



# Williamson County – McGriff Insurance Services Property Insurance Data Review & Recommendations

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David Werch, ASA  
Managing Director – Tangible Asset  
Practice  
CBIZ Valuation Group, LLC  
dwerch@cbiz.com  
469.261.6506

# Property Insurance Emergent Issues



- Carriers placing higher importance on accurate property values and detailed exposure data.
- Property/casualty insurance policyholders are seeing accelerating rate increases and a reduction of capacity in certain lines of business and this trend is expected to continue.
- In property, up to 40% and higher rate increases are being seen across all categories, with CAT-exposed properties, loss leaders and frame multifamily properties seeing the higher increases.
- Carriers are asking for and achieve increased rates, increased deductibles, and reduced coverage especially in the distressed areas.

# The Value of Data

## Insurance Carrier Request Detailed Property Data Request

- Missing data = Uncertainty
- Uncertainty = Addition Cost
- Certainty = Favorable Pricing & Terms

*“Although well-publicized improvements have been made to address model-based shortcomings, the inability of insurers and reinsurers to obtain complete and accurate exposure data continues to pose a major threat. The adage of ‘garbage in, garbage out’ should not be taken lightly, with RMS/AIR reporting that when missing or incorrect information is improved, model results vary by a factor of four on a single building or by up to 25% across a portfolio” – Global Reinsurance*

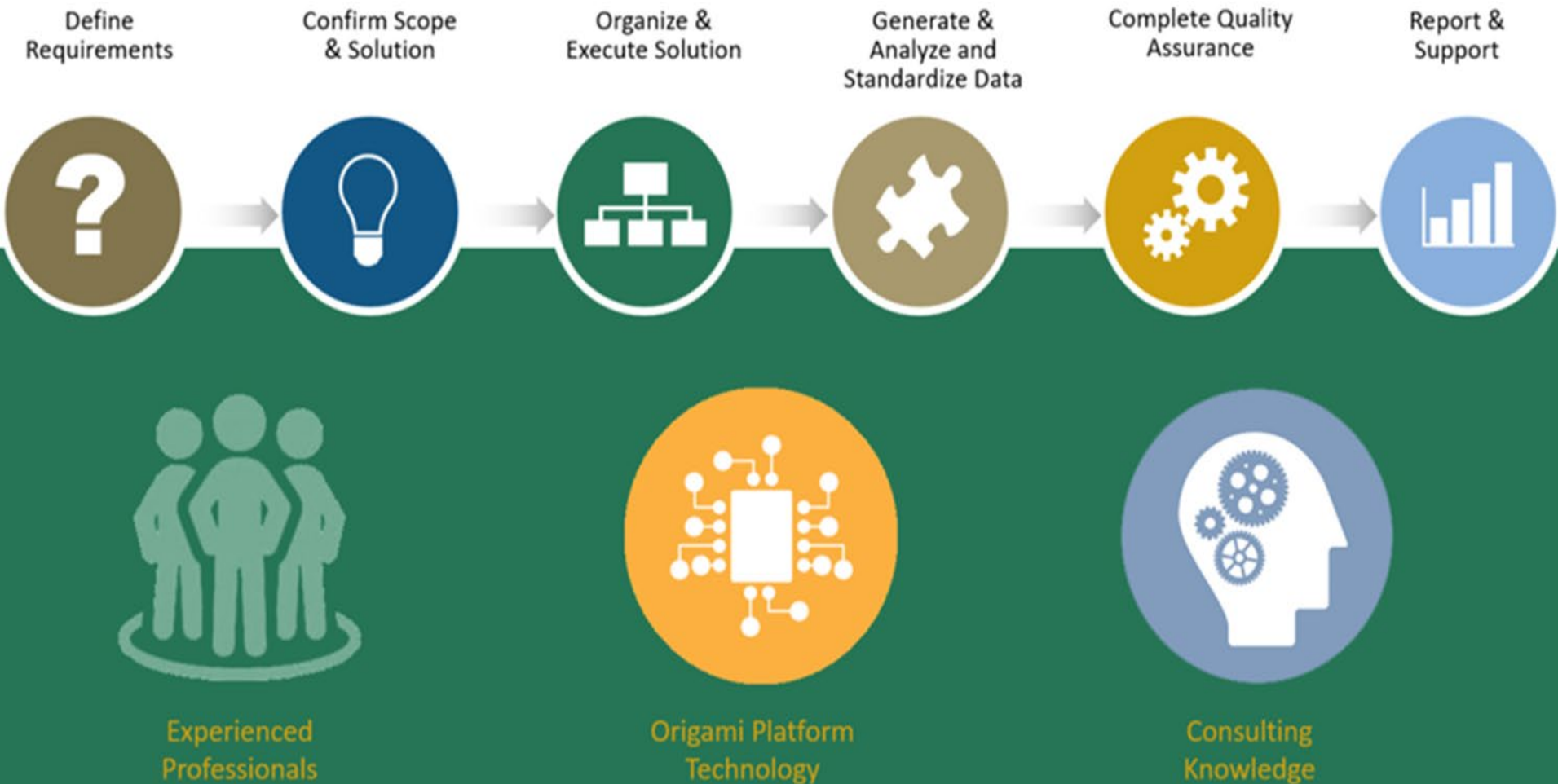
# Statement of Values Review – Williamson County



## Property Data Outliers – Impacting cost and terms

- Construction classes are not listed and they need to be confirmed through a site visit;
- Square foot costs – typically a sign of cost estimating and not taking into account the specific ISO classes of the existing construction. This could lead to being over insured at some buildings or locations especially if there are buildings that are older in age;
- Square foot costs ranging between \$31.25 to \$796;
- Missing square footages for many buildings;
- COPE and secondary data shortcomings are not all listed but need to be confirmed through a site visit. Typical data collected will include:
  - ISO classifications
  - Roof – age, covering type, frame type, geometry
  - Vacant buildings – Y/N
  - Plumbing/Electric
  - HVAC – type of systems
  - Alarms – automatic or manual fire alarms for each building, % of building covered and how their monitored
  - Sprinkler System – type of system(s), % of building covered and how their monitored
  - Special building features – back up generator, fire suppression system, etc.
  - Minor Structures – not reported for all locations

# Appraisal Program Organization





# Recommendations

- Consider implementing a property valuation program:
  - Uniformly collect and manage valuation and exposure data for buildings, modeling contents and insurable site improvements;
  - Project scope would include the on-site inspection of each building/structure identified on the SOV, adding any missing buildings from the SOV, modeling contents and the insurable land improvements. During the site inspections, basic construction components including COPE data will be observed and specific data collected to assist with the valuation process. Square footage will be calculated using a combination of physically measuring the buildings, satellite imagery and/or conducting take-offs of blueprints. A digital photo will be taken of each structure inspected and incorporated into our building detail reports. Our deliverables will include a narrative report with building summary report by location, building detail reports and an Excel file of all the building and site improvement data.
  - Appraisal Options – inclusive of expenses:
    - Appraisal of all buildings - \$39,200;
    - Appraisal of buildings over \$5.0 million in building value - \$9,500 or;
    - Appraisal of Top 5 buildings by building value - \$6,000;
  - Currently, our delivery is 10 – 15 business days after completing the site visits and valuation, which is well in advance of your October 1<sup>st</sup> renewal;
- Utilize comprehensive property appraisal and underwriting data to remarket program for most preferable terms and rates.