



RISK MANAGEMENT CORNER

Are Your Property Limits Accurate?

Imagine you get that middle-of-the-night call every business owner dreads: There's smoke coming from the roof at your main location. When you arrive, the entire building is in flames. The fire gets put out shortly after dawn, but it's evident the fire and water damage is extensive. That shiny new equipment is now scrap, the shelves, light fixtures, inventory, carpet, family photos—anything and everything—ruined.

Now imagine finding out that, while the walls and roof were insured at their full replacement value, not much else was. Not calculating replacement value for property contents is a costly mistake some business owners make when valuing their business insurance limits. Don't be one of them!

When discussing insurance values with your provider, be sure you include anything that could affect value: new machines or equipment, inventory (raw material, in-process and finished product, etc.), property of others, remodels, etc. And, don't forget to consider inflation and other valuation factors. The amount you have on your balance sheet or the item's cost new may not be an accurate reflection of your contents' replacement costs. Remember, you probably had time to shop around and buy the items at the best possible price, but you won't have that luxury when you need to get your business back up and running as fast as possible.

Determining the replacement cost of your business personal property (contents) is involved, and it requires *your* time and expertise. Yes, it may be time-consuming to do a walk-through to list floor-to-ceiling contents and determine accurate costs, but it is the best way to calculate true value to help ensure you're adequately covered if you have a claim. Federated Insurance uses one of the finest building value estimation tools in the marketplace to help business owners determine adequate values. Doing what you can to make sure you are insured to value offers an added layer of peace of mind.

The extra time spent now will be much appreciated in the unfortunate event of a loss. And, to protect all your hard work, you will want to store the documentation in a safe, off-site location to make sure you can readily access it when it's needed most.

This article is intended to provide general information and recommendations regarding risk prevention only. There is no guarantee that following these guidelines will result in reduced losses or eliminate any risks. This information may be subject to regulations and restrictions in your state and should not be considered legal advice. Qualified counsel should be sought regarding questions specific to your circumstances and applicable state laws. All rights reserved.



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