

Carriers Now Requiring Cost Estimator for Commercial Buildings Valued at \$1M or More

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In recent months, our carriers have implemented a new requirement for buildings valued at \$1M or more. These carriers are now mandating that a cost estimator be included with every submission for properties meeting this threshold. This new policy aims to better assess and accurately price the risk associated with these high-value structures.

THE ROLE OF A COST ESTIMATOR

A cost estimator is a professional tool or software used to assess the total cost of constructing, repairing, or replacing a building. By analyzing various factors such as materials, labor, location, and building type, a cost estimator helps insurers determine the replacement cost of a property. This step is crucial because it ensures that the building is adequately covered by insurance in the event of a loss.

The cost estimator provides detailed calculations that enable the insurer to assess the potential financial risk and determine the appropriate premium for the property. For properties valued at \$1M or more, this step ensures that the insurer isn't underpricing or overpricing the coverage.

TYPES OF COST ESTIMATORS

Insurance carriers are flexible in allowing most cost estimators to be used, as long as it meets certain industry standards and provides accurate, up-to-date figures. We have seen the most accuracy with CoreLogic, MSB or carrier branded. Many standard carriers use the CoreLogic system. While the choice of estimator may vary, it is important that the tool used complies with the insurer's requirements and reflects the most current building information including construction type, year built and square footage. Additionally, the information in the cost estimator should match the information on the ACORD 140.

WHAT THIS MEANS

The new requirement by insurance carriers to include a cost estimator with submissions reflects the growing importance of accuracy in the underwriting and claims processes. By requiring detailed, up-to-date cost estimations, insurers are better able to assess risk, prevent underinsurance, and offer more tailored coverage options to policyholders. While this may add an additional step to the submission process, it ultimately benefits property owners by ensuring they have the right level of coverage to protect their high-value investments. Reach out to your [commercial lines underwriter](#) with any questions.