



Insurance Appraisal Reveals Cathedral Overinsured by \$130 Million

Client Profile

Industry:	Religious Institution
Entity Type:	Not-for-Profit
Geographic Footprint:	St. Louis, MO

Data Collection That Supports Accurate Insurable Values

Issue

A church's insurance carrier said the historic cathedral was underinsured, but the church disagreed with the carrier's \$200 million valuation for the property. The church sought an insurance appraisal to establish the appropriate insurable value and coverage required. It also requested a Reproduction Cost appraisal because the cathedral is listed on the National Register of Historic Places.

Solution

For the church's Replacement Cost New (RCN) and Reproduction Cost New (ReproCN) appraisals, our team inspected architectural plans, and other artist information, and confirmed the Construction, Occupancy, Protection, and Exposure (C.O.P.E.) and underwriting data. By physically measuring the building to determine accurate square footage, collecting detailed information of the stained glass windows, and gathering data for all the church furnishings, we captured the data drivers to value the church.

Outcome

The insurance appraisal validated both the carrier's concern that underwriting data was inaccurate and the church's suspicion that its cathedral had been overvalued. Our analysis revealed that the church's current insurable value was undervalued by 86% RCN, and by 128% ReproCN. We found the carrier had overstated square footage numbers in its original evaluation, contributing to the high valuation. The appraisal determined a ReproCN value of \$70 million, and having the recent insurance appraisal will benefit the church in its current and future renewal cycles.

In simple terms Replacement Cost New can be defined as the cost required to produce a property of like kind and materials; whereas Reproduction Cost New can be defined as the cost to replicate, at current prices, using exact replica kind and quality materials. Our experience with both types of valuation helps modern and historic buildings provide accurate, detailed information needed for insurance underwriters.



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