

Insurance Valuations

What to know?



Presented By:
Devin Baker B.Comm.
Suncorp Valuations



What is Property Risk?



What is an Insurance Appraisal?



Will an Insurance Appraisal Prevent A Property Risk?



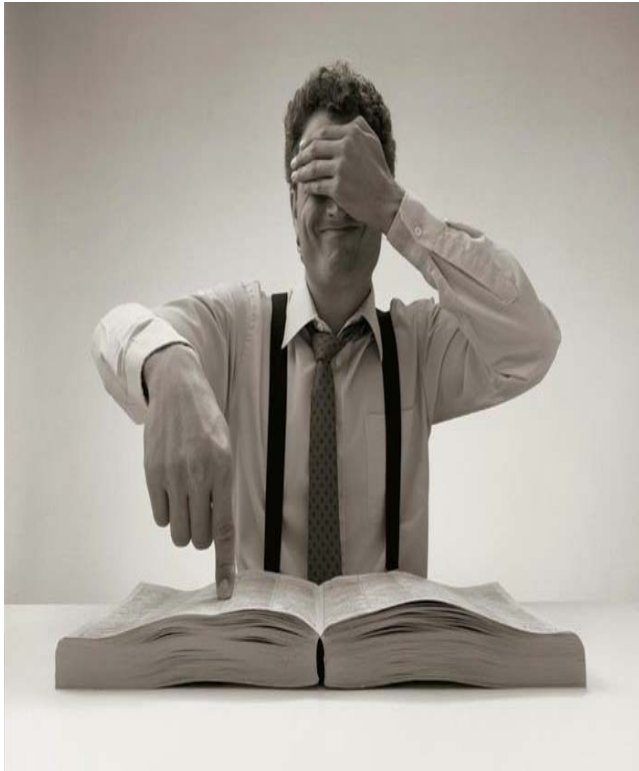
Why Do We Need An Insurance Appraisal?



Benefits of Insurance Appraisal



How to Assess the Accuracy of Current Values





What does the market tell us?



Construction Cost Changes in Canada

Canadian City	% Change Last Year	% Change Last 5 Years	% Change Last 10 Years
Vancouver	2.12	3.86	39.45
Calgary	1.93	11.22	51.45
Toronto	0.65	12.44	39.48
Montreal	1.07	14.38	38.61
Halifax	1.36	13.89	38.11

***2015 Data referenced from Stats Canada, Marshall & Swift/Boeckh and R.S. Means**



How Reliable Are The Trend Factors?

NON-RESIDENTIAL CONSTRUCTION COST TRENDS FOR 2009-2016

City	MS/B	R.S. Means	ENR	STATS Can
Toronto	1.101	1.131	1.073	1.083
Montreal	1.103	1.129	1.151	1.018
Boston	1.075	1.179	1.168	N/A
Chicago	1.095	1.182	1.147	N/A
New York	1.089	1.147	1.20	N/A



Appraisal Vs. No Appraisal

2011 Building is Insured for \$50 M

Year	Appraiser Index	Appraiser Value	Generic Index	Indexed Value
2012	+4%	\$52.0 M	+5%	\$52.5 M
2013	+2%	\$53.0 M	+5%	\$55.1 M
2014	+1%	\$53.6 M	+5%	\$57.9 M
2015	+2%	\$54.6 M	+5%	\$60.8 M

11% or \$6.2 M Difference in Value



What could really happen?



Fire in Slave Lake



Flood in Calgary & High River



Condominium Fire - New Construction in Edmonton



Key Item 1: Establish Correct Premise of Value



Replacement Cost New
Cost of Reproduction New
Actual Cash Value
Demolition Cost
Functional Replacement Cost



