

Keeping insurance values up to date

COMMERCIAL PROPERTY – BUILDING COSTS

Update building 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 current value of your buildings. The values stated in your insurance policy may not be enough to cover replacement costs at today’s prices if a major loss occurs. Insurance to value (ITV) is an assessment of the complete cost to replace insured property – a critical element of a comprehensive property insurance program.

Demand for building materials going global

Soaring demand from rapidly expanding nations such as China, India and others, has greatly impacted the cost and availability of building materials worldwide.

Building materials that were once manufactured domestically are now frequently made overseas – and they’re shipped everywhere. Demand for materials is now a global competition. Your neighborhood lumberyard is, indeed, competing with global forces that wish to utilize the same materials. For this reason, price increases for building materials may more closely parallel the inflation rates of rapidly expanding nations rather than our own.

Rebuilding yesterday’s buildings at today’s prices

Because the cost of building materials and labor has escalated so steeply over the past three years, many commercial properties may be difficult to reconstruct for the values stated on their insurance policies.

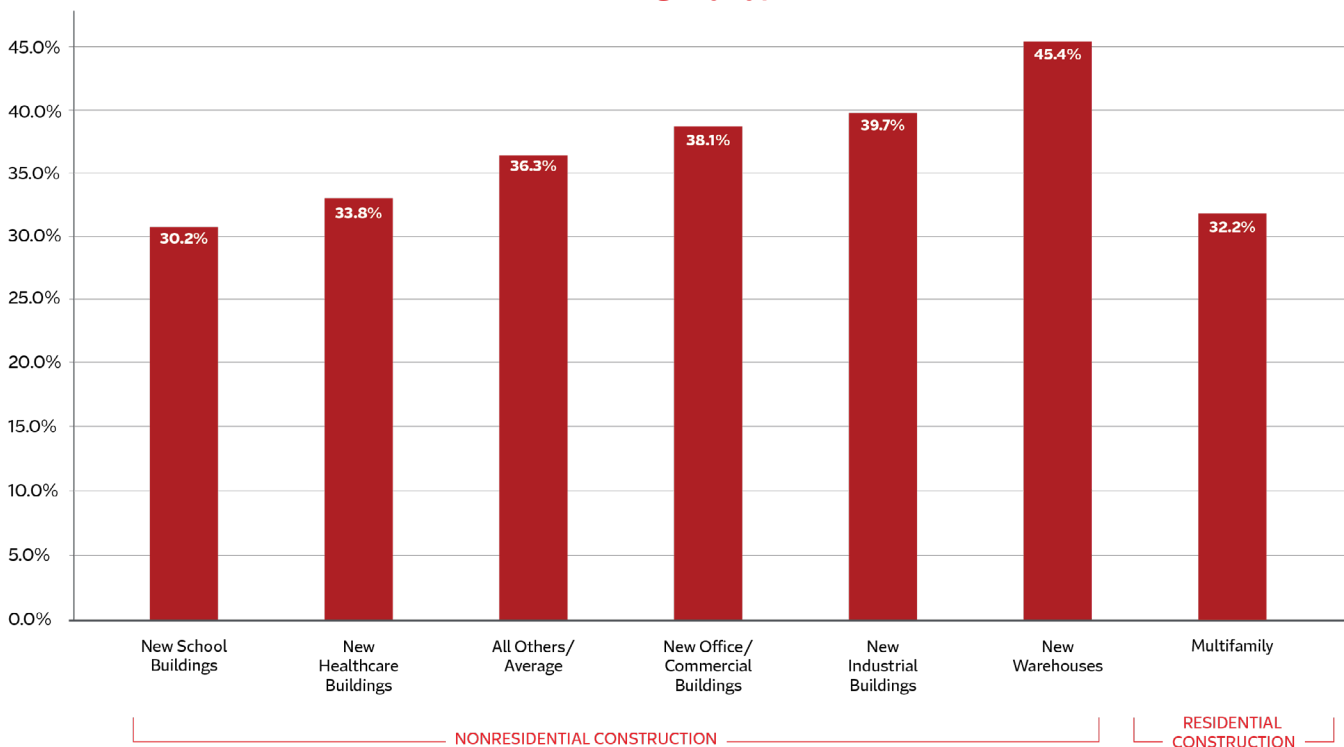
1 in 4 businesses are forced to close their doors following a major loss

Some business owners find their limit of insurance to be understated by 50% to 75%, resulting in significant, unexpected out-of-pocket costs, business disruption or termination of operations, as insurance limits are exhausted. Each year, disasters such as floods, hurricanes, tornadoes and wildfires force thousands of businesses to close. But even more common events, such as building fires, cause the same result. Our research shows that at least 25% of those businesses that close following events such as these do not reopen.¹

See how the prices have escalated in the charts below and on page 2.

