

The General Insurance Code of Practice

Crawford & Company subscribes to the General Insurance Code of Practice ('The Code'). The Code and other recent law reforms ensure that the industry delivers claims services that are fair, honest, transparent and consistent. The Code requires that we explain what the Scope of Work (SoW) is and how it is used in the context of your insurance claim.

What is a Scope of Work?

A SoW is a document prepared on behalf of your insurer that outlines the individual items of work that are required to be completed in order to meet your insurance claim for damage to property.

The preparation of a SoW is fundamental in defining and ultimately quantifying a property loss and facilitating reinstatement through the claim process.

The sow typically includes a general description of:

- The works required to be completed (usually with a brief description of the tasks involved);
- The materials and resources required and
- The milestones and deliverables that will be met.

The contract you ultimately enter with the builder will include the SoW along with any other plans and specifications.

What is a SoW used for?

Once the SoW is agreed to by you and your insurer it is then used as:

- A tool to communicate the work required to other stakeholders involved, e.g. builders and other specialist trades who will base their quotations on the SoW.
- A reference point throughout the course of the works and at conclusion to ensure that suppliers have delivered what was agreed with you. A quality insurance builder will for example, invite you to inspect the progress and quality of work at milestones defined in the SoW.

How is a SoW prepared?

In the context of the property insurance claim process, a sow is usually constructed by a loss adjuster, building estimator, building consultant or an engineer. In some jurisdictions a sow must be prepared by a building estimator. The person responsible for preparing the sow maintains independence from the suppliers involved in the reinstatement process. If a builder has prepared the sow, it may then be subject to review by a loss adjuster qualified to interpret an insurance policy and to determine the best method of repair in accordance with the cover provided by the policy.

The first step in the preparation of a sow is an assessment of your property. This may be conducted at the site with you or your representative by the loss adjuster in person or virtually by the loss adjuster, you and/or a suitably qualified tradesman using digital applications.

Once the damage has been examined, any necessary digital images and measurements will be captured and then a 'programme' created that frames in detail how the works must be completed.

The programme most commonly lists the works by phase, e.G. 'Lockup' and by the title associated with the area, e.G. Bedrooms in the case of a residential home repair. The programme also details key materials and the trades that will be required to repair the damage or reinstate the property to its pre-loss condition.

A SoW will often require input from key stakeholders in order to ensure quality work that complies with Codes and regulations such as those imposed by council, water authorities and/or advice from consultants e.g. fire hazard assessment.

Can a SoW change?

Because the extent of damage or issues may not always be visible at the outset and/or until a structure is exposed, e.g. the discovery of asbestos, a SoW may go through revisions and alterations to ensure the complete program of work is correctly articulated and reflective of your claim entitlement. Any change to a SoW is referred to as a 'variation'. Approved variations can also increase a cash settlement amount paid to you in lieu of completion of repairs even if an amount has been paid to you and the claim closed. Variations can also reflect a change of mind, e.g. to remove a wall to make an area more open plan or to change materials, e.g. from laminate to stone.

Accommodating your desire to have work done by the builder that does not form part of your insurance claim will usually be handled separately as opposed to expressing this as a variation to the SoW. Exceptions to this rule will be dealt with on a case by case basis.

When is a SoW not required?

There can be some common reasons why a SoW may not be completed or required. They are:

- Assessment determines that the policy is unlikely to respond to your loss.
- You have not bought adequate insurance to cover full reinstatement of the property. In such cases a SoW may not be completed or completed in the detail otherwise required and your insurer may choose to settle you by paying you a cash amount equivalent to your entitlement.
- A detailed SoW may also not always be completed for smaller building claims below a certain threshold.

What happens once a SoW is agreed?

Once the SoW is agreed and the claim is accepted by your insurer, one or more trades, depending upon your insurer's requirements, will use it to form the basis of a quotation. The quotation quantifies the SoW. A loss adjuster or a building validator may review the quotation to ensure it aligns to the SoW and that costs quoted are reasonable. If the quotation is considered reasonable and repair, as opposed to cash settlement, is the method of reinstatement chosen, the quote will be endorsed. It is then your responsibility to agree to contractual terms with the approved trades. Usually your insurer, or a loss adjuster on behalf of your

insurer will manage the claim through until the work is completed, and you are satisfied that the SoW has been delivered.

What happens once a SoW is agreed?

Disputes regarding a SoW can arise from time to time. If, upon examination at assessment stage, pre-existing damage is discovered that is not related to your claim, repair of such pre-existing damage may be excluded from the SoW at your insurer's request. It may also be a condition of your claim that you will be required to complete repairs considered as maintenance before works can proceed or during the works. Such maintenance repairs may therefore be excluded from the SoW. In some instances, because of local knowledge and requirements, e.g. properties in cyclone prone areas, the use of certain materials may be debated.

The loss adjuster appointed to your claim or your insurer will clearly explain why your SoW contemplates exclusion or inclusion of certain items. If you do not agree or if you have questions or concerns about the SoW, we encourage you to raise them with the Loss Adjuster directly; most can be resolved through clear communication.

Your right of review

If you are not satisfied with the amount of the cash settlement offered to you or any aspect of the management of your claim and you would like to have the matter reviewed, you can speak with your loss adjuster or escalate your concerns by emailing us at feedback@crawco.com.au. Your concerns will be dealt with in accordance with our complaints procedure which is governed by The Code. Details can be found here [Customer Support | Crawford & Company | Australia \(crawco.com.au\)](#). If, having taken these steps, you remain dissatisfied, your insurer offers a process for handling disputes. If the matter remains unresolved you can contact the Insurance Council's hotline independently on 1800734621 to escalate the matter.

Crawford & Company

Level 3, 324 St Kilda Road, Southbank, VIC 3006, Australia
ABN 11 002 317 133 - ACN 002 317 133 - AFSL 530816
Phone 1300 135 790