Example of Value Relationships

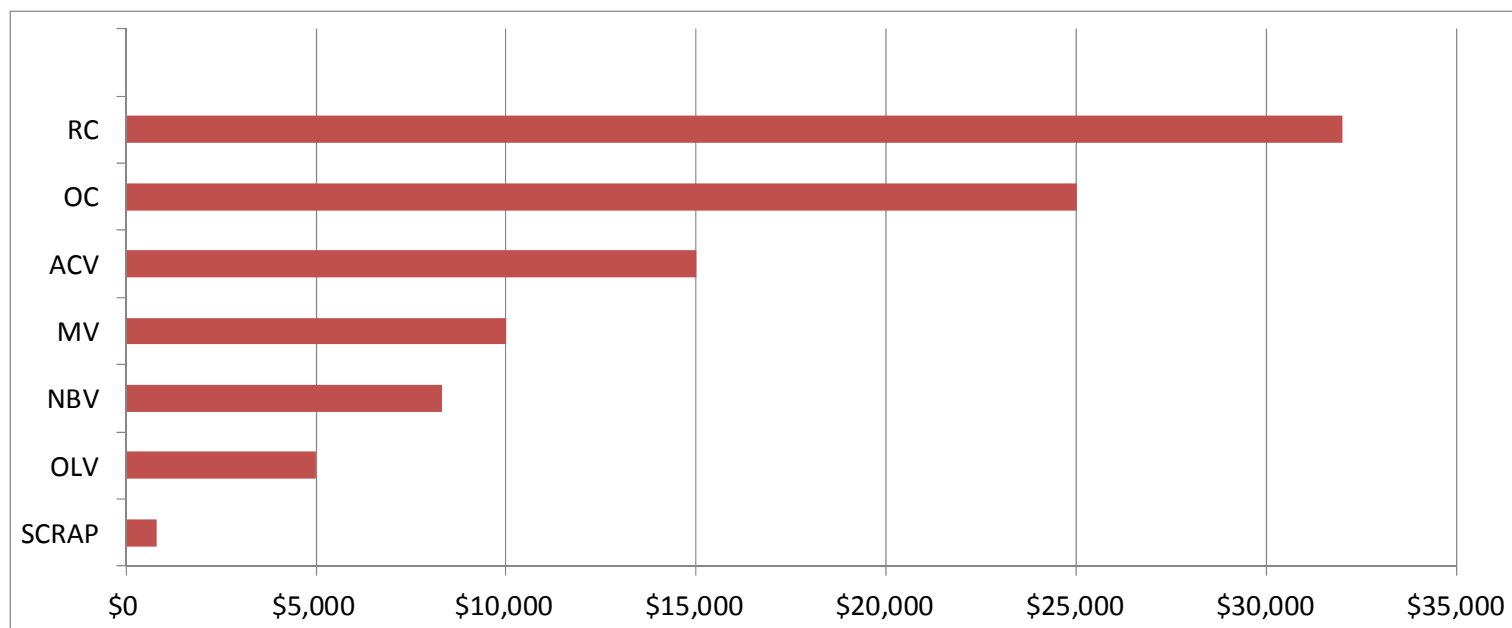
Assume we have a 10-year old riding fork lift truck 5,000 lb capacity in good condition



Original Cost:	\$25,000
Net Book Value:	\$8,300
Market Value:	\$10,000
Orderly Liquidation:	\$5,000
Replacement Cost:	\$32,000
Actual Cash Value:	\$15,000
Scrap Value:	\$800



Example of Value Relationships



Using Incorrect Premise of Value will understate the Insurable Value



Example of Value Relationships

What is Functional Replacement Cost??





Airport Terminal





Historical Landmark

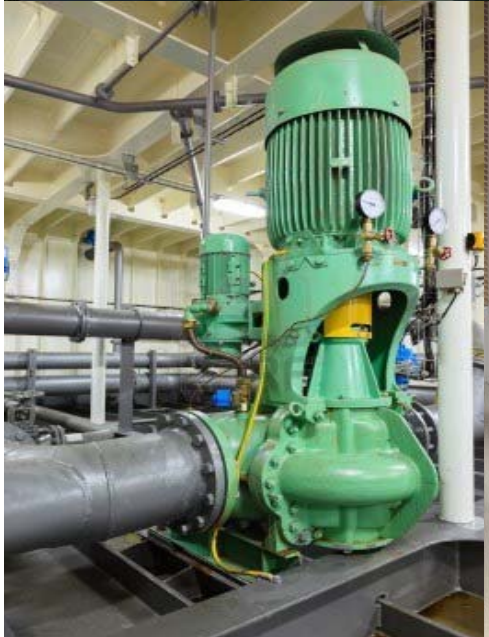




10 Year Old Front End Loader



Key Item 2: Include All Classes of Insurable Property



Types of Appraisals

- Standard High-Rise or Townhouse
- Offices
- Retail
- Industrial
- Conversions
- Historic
- Multi-Use Hotel and Condominium



Appraisal Inclusions

- Building Construction and Services
- Demolition/Debris Removal
- Yard Improvements
- Building Codes and Bylaws
 - Handicap Access
 - Parking
 - Fire protection
- Machinery and Equipment



Professional Fees

- Type of Property
- Number of Buildings and Units
- Complexity of Property
- Availability of Plans



Info Required To Complete Appraisal

- Architectural Plans
- Site Plans
- Shared Facilities Agreement(s), if applicable
 - Asset Record of Machinery and Equipment



Appraisal Process - Site Inspections



Costing Sources



Frequently Asked Questions

- 1. Why do different appraisers yield/conclude different values on the same property?**
- 2. How long is an appraisal good for?**
- 3. What are the best published information sources for trend factors?**





Questions





SUNCORP VALUATIONS

Our Business is Value.

- Firm Founded in 1960
- Accredited Valuation Professionals
- Largest Insurance Appraisal Practice in Canada
- \$5 Million Dollars of Errors & Omissions Insurance
- Appraise over 6,000 condominiums annually
- Total appraisal service provider (**Reserve Fund Studies and Market Value Appraisals**)
- Perform Assignments Worldwide
- Reports accepted by all major Financial Institutions and Insurers

