

Professional Standard 3

Australian Valuation & Auction Standard:
Professional Indemnity Insurance

Version 1.0 – July 2026

Auctioneers & Valuers Association of Australia
Reference: 4.27.3

Introduction

The Auctioneers and Valuers Association of Australia (AVAA) is committed to strengthening professionalism, integrity, and public confidence across the valuation and auction sectors. This *AVAA Professional Standard* forms part of a broader framework designed to support consistent practice, ethical conduct, and accountability across the diverse services provided by members.

Professional standards play an important role in defining expectations for those who hold themselves out as skilled practitioners. They establish clear principles for conduct, competence, and responsibility, helping practitioners, clients, and regulators understand the level of professionalism that should reasonably be expected in the marketplace.

Professional indemnity insurance supports confidence in the valuation and auction sectors by assisting to ensure that practitioners have appropriate financial protection in place where professional liability may arise from negligent acts, errors, omissions, misleading representations, or other civil claims associated with professional services.

The Standard recognises that insurance requirements will vary depending upon factors including the value of assets handled, transaction volumes, client profiles, business structure, geographic reach, reliance placed upon professional advice, and exposure to regulatory or cyber-related risks.

This standard has been developed through consultation with practitioners and informed by regulatory frameworks, industry experience, and evolving client and government expectations. It is intended to provide practical guidance while reinforcing the importance of transparency, diligence, and professional judgement in everyday practice.

Those holding the AVAA Certified Valuer (CVAAU) and the AVAA Certified Auctioneer (CAAU) credentials, plus AVAA Corporate Members, apply this *AVAA Professional Standard* to demonstrate a commitment to continuous business improvement and professional accountability. In doing so, they contribute to a stronger and trusted sector where valuers are recognised not only for their expertise but also for the integrity and reliability of their work.

Troy R Williams FAIM MAICD
AVAA Chief Executive

July 2026



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PS3 Professional Indemnity Insurance

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Australian Valuation & Auction Standard PS3 Professional Indemnity Insurance

Title —

AVAA Professional Standard 3 – Professional Indemnity Insurance

Purpose —

This Professional Standard establishes minimum expectations regarding professional indemnity insurance arrangements maintained by those undertaking valuations and conducting auctions.

The Standard promotes professional accountability, consumer protection, and sound risk management practices by requiring practitioners to maintain professional indemnity insurance appropriate to the nature and scale of the professional services they provide.

Scope —

This Standard establishes principles and minimum expectations relating to professional indemnity insurance within the valuation and auction sectors. It supports consumer protection, professional accountability, and confidence that practitioners maintain insurance reasonably commensurate with their professional risks.

The Standard also promotes transparency and responsible risk management by establishing expectations regarding ongoing insurance coverage, disclosure obligations, notification requirements, and the management of professional liability exposures arising from valuation and auction services.

Application —

This Professional Standard applies to all individuals holding the AVAA Certified Valuer (CVAU) credential, the AVAA Certified Auction (CAAU) credential, other professional members, and AVAA Corporate Members providing valuation services.

Standard —

1. Professional Indemnity Insurance Requirement

- 1.1 Members holding the CVAU and CAU credentials, plus AVAA Corporate Members, must maintain professional indemnity insurance appropriate to the nature, scale, and risk profile of the professional services they provide.
- 1.2 Insurance arrangements should provide reasonable protection for clients and other parties who may rely upon the professional services provided by the member.
- 1.3 Professional indemnity insurance must be maintained on a continuing basis while professional services are being provided.

2. Appropriate Level Of Cover

- 2.1 Members must consider the adequacy of insurance cover having regard to:
 - a. The type of professional services provided.
 - b. The value and complexity of transactions or assets involved.
 - c. The volume of work undertaken.
 - d. The number and profile of clients serviced.

