



Insurance and Property Issues

FUTURE TOPICS

Market Value vs. Replacement Values for insurance valuations

Reducing brokers' liability regarding the estimation of TIV

Specialty risks and the use of layer and exposure reports to assist in property marketing

OTHER SERVICES:

TANGIBLE & INTANGIBLE ASSET APPRAISALS

SPECIALIZED PRACTICES

Capital Asset Valuations
Commercial Real Estate Services
Cost Segregation
ESOP Formation and Valuation
Structured Finance Appraisals

INSURANCE VALUATIONS

Including specialized reports for Marketing & Placement
MFL/MPL Studies
Digitized Plot Maps & Photographs
Portfolio Studies
Business Interruption

*Marshall & Stevens,
providing valuation services
worldwide since 1932*

What is IPI?

IPI is a regular newsletter published by Marshall & Stevens that addresses current and complex property and insurance related issues. IPI will offer both insight and solutions.

What will the future topics be?

A list of future topics is provided at the top of the left hand column. If you would like to suggest an additional topic or have a valuation question please feel free to let us know.

Who contributes to IPI?

IPI is published as a service by Marshall & Stevens. We have a cadre of brokers, insurance attorneys and risk managers who help select topics, and who contribute to the technical content.

How often will IPI be published?

Ten times a year. We publish two issues between November and January, and the same reduced schedule over the summer month.

Our Lead Article.

Our lead article *Valuation Definitions* is on the following page.

Your Comments

If you would like to contact us please e-mail us at dmcDougall@marshall-stevens.com, your comments are welcome. If you wish to un-subscribe please send an e-mail with your fax number. If you would like additional copies in color they are available at no charge.

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APPRAISAL DEFINITION(S) - A tool you can use.

The following definition are pertinent to construction and equipment valuations;

Replacement Cost New - The current cost of a similar new property having the nearest equivalent utility as the property being appraised.

Reproduction Cost New - The current cost of reproducing a new replica of the property being appraised using the same, or closely similar, materials.

Depreciation - A loss in value from all causes, including factors of deterioration, functional, and/or external obsolescence.

Depreciated Reproduction Cost - Reproduction cost new less accrued depreciation

Depreciated Insurable Value - Insurable reproduction cost less accrued depreciation considered for insurance purposes.

The definitions above for reproduction cost new and depreciated reproduction cost are synonymous with the insurance industry definitions for replacement cost and actual cash value, respectively.

Fair Rental Value - The income, in terms of money, which a property will bring if exposed in the open market, with a reasonable time allowed to find a lessee, neither lessor nor lessee being under duress, and each having knowledge of the uses and purposes for which the property is suitable.

Liquidation Value in Place - The estimated gross amount expressed in terms of money that could typically be realized from a failed facility, assuming that the entire facility would be sold intact with a limited time to complete the sale, as of a specific date.

Orderly Liquidation Value - The estimated gross amount expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser or purchasers, with the seller being compelled to sell on an as is, where is basis, as of a specific date.

Forced Liquidation Value - The estimated gross amount expressed in terms of money, that could typically be realized from a properly advertised and conducted public auction with the seller being compelled to sell with a sense of immediacy on an as-is where-is basis, as of a specific date.

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