

**STRATEGIC OUTCOME SUPPORTED: 6 - The built environment is responsibly planned and well maintained.**

## 1. OBJECTIVE

- 1.1. The purpose of this policy is to outline certain requirements for insuring Shire buildings.

## 2. SCOPE

- 2.1. This policy applies to all Shire-owned buildings and/or improvements located in the Shire of Donnybrook Balingup. It also prescribes other related insurance matters.

## 3. DEFINITIONS

- 3.1. NIL

## 4. POLICY STATEMENT

- 4.1. Council has determined that a strategic approach is required with regards to the relationship between levels and type of building insurance to ensure that the best value for money is obtained for each building covered. When determining the appropriate type of insurance to be applied to a particular building, certain information pertaining to this building needs to be obtained so that staff can properly insure a building. Buildings, where practicable, should be assessed on the basis of their Service Level Hierarchy (SLH), which is based on an asset management assessment. To this end staff will work towards using SLH as a determinant of the type of insurance being used, albeit it is recognised that insurance forms such as Indemnity, Demolition Only and No Insurance will still rarely be used. A later report from the CEO is to recommend suitable changes to this policy in this regard. In the interim Staff are to use replacement insurance only for all Shire owned buildings.
- 4.2. A Certified Practising Valuer (CPV) is to provide suitable insurance valuations at least every three years for all Shire-owned buildings (usually timed to coincide with asset revaluations). These values will then form the basis of each building's insurance cover and will be indexed each financial year by the Perth Consumer Price Index (CPI) until such time as an updated insurance valuation is provided.
- 4.3. With the exception of leased buildings, the Shire will not insure buildings valued at under \$5,000, unless the CEO considers it necessary, due to special circumstances, to take out a separate policy of insurance in respect to a particular building. The Shire believes its existing Building Reserve sufficiently provides for the insurance needs of such buildings.
- 4.4. All leased buildings and improvements are to be insured for replacement/reinstatement value. Subject to the provisions of the lease agreement, lessees are required to reimburse the Shire to the full extent of the cost of insurance for leased buildings. Third party contents held within leased buildings are not ordinarily the responsibility of the Shire to insure. The CEO is to exercise discretion to differentiate between commercial and not-for-profit organisations.

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- 4.5. The CEO is to exercise discretion when faced with insuring infrastructure other than buildings. For example it is recognised that bridges will be insured on the basis of replacement costs, whereas skate parks are not critical infrastructure, and do not face a large risk of total destruction. To insure for full replacement cost may not be judicious. Therefore judgments at times will be made with certain non-building infrastructure albeit Indemnity value is to be the minimum insurance level to otherwise apply.
- 4.6. Council confirms that it approves “new for old” insurance for plant and equipment items less than two years old (light plant & equipment) and less than one years old (heavy plant & equipment, with indemnity insurance to apply for such assets older than two or one year respectively at the commencement of a new insurance year.” (N.B. Such does include fire control equipment and is part of the standard LGIS policy wording).

## 5. DELEGATION AND AUTHORISATION

5.1. NIL

## 6. LEGISLATION

6.1. NIL

## 7. POLICY VERSION

<b>Related Policies:</b>	NIL				
<b>Related Procedure:</b>	NIL				
<b>Responsible Department:</b>	Finance				
<b>Reviewer:</b>	Director Corporate & Community				
<b>Review Frequency:</b>	Annual	<b>Next Due:</b>	2022	<b>Synergy #:</b>	NPP8071
<b>Version Date:</b>	21/12/2021	<b>Decision Reference:</b>	213/21		
<b>Version Synopsis:</b>	No review done - Only renumbered from 2.46 Building Insurance				
<b>Policy Version Details</b>					
<b>Initial Adoption Date:</b>	22/04/2015	<b>Decision Reference:</b>	N/A		