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Property valuations ...up,down, which way is right?

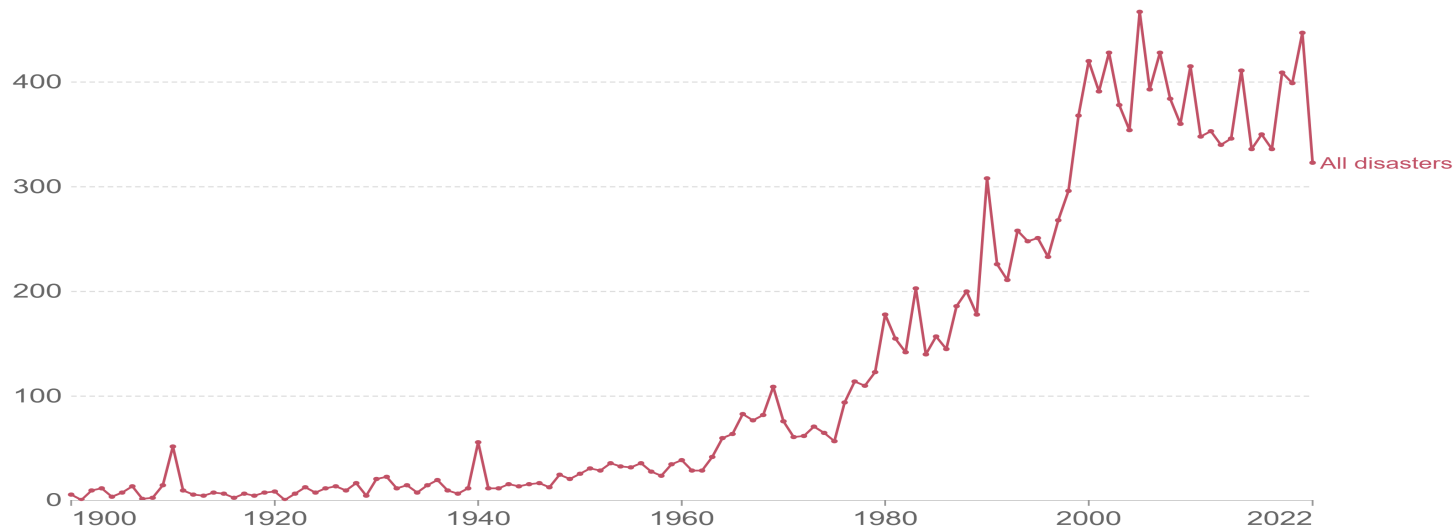
Why is it important

- Kick the can...colleges, insurance companies and reinsurers
- No pressure, rates/premiums flat, deductible options – 10+years
- Then Mother Nature...
 - Global Natural Disasters

Number of recorded natural disaster events, 1900 to 2022

The number of global reported natural disaster events in any given year. This includes those from drought, floods, extreme weather, extreme temperature, landslides, dry mass movements, wildfires, volcanic activity and earthquakes.

Our World
in Data

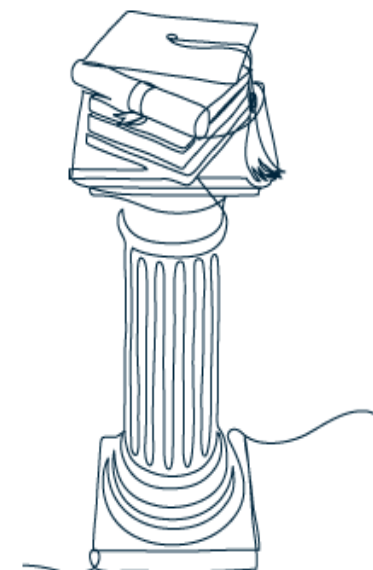


Source: EM-DAT, CRED / Université catholique de Louvain, Brussels (Belgium)

OurWorldInData.org/natural-disasters • CC BY

Catastrophic events US – 2022 = \$ 140+/-Bil

| Event Type | When | Affected Area | Lives Lost | Cost |
|------------------|-------------|--|------------|-----------------|
| Winter storm | February | Central, Southeast, Northeast, Midwest | 8 | \$350 million |
| Hurricane Nicole | November | Southeast | 11 | \$1 billion |
| Flood | July-August | St. Louis, Central Appalachia, South and Southwest | 44 | \$1.2 billion |
| Tornado outbreak | March | Midwest and Mississippi Valley | 9 | \$1 billion |
| Floods | June | Montana | 1 | \$29 million |
| Blizzard | January | Northeast and New England | 4 | \$50 million |
| Hurricane Fiona | September | Puerto Rico | 25 | \$5.88 billion |
| Tornado outbreak | March-April | South, Midwest and East | 10 | \$1.35 billion |
| Hurricane Ian | September | Southeast | 157+ | \$113.1 billion |
| Winter storm | December | West, Midwest and Great Lakes region | 104 | \$5.4 billion |



The cost of everything



- COVID – March 2020
- Construction costs can range 20% + from one side of the state to another
 - Union vs non union labor
 - Building materials
 - Specialized equipment
 - Renovation vs new
- Reinsurance (insurance for the insurance companies)
 - Facultative – a single risk
 - Treaty entire portfolio

Timing

- Lead time for new or major renovations – 2 + years
- Budget estimates outdated before construction starts
- Construction materials and special equipment – still upwards of 50 weeks
- Limited and aging work force.
- Planned versus unexpected....
 - Contractors in demand

Data, data and more data

- Insurance companies utilizing and depending on more sophisticated that data.
- Multiple sources of data. Modeling systems
- Actual claim payout results

What can you do?

- Be prepared with up to date campus information
 - Accurate list of buildings on and & off campus.
 - Size, construction type, occupancy, sprinkler information
 - Historic properties
 - Updates to buildings, and systems. When?
 - Accurate formula to calculate replacement cost values.
 - Proper valuations are the building owners responsibility not the insurance company's.
 - Work with *not against* your insurance carrier.
 - Work with your broker – independent.

The ranges....

- Northeast 2023 actuals costs per square via replacement cost appraisals
- Administration \$ 201- 310
- Dorms - \$ 210 - \$ 1,000
- Labs - \$ 400 - \$ 535
- Library \$ 350- 422. Renovation much higher
- Classrooms - \$ 280 - \$ 534
- Wellness/Athletics - \$ 277 - \$ 304

Options

- Negotiate
 - Multi year step increases
 - Policy limit versus loss limit
 - Blanket versus per location limit
 - Sub limits – are they all necessary?
 - Larger deductibles



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Thank You!

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