



Property Insurance

Current Trends in Valuation, Placement & Claims

Presented By:
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*Hays Companies, Inc., an owned
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Presentation Agenda

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Policy Placement Issues in the Marketplace

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Claims and Lessons Learned

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Q&A



Panelists

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Moderator: Aaron Stone, Brown & Brown

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Panelist: Blake Berscheid, Brown & Brown

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Panelist: Trent Gillette, McLarens

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Panelist: Alex Jadin, Smith Jadin Johnson



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Valuation Trends and Issues

Valuation Trends and Issues

- Historically, a stable issue, but now volatile and lead driver in the marketplace.
- Can impact all aspects of Insurance program from underwriting process to placement, including language negotiation, to claims.
- Construction cost and equipment cost trends are up significantly.
 - » Some sources estimate 15-20% increases.
- Impacts due to material shortages from lingering supply chain issues, inflation, and labor challenges.



02

Policy Placement Issues in the Marketplace

Placement Issues

- Heightened scrutiny of values by Underwriters.
 - » Appraisals
 - » Support for calculations
- Premium Impacts
- Policy review – potential impacts of underreporting
 - » Limits based on reported values?
 - » Limits on per building/per location basis?
 - » Occurrence Limit of Liability?
 - » Inflation factor within policy?
 - » Coinsurance?



Placement Issues

- Actions to reduce UW scrutiny and premium increases
- Terms and Conditions negotiations
- Pre-Loss Considerations
 - » Building History
 - » Building Maintenance
- Other policy language issues
 - » Exclusions
 - » Limitations



03

Claims and Lessons Learned

Are you prepared for this? What is the total Loss?



Claims and Lessons Learned

General Issues

- Inadequate values may impact insured's recovery ability.
- Some policies have firm cap based on reported values – problematic in total loss event.
- Some policies have coinsurance clauses – claim amounts reduced in proportion to the amount the property is undervalued.
- If there is an inflation factor included on the policy, is it sufficient to address gap in value difference?



