



PRISM
Public Risk Innovation,
Solutions, and Management



Your Schedule of Values: Reporting & Trending

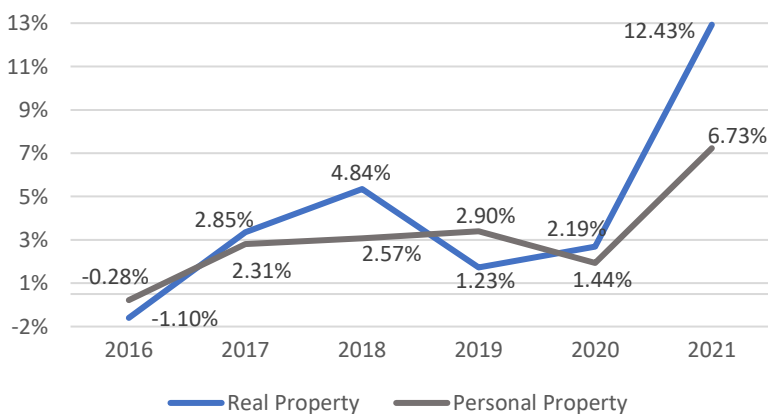
Each year, your schedule of values is trended to account for inflation and ensure that values remain accurate between appraisals.

Values accuracy is a key issue for the Property Program, not only to maintain credibility with the carriers that participate on the Program, but also to ensure that premiums are split equitably between members.

In years where appraisals are not performed, values are trended using the Marshall & Swift third quarter trend factors. Average trend factors over the last 5 years are 2.0% for real property and 1.78% for personal property.

Due to the inflation that we have seen over the last year, **trend factors for 2021 Q3 are 12.43% for real property and 6.73% for personal property.**

Historic Q3 Marshall & Swift Trend Factors



There are several key drivers of the large trend factors that were seen in Q3 2021. Higher than average trend factors are likely to continue into the foreseeable future.



Labor Shortages

The global pandemic has affected the construction industry's workforce with 72% of contractors experiencing project delays due to COVID-19.



Material Costs

The cost of building materials such as lumber, copper and steel have increased dramatically over the last year. For example, in June of 2020 a 2x4 stud, the most common framing material, cost \$2.96. In June of 2021 it cost \$8.25.



Supply Chain Interruption

As of mid-September 2021, a record 56 container ships were waiting off the coast of California. The queue is a result of COVID-19-related disruptions, and holiday-buying surges, paired with a national labor shortage.

Although value trending takes place annually, we are highlighting it this year due to the historically high trend factors. This trending is a part of the calculation in your 2022/23 Early Budget Estimates provided in October 2021.