



## TRANSACTION ADVISORY SERVICES

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[navigant.com](http://navigant.com)

### About Navigant

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](http://navigant.com).

# PROPERTY INSURANCE VALUATION

As company operations grow in size and scope, so does the risk of loss relating to property, plant, and equipment. Navigant's Property Insurance Valuation team provides thorough and reliable appraisals to help our clients mitigate the risk of loss, co-insurance penalties on filed claims, and excessive insurance premiums.

## APPRAISAL BENEFITS

- Navigant's independent valuation analysis provides underwriters with certainty of the insurable replacement cost of the property; reducing the time and cost required to obtain appropriate property insurance coverage.
- Our proven valuation approach ensures that a consistent valuation methodology is applied to all covered assets to minimize the potential of errors that can arise when dispersed company personnel rely on their own methods.
- We report the replacement cost estimates by location and asset class to help management evaluate property insurance needs, and identify any unique risk concentration issues.
- The results of our appraisal can be used to allocate premium costs between business units, locations, and cost centers.
- Our valuations have been used to correct "mass accounting assets" to provide greater detail for future accounting purposes, identify federal depreciation and property tax savings opportunities for acquisition transactions, and establish accounting records for International Financial Reporting Standards (IFRS) reporting.

## RISK FACTORS

Insurance underwriters often scrutinize company estimates and request a third-party appraisal to establish a reasonable basis for insurable replacement cost. Some of the questions to consider include:

- Has a property insurance underwriter questioned the reasonableness of the property values reported on the company's Statement of Values ("SOV")?
- Is management confident that all insurable property is properly included in the SOV?
- Is the SOV updated annually to reflect the changes in the asset population due to acquisitions, transfers, repairs, disposals and loss?
- Does management know with certainty how their reported insurable values have been determined in the past?
- Does the company rely on accounting fixed asset records?
- How does the company address inconsistencies between historic cost, acquisition value, repair costs, and expensed asset purchases?
- Is the industry experiencing a significant change in the cost of material and labor?

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## OUR PROVEN APPROACH

Navigant's appraisals are tailored to the unique needs of every client. The objective of each appraisal is to provide a reliable estimate of current insurable value with minimal impact on company personnel and budget. We accomplish this by:

- Evaluating the sources of relevant company data, such as fixed asset records, prior appraisals, purchase orders, and maintenance records;
- Reviewing insurance policy to ensure proper treatment of off-site assets, leased assets, and assets owned by clients, vendors, and personnel;
- Assigning highly experienced professionals to interview company personnel, authenticate any company-provided data, and conduct the on-site inspections;
- Conducting on-site facility and property inspections to verify the insurable assets and company information;
- Interviewing company personnel about the use, condition, and technology affecting the real-world replacement of the assets in a loss event (replacement vs. reproduction);
- Obtaining relevant machine information to establish a current replacement cost, particularly for used or acquired assets;
- Identifying and removing "ghost" assets and excess capitalized repair expenditures;
- Providing a detailed report that describes the scope of the analysis, appraisal methodology, description of property, exhibits, and digital image documentation.

## REPRESENTATIVE PROJECTS

The following projects reflect a broad range of needs that required our analysis.

- Acquisition Transaction: We performed a valuation of the real and personal property of a portfolio of bank branches to assist our client with property insurance coverage requirements of an acquisition transaction.
- State Government: We provided the State with a multi-year valuation project for the real estate covered under its policy, which included capital and government agency buildings, state universities, correctional facilities, Veterans Affairs assisted living facilities, and special purpose properties.
- Metal Forging Operations: Our valuation analysis of this company's metalworking equipment and facilities revealed their SOV reflected 50% of current replacement cost estimate.

Contributing factors included many assets having been acquired used, changed cost basis due to mergers, and a rapid increase in cost of steel and labor needed to build very specialized machines. Our results assisted management in securing appropriate insurance coverage and negotiating co-insurance requirements.

- Healthcare: We perform annual valuations for a large hospital network to continually update its SOV over a five year interval, improving accuracy and savings for insurance renewals.

## CLIENTS WE SERVE:

We work with all parties having an interest in the ownership of fixed assets, including:

- Accounting firms
- Attorneys
- Governmental agencies
- Insurance Companies
- Municipalities
- Partnerships
- Private equity firms
- Privately-held companies
- Publicly-traded companies
- Real Estate Investment Trusts
- Universities

## PROJECT TYPES:

- Apartments
- Assisted Living
- Chemical and industrial
- Condominiums
- Data Centers
- Distribution / Warehouse
- Energy
- Financial Institutions
- Food Processing
- Gaming
- Grocery Stores
- Healthcare
- Hospitality
- Information Technology
- Manufacturing
- Marinas
- Mining
- Pharmaceutical
- Restaurants