

Ever played Monopoly? In that board game, property values are crystal clear. You'll pay \$1,000 for a hotel on Boardwalk, while a hotel on Baltic costs just \$250.

Calculating the value of real company assets isn't nearly that easy. For example, the value of your building for tax purposes usually differs significantly from the replacement value needed for insurance. Too many companies have learned this lesson the hard way—with devastating results.

### The Under-Insurance Hazard

Picture this: through an oversight, your building is insured at its adjusted cost, and the mistake is never caught. Years later, the building burns to the ground. Your insurance payout is just one-tenth of its replacement cost. Could you recover from such a "mistake"?

### Are Your Company Assets Correctly Valued and Protected?

**Tangible assets**—buildings, furnishings, equipment and supplies—are relatively easy to identify. Yet they're frequently carried on company books at cost. When the goal is to *protect* your assets, be sure they're insured at today's *replacement value*—which is always more.

**Hidden replacement costs.** Replacement cost, alone, may not be enough. For example, should you lose an older building, you may have to replace it with a better, safer facility. That means new plans, more expensive materials, and, may include the cost of demolition.

### Intangible Assets Often Go Unprotected

Like every business today, you own important intangible property. Yet, as valuable as these assets are to your company, determining their value is hard—and they may not be readily

insurable.

Businesses frequently overlook the value of:

- ◆ Knowledge of key employees
- ◆ Customer and key distributor lists
- ◆ Patents and trademarks
- ◆ Reputation, Brand Identity, Goodwill
- ◆ Other unique intangible assets

Recognizing your intangible assets and correctly valuing them is critical to your business security—especially in this volatile climate. Even relatively small crises can cause big disruptions when critical assets go unprotected.

### Get the Big Picture

Lots of us have a tendency to avoid planning—particularly when the topic is complex or not urgent. That's a risky approach to business.

A diligent planning process doesn't have to be difficult: start now before a crisis occurs. Use your business colleagues, employees, valuation professionals and risk management consultants to help you:

- 1) Uncover all your assets,
- 2) Value them appropriately, even if they are intangible, and
- 3) Create simple loss prevention and crisis management plans.

Whether you're planning for rapid growth, or thinking about an exit strategy (perhaps selling your business), understanding how to protect your tangible and intangible property is a critical part of minimizing risk.

This understanding shows you that insurance is just one option for protection and enables you to make more strategic decisions to safeguard your company's future.

Why gamble with your company's most valuable assets?