

Is your business



PROPERLY INSURED?

Up about 5%

Inflation, particularly building replacement cost inflation, is still above the average rate of **2–3% annually**.

What could impact your insurance to value needs year to year?

- Renovations
- Improvements and betterments
- Long lead times (supply chain challenges)
- Machinery/equipment
- Inventory

While building replacement costs tend to make up the majority of **property valuations**, it is also important to factor in other kinds of value categories including equipment, machinery, improvements and betterments, which may already be included in real property values, and projected **business interruption (BI)** values.



Material composite costs increases year over year

- Concrete composite **+8.5%**
- Paint composite **+5.1%**
- Interior trim composite **+2.2%**
- Drywall composite **+1.9%**

Labor costs are up by...

- Concrete mason **+28%**
- Carpenter (general framer) **+2.6%**
- Electrician **+1.4%**
- Plumbers **+1.7%**
- Drywall Installer/Finisher **+4.1%**

Labor costs are now the primary driver of current above-average building replacement costs.

What can happen when your business is underinsured?

- Partial claim reimbursements
- Loss of customers
- Longer recovery periods
- Financing challenge



“In order to protect your business in the event of a significant loss, it is imperative to reassess and update your valuations at least annually. Over these past few years, we’ve seen unfortunate incidents of loss payments that did not cover the entire loss, due to inadequate limits. Work with your independent agent to ensure your valuations stay current.”

— Jessica Huss, Vice President,
Commercial Property Underwriting

Source: Verisk Analytics, 360Value Quarterly Reconstruction Cost Analysis, Q4 2024