SUMMARY

Using correct economic value of farm buildings is fundamental in order to determine the right insurance fee. This is of importance both for the insurance taker and for the insurance company.

Previous models that have been used by Länsförsäkringar for calculating the value of farm buildings have been based on tables. These have caused conflicts between the wishes of being easy to use and being complex enough to capture a reliable value for the individual buildings.

Due to e.g. the structural changes in farm industry during the past decades the valuing models have been revised a number of times in order to assure the goal of achieving the right value from the model.

The ongoing rationalizations in agriculture have forced farmers to build lager buildings, in many cases of more than 2500 m² floor area. This fact has increased the need for a new calculation model in which large as well as small buildings can be included.

The model developed within this study is computer based. The basic idea was that a limited number of parameters together with a simple description of the building should be used and still achieve an accurate calculation of the building value.

The publication Kostradsdata, published by the Board of Agriculture, presents a series of tables from which cost calculations of buildings can be made. By using the opportunities provided by Kostradsdata, such as cost reduction for large-scale projects and corrections due to varying building shapes, it is possible to create a model that produces rather complex calculations. Furthermore a novice in building calculation even can handle it.

When tested and compared with a number of well-known reference buildings, the new calculation model indicated good results. The mean of the residuals for the 20 objects was determined to about 10,6 %. When comparing the costs of the reference objects with the results received by using the present valuing method of Länsförsäkringar a mean of the residuals of approximately 33,1 % was obtained.

Utilizing Kostradsdata as a basis for the model and continuously updating it with the most recent data is an easy way of following the changes in building costs.