Claims and Lessons Learned

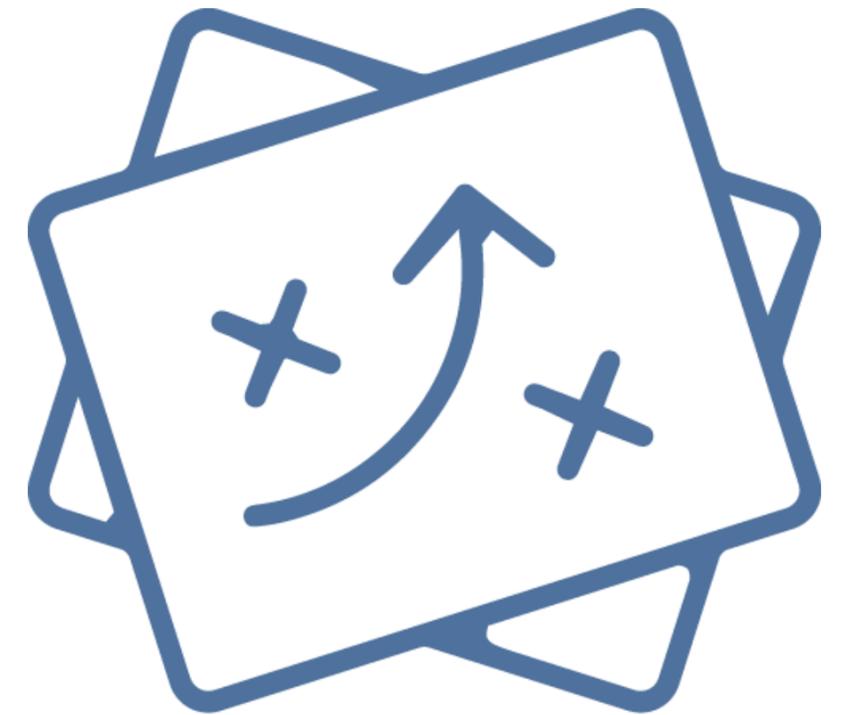
BI IMPACTS

Period of Restoration Complications

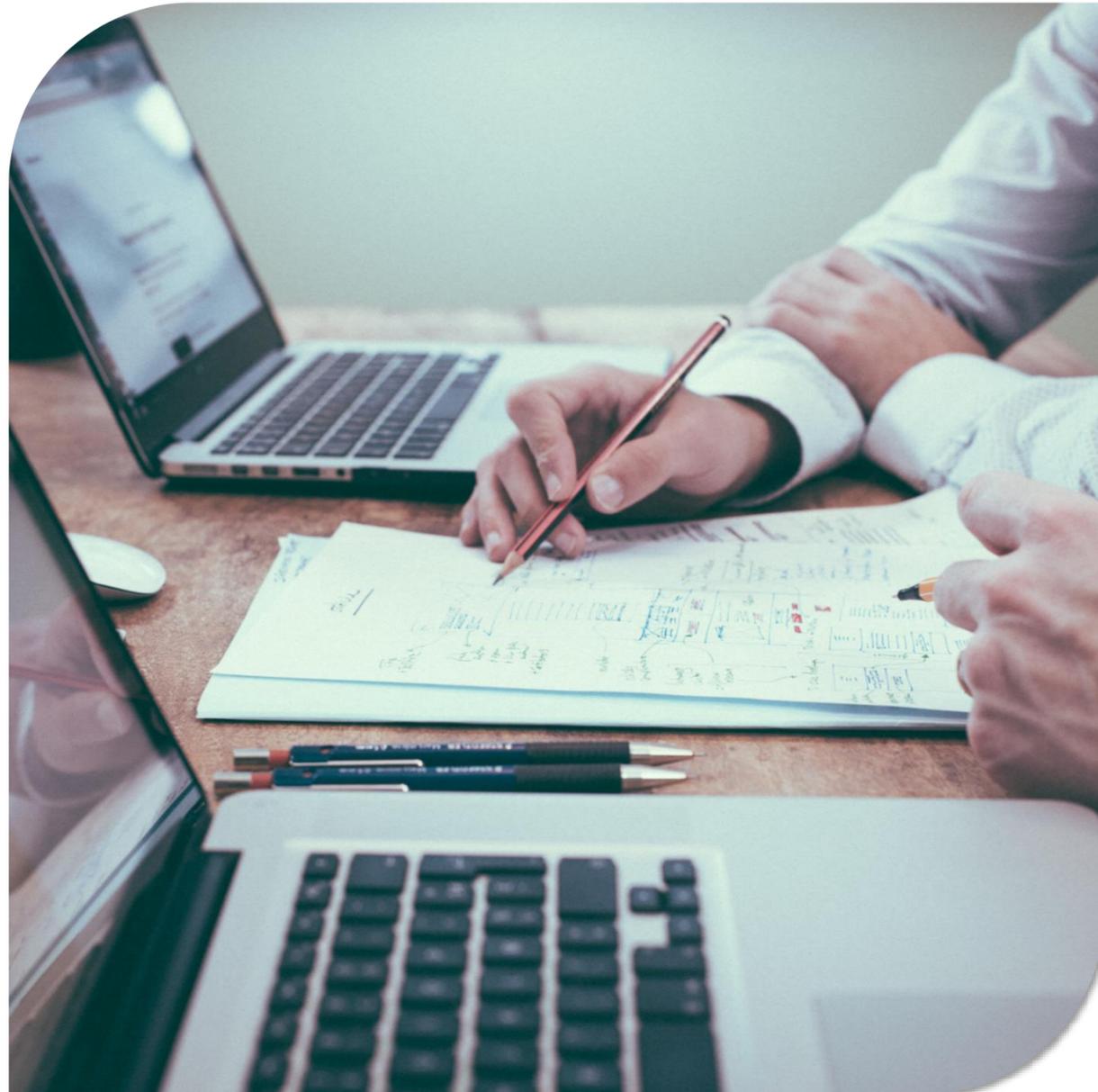
- Specialized equipment/materials
- Equipment manufactured abroad
- Evaluation of BI Limits – given potential lengthened recovery time

Review Extra Expense and Expediting Expense Coverages

- Leverage coverages to reduce BI exposure
- Coordinate with adjuster on recovery plan



Claims and Lessons Learned



Issues that get Litigated

- Period of Restoration
- BI Calculations and offsets in extra expense
- Records Production
- Ordinance and Law Coverage
- Categorizing claims through the limits and sub-limits
- Notice of Claim
- Scope of Damages
- Professional Fees

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Questions and Answers





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