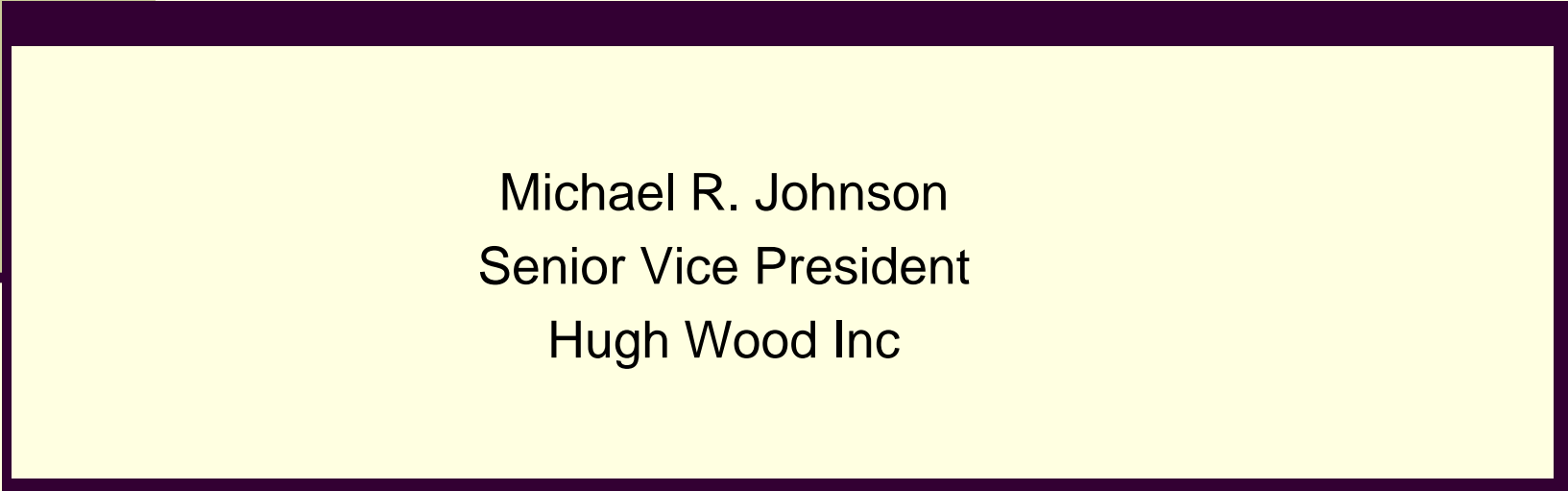




# Risk Modeling Accurate Property Valuations



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# Why??

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- Improper Values = Uninsured Loss
- Coinsurance Penalties
- Modeling results and ultimate rate for coverage can be impacted = Higher Insurance Costs.

# Building Values

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- Replacement Cost Valuation (without deduction for depreciation)
  - Majority of carriers utilize Marshall & Swift to verify & determine accurate building values.
  - Valuation is only as good as the information on hand
  - Formal Appraisals
  - If values not accurate – can be subject to a Coinsurance percentage (80% is standard).
  
- Actual Cash Value (replacement cost less deduction for depreciation)
  - Fair Market Value (some courts have defined)
  - Formal Appraisals
  - Marshall & Swift
  
- Agreed Value
  - Require formal appraisal or explanation of how values were determined.

# Statement of Values

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- Underwriter needs to complete Risk Modeling.
  - AIR Worldwide
  - RiskLink
- Minimum information needed:
  - Year Built (Age) Remodel???
  - Construction Class (either ISO/UBC)
  - Occupancy
  - Square Footage
  - # of Stories
  - Sprinkler Protection (Yes/No)