BUILDING CONSTRUCTION COSTS AND MATERIALS PRICE MOVEMENT JAN. 1, 2020 – JAN. 1, 2023

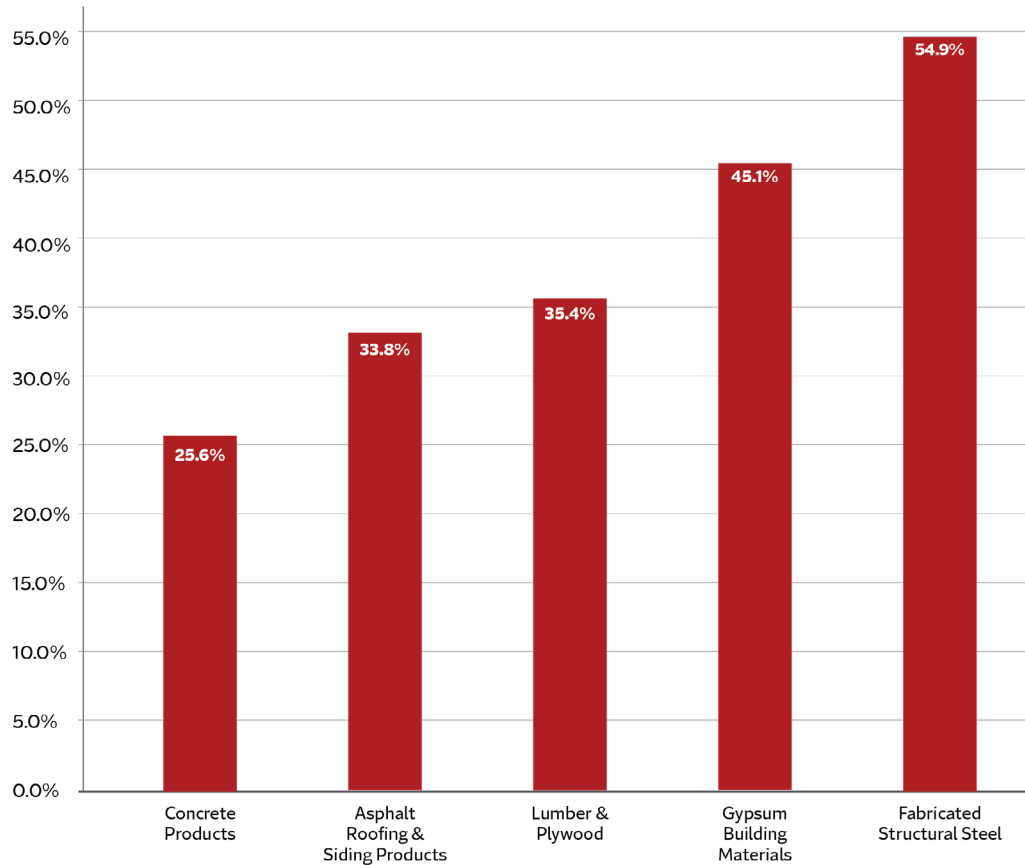
Buildings by Type²



BUILDING CONSTRUCTION COSTS AND MATERIALS PRICE MOVEMENT

JAN. 1, 2020 – JAN. 1, 2023

CONSTRUCTION MATERIALS²



*For more information about ITV, contact your Travelers representative.
Ask about our easy-to-use tools to help determine current values for property exposures.*

¹ Insurance Institute for Business & Home Safety (IBHS)
² U.S. Bureau of Labor Statistics – PPI – January 2023 – Tables 7 and 14



travelers.com

The Travelers Indemnity Company and its property casualty affiliates. One Tower Square, Hartford, CT 06183

This material does not amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by Travelers. It is not a representation that coverage does or does not exist for any particular claim or loss under any such policy or bond. Coverage depends on the facts and circumstances involved in the claim or loss, all applicable policy or bond provisions, and any applicable law. Availability of coverage referenced in this document can depend on underwriting qualifications and state regulations.

© 2023 The Travelers Indemnity Company. All rights reserved. Travelers and the Travelers Umbrella logo are registered trademarks of The Travelers Indemnity Company in the U.S. and other countries. CP-6487 Rev. 2-23