



Now is the Time to Reassess Your Property Values

Insurance renewal season for the Fund is coming fast. As you can likely tell from your previous business and personal insurance renewals, the market for property insurance has seen significant increases in the past several years. The property market has experienced the result of inflation, supply shortages, increased construction costs, labor shortages, higher wages, more demand for construction/renovation, local weather related, worldwide storm devastation and other contributing factors. The result is higher contributions over the previous year.

According to the Bureau of Labor Statistics, over the past two years, construction material prices alone have increased over 25%. While there are some promising indications the rate of increase will slow in 2023, there also are signs this could also continue through 2023 and into 2024. How does this affect your district or authority?

The impact of increasing costs may leave you underinsured. This means if you experience a fire, flood, tornado, hailstorm or other disaster, your cost to rebuild may be greater than the amount you are insured for. The result is your district or authority may be responsible for costs which exceed your disclosed property values. Imagine having to pay cash from district or authority reserves just to get your building reconstructed, for costs over the currently insured amount.

Fortunately, the Fund is here to help with current property valuation. Historically, members of the Fund will have their property appraised every 3 years. During the years your properties are not physically appraised, the values are trended based on industry and local cost factors. If you add property in between the physical appraisals, the Fund will ensure the buildings are appraised to determine the most accurate value. Failing to do so could result in holding a property that is underinsured until your next scheduled appraisal visit. Contact your Loss Control representative or Jeremy Wade (jeremy.wade@sedgwick.com) to schedule a visit to have added buildings appraised during those off years or to confirm your next scheduled appraisal.

Questions asked by Members regarding valuations include:

1. **Will my contributions increase if I revalue my property?** *Maybe. It depends on the difference between the existing and reassessed value. The cost difference would be much more if you needed to replace or repair a damaged building and were underinsured.*
2. **Who should I contact if we add or subtract buildings or land?** *You should let your Fund MGA team member know when you have a change in property. You can also email changes to TWCARMF-Underwriting@sedgwick.com.*

- 3. I think I am insured correctly. How will I know?** *You should have a conversation with your Loss Control representative to discuss the previous valuation and whether to get updated values. Contact Timm Johnson (tim.johnson@sedgwick.com) at the Fund if you don't know who your representative is.*

Having current and accurate property values will ensure you are correctly covered and avoid surprises in the event of an emergency. Given the challenge of the inflationary economic environment, frequency of weather-related events and the cost of replacement building materials, having an up-to-date replacement cost valuation will help you feel comfortable that you are adequately protected.