



division of **Risk Management**

Property Valuation

This guide is to be used for the review of your statement of values for property and contents currently covered through State of Utah Division Risk Management. This statement is used as a basis for determining property insurance premiums.

All property must be shown for it to be covered by Risk Management. This includes property you may not be using (vacant buildings) or do not own (artwork on display) but for which you are legally responsible in the event of a loss.

To determine an accurate insurance value and adequate funding from the legislature, we request that all adjustments to values be submitted to Risk Management through the online web portal.

General Instructions

Online Web Portal: The SOV update and approval process typically occurs March through April. This allows Risk Management time to prepare data for the actuary. A link will be provided to your specific Statement of Values. The site will be a spreadsheet version of your Statement of Values where you can add, delete, and modify items as needed. Once complete you will then submit your revisions through the site, and it will automatically link to our database. The Risk Management team will then review all changes and follow up with any specific questions. After Risk approval the edits will be applied to your account. This new review/submission process will allow for a better audit trail and tracking of outstanding items. Please use the job aids in the help section of the site for more details.

Reminders

Replacement Value: An audit of Risk and DFCM records found that many of the State's properties were undervalued. To have appropriate insurance coverage, the audit recommended that Risk insure buildings at no less than their Marshall & Swift national appraisal estimate. This value is listed as the Calculated Value on your statement along with any Reported Value you have previously provided. In this Statement of Values, we have indicated which value was used in the past. Remember, calculated values are revised annually, however, reported values must be updated by you each year.

NOTE: The Marshall & Swift calculations are provided as estimates based on square footage, building use, construction materials, etc., and are to be verified by each agency. If a calculated amount is inaccurate or lower than the true building value it is your responsibility to enter an accurate reported value sufficient to replace the building.

Coinsurance: The State audit also recommended that Risk invoke the co-insurance provision in the Risk Policy for any buildings where the replacement cost is higher than the insured value. The auditors opined that making agencies make up the difference for any under-insured building would incentivize agencies to report more accurate replacement values for their buildings. Risk has not invoked this

provision against the agencies in the past but will begin doing so at the auditor's recommendation. This is how the co-insurance would work: if an agency had insured a building for \$100,000 (and paid the premium for a \$100,000 building) but it takes \$500,000 to replace the building after a loss, Risk may only pay out the \$100,000 and the agency owning the building would be responsible for up to the remaining \$400,000. This is another reason to look closely at each building's value to ensure there is adequate insurance coverage to replace the building should there be a loss.

Auxiliary Use Space (Higher Education Only): We are continuing to collect information for the Division of Facilities and Construction Management (DFCM) on how much of each building is auxiliary use. You should provide both the total square footage and the auxiliary use square footage for each building listed.

Updating your Statement of Values in Excel: The Excel Statement of Values available through the portal is for your reference only. We will not accept any changes made via an excel file nor will we accept excel files for upload into our system. **Any changes made must be done using the online web portal.**

What you need to do

Follow the link to your Statement of Values and review your property carefully:

- Make sure all buildings and structures are listed
- Make sure each building has insurance for related contents
- Add any additional buildings using the online web portal or by contacting Risk Mgt.
- Make any corrections necessary

Please review your statement carefully, making sure that all property locations are listed. Also, review the values shown for buildings, contents, and inventory, making sure they are reasonable and consistent. Please remove/deactivate items you no longer own, add new buildings, and make other changes as appropriate to make sure all your property is covered.

Additional Information

Statement of Values: All property must be shown for it to be covered. This includes property you do not own, but for which you are legally responsible in the event of a loss, such as a leased building for which you are required to provide insurance in a lease agreement. Buildings and property need to be reported even if they are not being used currently. Property you own or for which you are responsible that is not listed will not be insured against loss.

New Buildings

Acquired Buildings: In order to gather all the required information to insure a new building (as well as to gather the information about sprinklers, fire alarms, etc. so we can give you the appropriate credits) you must complete the "New Building Form" whether in the SOV portal or submitting to Risk Management for manual input.

New Construction: If it is a newly constructed building that was previously in a "Course of Construction" status you will need to contact Risk Management to convert the building status.

