Real Estate Valuation in Insurances
Know the Hows and Whys

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Insurances and Surveyors: How are we connected?

REAL ESTATE
PROPERTY
- purchase process
-在市场上
- deeds and registry
- insurance / maintenance / restoration
- valuation
- consultation

INSURANCE
POLICY
- claim
- management / assessment / reconstruction

CLAIMS

CIVIL CASES

Italy is among the first in Europe for number of homes owned. As of 2010, 67% of the entire population live in their own house. But despite the propensity of Italians to buy the house, only 38% of the owners insures the property.

In our country there is indeed a tendency to underestimate the risks related to housing and very often do not even know the content and the possibilities of home insurance policies.
"complex construction works that constitute the entire edifice, or a housing unit, situated in the indicated address or location in the policy and used as civil homes, offices or professional studio, excluding the lot where it was built"

Value

- Insured Value
- Replacement
- Reconstruction
- Value at the time of Incident

estimated value of a property based on market valuation and/or previous contracts

the amount needed to replace damaged property with items of the same kind and quality, without depreciation

the cost of re-erecting a building to replace or serve the functions of a previous structure

the depreciated value of a property
In real estate valuation, the synthetic methods of estimation are usually based on market surveys, covering the market prices of real estate and commercial space.

The main synthetic procedure estimate is based on the choice of a single parameter of comparison, instead of a utilizing a multitude of features.

The most common consistencies or parameters used in this kind of valuation are the floor area, volume and per unit space.

**Monoparametric Valuation**

Monoparametric Valuation follows a five-step procedure:

1. Identification and property analysis
2. Market analysis
3. Data collection
4. Mean unit price calculation
5. Valuation, adjustments and conclusion/s

Where:

- **V** = estimated value of the property;
- **P** = (parameter) actual mean market price per unit of consistency (sqm, cu.m, etc...);
- **S** = consistency of the property dimension

\[ V = P \times S \]
Cost Approach - The Concept of Damage and Loss Adjustments:

Most companies define *accidental damage* as the damage received by the property, caused suddenly by an external means. This however, does not include damages resulting from wear and tear.

At the same time, the amount of damage can be determined:

a) for buildings, estimating the cost to rebuild the new parts or to repair the destroyed parts and deducting the value of reusable parts.

b) for the contents, insurance damage is calculated by deducting from the value that the insured property had at the time of the accident, the value of what remains after the accident.

c) for glass and crystal, the total damage is given by deducting from their replacement cost, the value of recoveries, within the limit or the maximum refundable amount.

The attribution of the value of the insured property had at the time of the “sinistro” or accident, whether unharmed or destroyed, is obtained, for real-estate and buildings, by estimating the total *reconstruction cost* of a similar building.

Valuation by Cost Approach, is done in Italy using a valuable document called "Computo Metrico Estimativo." This document considers both average regional or territorial prices for each phase of work and is one of the requested documents by banks for mortgages or small loans related to constructions, reconstructions, restorations and renovations.
thank you for your attention