additional insurance, discuss this with your bank. Ask your managing agent to guide you here. If you do not have a managing agent, find out who the brokers used by your managing agent or trustees are and seek some advice. Ask your bank to reduce the sum and show them why. You can always ask your managing agent for a copy of the actual valuation – it's not a secret document, and which should be presented at the AGM.
7. A Unit = Section + Undivided share in the common property. Whilst we cannot split the building up, we can at least (in many cases and to some degree) separate some of the common area improvements over and above the actual building sections. This helps so that owners can get a better idea of what their actual unit sum insured is versus their residual section which may need topping up under the additions column 6 above.

More about this schedule (SRV) and sectional title insurance can be found on the Addsure website www.addsure.co.za

As per valuation date -		05-Jan-17		Example Body Corporate Schedule of Replacement Values				
	Square M	Rate	Residential	Garages	Common Property	TOTAL		
Residential Sections	920	R 9 000	8 280 000					8 280 000
Garage Sections	144	R 3 000		432 000				432 000
Common Property					1 967 500			1 967 500
Retaining Wall					300 000			300 000
	1 064		R 8 280 000	R 432 000	R 2 267 500			R 10 979 500
Professional Fees		12%	993 600	51 840	272 100			1 317 540
Demolition Costs		4%	370 944	19 354	101 584			491 882
VAT		14%	1 350 236	70 447	369 766			1 790 449
Base Sum Insured			R 10 994 780	R 573 641	R 3 010 950			R 14 579 371
Additional (Improvements / Insurance Certificates)			827 817	0	0			827 817
Total Sum Insured			R 11 822 597	R 573 641	R 3 010 950			R 15 407 188

TOTAL SUM TO BE INSURED		R 15 407 188	
Escalation	Insurance		R1 399 620
Inflation	Redesign & construction		R 1 104 979

Section No.	Door No.	Floor Area	P.Q.	Residential Section Sum Insured	Additional Sum Insured	Total Section Sum Insured	Common Property	Total Unit Sum Insured
RESIDENTIAL SECTIONS								
1	1	120	11,2782	1 434 102		1 434 102	339 581	1 773 683
2	2	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
3	3	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
4	4	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
5	5	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
6	6	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
7	7	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
8	8	100	9,3985	1 195 085		1 195 085	282 984	1 478 069
9	9	100	9,3985	1 195 085	827 817	2 022 902	282 984	2 305 886
		920	86,4662	10 994 780	827 817	11 822 597	2 603 453	14 426 050
GARAGE SECTIONS								
10	Garage A	18	1,6917	71 705		71 705	50 937	122 642
11	Garage B	18	1,6917	71 705		71 705	50 937	122 642
12	Garage C	18	1,6917	71 705		71 705	50 937	122 642
13	Garage D	18	1,6917	71 705		71 705	50 937	122 642
14	Garage E	18	1,6917	71 705		71 705	50 937	122 642
15	Garage F	18	1,6917	71 705		71 705	50 937	122 642
16	Garage G	18	1,6917	71 705		71 705	50 937	122 642
17	Garage H	18	1,6917	71 705		71 705	50 937	122 642
		144	13,5338	573 641		573 641	407 497	981 138
TOTALS		1 064	100,0000	11 568 421	827 817	12 396 238	3 010 950	15 407 188