- e. The potential financial consequences of professional error.
 - f. Exposure to cyber security and privacy risks.
 - g. Contractual obligations imposed by clients, financiers, insurers, courts, or government agencies.
 - h. The business structure and staffing arrangements of the practice.
- 2.2 Members should regularly review their level of insurance cover to ensure it remains appropriate to their professional activities and changing business circumstances.

3. Scope Of Insurance

- 3.1 Professional indemnity insurance should reasonably respond to civil liability arising from professional services provided by the member.
- 3.2 Members should understand the scope, exclusions, limitations, deductibles, and notification obligations associated with their insurance arrangements.

4. Disclosure & Client Expectations

- 4.1 Members should not represent that they hold professional indemnity insurance unless such insurance is current and in force.
- 4.2 Where requested by a client or required by law, regulation, tender conditions, or contractual arrangements, members should provide evidence of current professional indemnity insurance.
- 4.3 Members should not knowingly undertake professional work where the scale or nature of the engagement materially exceeds the protections reasonably available under their insurance arrangements.

5. Claims, Notifications & Disclosure Obligations

- 5.1 Members must promptly notify their insurer of any claim, circumstance, complaint, or issue that may reasonably give rise to a professional indemnity claim where required under the terms of the insurance policy.
- 5.2 Members should maintain appropriate internal records relating to claims, complaints, notifications, and professional risk management practices.
- 5.3 Members should cooperate with insurers and relevant professional or regulatory processes relating to professional liability matters.
- 5.4 Members must notify AVAA as soon as practicable where:
 - a. Professional indemnity insurance coverage ceases.
 - b. Insurance cover is materially reduced.
 - c. A policy is cancelled, suspended, or not renewed.
 - d. The member becomes aware of circumstances that result in the member no longer satisfying this Professional Standard.
- 5.5 Members must not continue to hold themselves out as complying with this Professional Standard where professional indemnity insurance is no longer maintained in accordance with the requirements of this Standard.

6. Run-Off Cover

- 6.1 Members ceasing practice, retiring, selling a business, or otherwise discontinuing professional services should consider the ongoing need for run-off professional indemnity insurance.
- 6.2 Members should recognise that claims relating to professional services may arise after services have been completed or after a business has ceased operating.

7. Professional Responsibility

- 7.1 Maintaining professional indemnity insurance does not reduce or replace the obligation of members to:
- a. Exercise professional skill, care, and diligence.
 - b. Maintain appropriate professional standards.
 - c. Comply with applicable laws and regulations.
 - d. Act ethically and independently.
 - e. Maintain appropriate records and risk management practices.
- 7.2 Members remain personally responsible for the professional services they provide, regardless of the existence of insurance arrangements.

8. Professional Judgement

- 8.1 This Standard establishes minimum expectations regarding professional indemnity insurance but does not replace the need for professional judgement and prudent risk management.
- 8.2 Members should seek appropriate professional insurance, legal, financial, or regulatory advice where necessary to determine appropriate insurance arrangements for their circumstances.

9. Failure To Comply

- 9.1 Failure to comply with this Professional Standard itself constitutes conduct capable of consideration under the *AVAA Code of Ethics for Individual Members*, the *AVAA Code of Practice for Corporate Members*.

Status & Review —

AVAA Board Approval:	30 July 2026
Periodic Review Due:	5 Years after approval





The **Auctioneers and Valuers Association of Australia (AVAA)** is the leading national body representing professional auctioneers and valuers across a diverse range of specialties, including fine art and antiques, rare coins and books, motor vehicles, aviation and marine, household items and office machinery, plant and equipment, to memorabilia and collectables.

Our Vision

As the peak body for auctioneers and valuers in Australia, AVAA upholds the highest professional and ethical standards through education, advocacy, and leadership.

Our Mission

To support and represent Australia's auctioneers and valuers through rigorous standards, ethical leadership, quality education, and credible advocacy, ensuring trust, professionalism, and future-readiness in a changing world.

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