Descriptions

Building Valuation: In most cases, building values are calculated by Risk Management using the square footage that your agency has reported, multiplied by the applicable replacement value per square foot. The replacement value per square foot is based on national replacement cost summaries obtained from Marshall & Swift, a national property valuation company. Cost per square foot of building space varies depending on the specific use of the building, materials used in construction, and construction quality. The replacement values were updated before sending you the link. Land cost, site preparation, etc. are not included in the building value. As you are probably aware, the cost of construction continues to increase. These increases are built into our calculations based on the CPI. This calculated replacement value will be used unless you have provided a reported value that is higher.

“Portables,” freestanding classrooms and mobile homes should be listed as buildings. If there are several mobile homes or freestanding classrooms, they can be grouped together if they are all at one location, but please let us know the number you have grouped. For example, it is acceptable to report 15 mobile classrooms that are all located at one school as one item on your report.

NOTE – The calculated values are provided as estimates for your convenience, however, it is your responsibility to verify the true cost of your buildings and report them adequately. These values need to be reviewed carefully by you to ensure that they provide you with the appropriate amount of coverage. If you do not make a change to the value, we will assume that the higher amount between calculated and reported is appropriate and it is the level of coverage that you desire.

Contents Valuation: For each location, please review the current replacement value of all contents. In most cases, we do not need detailed reports of building contents. Please include an estimate of value for items regardless of whether they are capitalized (shown as assets in the accounting records) or not. Include in your total estimate the total value of items of small individual worth. (For example, some entities do not keep track of items in their fixed asset accounting records that are less than a specific dollar value, such as \$5,000 or that don't have a useful life of more than 1 year. You should still include in your contents value an estimate of the total combined value of these smaller items.) While efforts should be taken to value all contents, it is not expected that you expend unwarranted effort to find the value of every chair and stapler. A reasonable estimate of the total of contents is acceptable. You may want to determine the contents value in a typical office or classroom and use that information to estimate values in similar areas.

NOTE – Artificial turf, scoreboards, statuary, playground equipment, and small unmanned aircraft systems (small UAS) must be scheduled separately for coverage. Inexpensive small UAS may be grouped together.

Each year Risk Management adds an inflation factor to the value of your contents which is derived from the Consumer Price Index as published by the US Department of Labor Statistics. This will increase slightly the value of your contents each year unless you report a new value.

NOTE - If no contents are shown for a building on the statement, then you are not covered for those contents. Make sure to report contents that are located in leased buildings, too.

Non-owned contents under your custody and control: The value you put for the contents of a building must include contents under your custody and control, even if owned by someone else. The exception would be if your entity and the owner of the property have a contract indicating that the owner of the property will carry the insurance. Please update your contents accordingly.

Other: Other items represent items that do not fit in the above categories. Please be sure to include paintings and fine art; money and securities; food stamps; off-road vehicles (including moving equipment that is not licensed for on-road use such as forklifts, riding mowers or ATV's); books and other valuable papers; etc. Explain what is included in this category so in the event of a loss, there is no question about whether it was covered. You also need to be aware that artificial turf, scoreboards, playground equipment, sculptures, statuary, and monuments must be separately listed and valued in your Statement of Values to be covered.

Course of Construction: Construction projects for State Agencies and Higher Education are generally handled through the State's Division of Facilities Construction and Management (DFCM.) Some Universities handle portions of their own construction projects. DFCM reports all coverage for the projects that they manage, and all others must report their own course of construction projects. If you have new construction projects to report, please contact Risk Management to have them added. **If you had any buildings that last year were reported to us as being under construction or anticipated to be started during the upcoming fiscal year, they may need to be converted to actual buildings.**

Inventory: Inventory represents things like commercial stock and items held for resale. Examples are items for sale in campus bookstores, or inventory at Alcoholic Beverage Control.

Property acquired during the fiscal year: Properties valued at \$25 million or less that are acquired (as opposed to constructed) during the fiscal year will automatically be covered and you are not required to report them until the next SOV portal update. Although such buildings are not required to be reported, you should report them so that we can maintain an updated listing of properties. Property acquired which is valued at \$25 million or more must be reported immediately to Risk Management to be covered.

Contacts

If there are any questions or to make changes to your covered assets at any time do not hesitate to contact Risk Management's Support Services at:

(801) 957-7170	risk.utah.gov	Main Office
(385) 479-4206	belliston@utah.gov	Barbara Belliston, Database Coordinator
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