

## Insurance Appraisal Services



### Overview

Insurance appraisal services are utilized to address various risk management issues including the development of underwriting data for insurance placement, the performance of an insurance-to-value analysis, the allocation of premiums for risk sharing entities, and the generation of proof-of-loss documentation. In particular, property and casualty insurance underwriters are interested in obtaining consistent valuations based on the cost to replace new premise of value and the related data regarding construction, occupancy, protection, and exposure (COPE) for each and every structure to be covered under an insurance policy.

American Appraisal's insurance appraisal services are provided by our Fixed Asset Management & Insurance Solutions staff, which includes 125 consultants located in six regional offices throughout the United States. These consultants specialize in performing insurance appraisals on a full-time basis. Many of these consultants are members of the American Society of Appraisers, and a number of the consultants have degrees in engineering or architecture.

### Building Appraisals

American Appraisal recommends the utilization of a full-scope, component-based appraisal approach for insurance appraisals of buildings. This approach is significantly more comprehensive than the square footage and occupancy (use) approach. Our component-based approach involves an inspection of each building including a tour of the premises, the identification and recording of various construction components (type of structure, walls, roof, etc.), recognition of major service systems (electrical, plumbing, security, heating, ventilation, and cooling systems, etc.), measuring and photographing the building, and estimating standard insurance exclusions (excavations, foundations, and below-grade piping). Our approach and methodology are designed to provide consistently developed valuations based on the cost to replace new premise of value and reliable COPE data.

We also provide limited-scope services such as desktop analysis and trend analysis. However, a desktop analysis is dependent upon the accuracy and completeness of the data supplied to the appraiser, and trending of valuations over an

extended period of time is compromised by the fact that it assumes static construction practices and does not consider any modifications to the original structure. In addition, underwriters will generally only accept trended valuations for a period of at least three but not more than five years.

### **Equipment Appraisals**

American Appraisal also utilizes various approaches for insurance appraisals of movable equipment. Our comprehensive equipment appraisal includes the physical inventory and appraisal of all movable equipment. Movable equipment may also be estimated based on the extent of equipment observed during the inspection of a building and the related square feet of space based on certain models that were developed from physical inventories of furniture and equipment at buildings of similar sizes and similar uses. A hybrid approach, which includes the physical inventory and appraisal of equipment with a unit cost in excess of a minimum threshold and the modeling of assets below the threshold, may also be used.

### **Reports**

Our reports, issued at the conclusion of each project, are prepared in accordance with the Uniform Standards of Professional Appraisal Practice and include both summary and detailed reports. The summary appraisal reports present a summary discussion of the data, reasoning, and analyses used in the appraisal process to develop American Appraisal's opinion of value. The detailed appraisal reports present supporting schedules and exhibits including building construction details, photographs and, in some instances, site maps for each property.

### **For Information Contact:**

**Lynn Forsythe**

**Assistant Vice President & Managing Director**

American Appraisal Associates

259 Woodland Road

Wrightstown, PA 18940

Telephone: 215 598 9304

lforsythe@american-appraisal.com

*As a fully global, multi-disciplined independent consulting firm, with approximately 850 professionals operating in 50 offices throughout the world, American Appraisal has the resources and technical expertise to meet any valuation need.*