

North Dakota State Fire and Tornado Fund

Providing affordable property insurance coverage for the state and its political subdivisions since 1919.



Policyholder property
valuation guide



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Insuring property

There are two ways to insure property:

- Replacement cost (RC), which is defined as the cost to replace the item(s) at today's cost
- Actual cash value (ACV), which is defined as the acquisition cost of the item(s) less depreciation.

There are four property types:

- Building property (BP)
- Business personal property (PP)
- Outdoor property (OP)
- Trailer property (TP)



Building property

Building property is a structure that normally has walls, a roof and a permanent foundation. Permanent foundation systems must comply with the Uniform Building Codes. The Century Code requires the fund to appraise state-owned buildings every six years. This includes political subdivision buildings. However, it is the policyholder's responsibility to inform the fund of any improvements made to a building, so that the increased value can be reflected in that building's policy limit.

If you have constructed or purchased a new building, you must complete a Building Application form (SFN 16259) immediately and send it to us to have coverage apply. A copy of this form is in your renewal packet.

The building valuation reports the fund provides you list the replacement cost and actual cash value. The valuation includes costs for general electrical, heating, plumbing and in some buildings, built-ins. Items beyond these basic costs are unique/additional features to the building. For the fund to include these features in a building value, a policyholder must provide us with this additional information. Examples of unique/additional features include, but are not limited to: stages, exterior decking, emergency electrical generators, domed roof, marble floor, stained glass windows, permanently installed mechanical equipment, mezzanines, balconies, heating stack and fireplace.

Examples of items that are not considered unique/additional features and not included in the building property valuation report include, but are not limited to: seating in a bus, train station or airport terminal; bleachers, stage curtains, movable partitions, sound and lighting systems in an auditorium or gymnasium; free-standing bookshelves in a library; anti-theft or specialized security systems in certain buildings. These types of property need to be included in the personal property limits of the building. If you have questions on what is building versus personal property, please contact our office.



Personal property

A personal property inventory with values is **required** to be maintained if you request personal property coverage either at RC or ACV.

Personal property is generally movable, tangible and owned by the policyholder. All personal property of a building needs to be included in the insurance limit. **Do not exclude** personal property below your deductible amount or below what you report to the state under asset reporting requirements. Your personal property inventory should include all personal property you expect to replace or be compensated for in the event of a covered loss. The fund requests that your personal property inventory, for each building, **be updated, at a minimum, every two years** to account for the value of new property purchased and to reflect the changes in values on current personal property for each building.

Personal property **not insurable** with the fund are vehicles and most motorized equipment. Other examples include but are not limited to: items stored on, attached to or intended to be used with a vehicle; items intended for use outside a building such as a fireman's turnout gear, pagers, two-way radios and cell phones.

Outdoor property

Outdoor property is property such as water towers, submersible lift stations, fencing, flag poles, marquees, detached signs, lighting, bleachers, playground equipment, detached antennas and satellite dishes. The outdoor property must be listed on the Schedule of Property for coverage to apply.

To insure outdoor property, our office may require an itemization of the costs that equal the value you have requested. Your supplier best provides the most accurate value. If the outdoor property is permanently anchored in concrete, the fund will allow replacement cost coverage. The itemization should include the cost of the concrete and installation. If it is not permanently anchored, the item can only be insured at actual cash value.

Some policyholders have requested the fund to insure swimming pools, reservoirs or holding tanks. Our office recommends reviewing the “exclusions” and “limitations” section of the Causes of Loss-Special Form of the policy to determine if you want to insure this type of property. If you do want the fund to insure, do not include in the value the cost of underground pipes, flues or drains, as these items are not covered property.



Trailer property



Trailers and mobile homes (not on a permanent foundation system, but anchored) are identified as trailer property (TP) on the Schedule of Property. This property type can only be insured at actual cash value, meaning current depreciated value.

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A handwritten signature in blue ink, appearing to read 'Adam Hamm', written in a cursive style.

Adam Hamm
Insurance Commissioner

The Special Funds Division of the North Dakota Insurance Department endeavors to handle the needs of our customers the right way the first time—accurately, fairly and timely—and always with the benefit of prevention, safety and education.

Let's all do our part to keep
the cost of insurance affordable.