

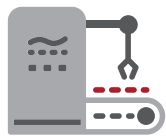
Keeping insurance values up to date

COMMERCIAL PROPERTY – BUSINESS PERSONAL PROPERTY



Update business personal property values regularly

It took time, effort and hard-earned investment dollars to create and sustain your business. Help your business thrive by regularly assessing the value of your business personal property (BPP) assets to ensure they are adequately covered. Underinsurance can greatly impair, or even bankrupt, a business trying to recover from a major loss. Insurance to Value (ITV) is an assessment of the complete cost to replace insured property — BPP evaluation is one critical element of a comprehensive property insurance program.



What is business personal property?

BPP refers to items within a building that are used for business operations. Whether it's the stamping press that shapes your parts, the forklift that moves the parts or the shelves, fixtures and racks that hold your product, the computer servers that store your proprietary data or the equipment used to cook the food you sell, this tangible property is essential to your business.

BPP replacement is more than just the purchase price, it includes the cost of the same item (new) or replacement item (with equal utility), and includes applicable taxes, delivery and installation charges.

CONSIDER THE VALUATION SOURCE

Proper valuation process

- ✓ Replacement cost (new) appraisal.
- ✓ Comprehensive self-valuation.

Problematic valuation sources

- ✗ Fixed asset lists.
- ✗ Market value appraisals (fair market, liquidation).
- ✗ Valuation source is not known or credible.



Conducting a comprehensive self-valuation

The self-valuation should be conducted internally by your engineering/facilities/production staff. It includes large and small equipment, material handling equipment, IT equipment, and commonly overlooked items like tooling, fixtures, dies and molds. Additionally, if you've purchased used assets, it is important to make sure they are valued at replacement cost.

Make sure property valuation is part of your business continuity plan.

[WATCH VIDEO](#)



Are your BPP values within an expected range?

Some business owners find their blanket limit of insurance values to be understated by 50-75%, resulting in significant, unexpected out-of-pocket costs, business disruption or termination of operations as insurance limits are exhausted.

Below are expected ranges as well as recent valuations completed by Travelers. The ranges include machinery and equipment (M&E) owned or in your care and custody, conveyors, tanks, silos and support systems, patterns, fixtures, molds and dies. The valuations spanned the entire property including the main manufacturing and maintenance areas, office space and warehouses, but exclude parking garages. The ranges exclude raw materials, works in progress or finished goods.

BPP/M&E General Value Ranges* by \$/SF:



Food & Beverage Manufacturing

Expected range: \$100–\$350/SF, Average: \$185/SF

Recently Valued Properties

- Food plant (cook/freeze/can): 211,000 SF, \$208.52/SF
- Spice maker (low volume, semi-automatic): 123,000 SF, \$98.73/SF
- Frozen dinner manufacturer: 747,000 SF, \$305/SF
- Brewery: 63,000 SF, \$242/SF
- Soft drink bottler: 212,000 SF, \$265/SF



Manufacturing (Other)

Expected range: \$90–\$350/SF, Average: \$175/SF

Recently Valued Properties

- Construction equipment manufacturer: 900,000 SF, \$125/SF
- Metalworking shop (machining/light metal forming/assembly): 250,000 SF, \$172/SF
- Gear maker: 112,000 SF, \$396/SF
- Plastic injection molding manufacturer: 98,000 SF, \$205/SF
- Wallpaper printer: 115,000 SF, \$221/SF



Healthcare

Expected range: \$80–\$300/SF, Average: \$155/SF

Recently Valued Properties

- Urgent care clinic: 3,300 SF, \$110/SF
- Community hospital (east coast, midsize): 228,000 SF, \$164/SF
- Outpatient surgery center: 10,500 SF, \$265/SF
- Outpatient imaging center: 9,600 SF, \$934/SF
- Doctor's office: 20,800 SF, \$46/SF



Colleges & Universities

Expected range: \$20–\$55/SF, Average: \$30/SF

Recently Valued Properties

- Classroom: 39,200 SF, \$19.74/SF
- Library: 75,000 SF, \$36.46/SF
- Laboratory building: 48,000 SF, \$156/SF
- Student center: 74,000 SF, \$31/SF
- Dorm: 38,000 SF, \$7/SF

For more information, contact your Travelers representative.

*These are only guidelines and should **NOT** be used as a formal guide. To develop a comprehensive replacement cost (new) valuation, obtain a property appraisal or perform a thorough in-house evaluation of all the equipment, furniture and fixtures and their replacement costs with help from facility or engineering staff.



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