

Gary Porter of Facilities Advisors Announces Reserve Studies as a Forward-Looking Risk Tool for Insurers

The Risk Tool explains how reserve studies support underwriting, risk selection, loss control, and claims adjustment in the insurance lifecycle

LAS VEGAS, NV, UNITED STATES, June 11, 2026 /EINPresswire.com/ -- [Reserve studies](#) are most commonly viewed as budgeting tools for property owners, associations, and commercial portfolios. However, when examined from a broader perspective, they offer significant value to insurance brokers, underwriters, carriers, and adjusters. In practical terms, a reserve study functions as a forward-looking risk report-one that can help the insurance industry move from reacting to losses toward predicting and preventing them.

Reserve Studies as a Risk Assessment Tool

A reserve study provides a detailed inventory of major building components-such as roofs, HVAC systems, plumbing, and structural elements-along with their age, condition, and remaining useful life. This information allows insurance professionals to better understand the current state of a property and anticipate future risk.

For underwriters, these insights help evaluate the likelihood of equipment failure or structural issues that could lead to claims. Brokers can use the same data to proactively address concerns before presenting a risk to the market, improving the quality of submissions. Carriers benefit from a clearer view of whether a property is being properly maintained or is at risk of deterioration.

Predicting Loss Potential and Pricing Risk

One of the strongest indicators of future claims is deferred maintenance. Reserve studies



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highlight whether funding levels are aligned with upcoming capital needs. Properties with underfunded reserves may delay necessary replacements, increasing the probability of loss. Conversely, well-funded reserves signal disciplined asset management and reduced risk volatility.

This information allows underwriters to make more informed decisions regarding risk selection, pricing, and coverage terms. It also enables meaningful differentiation between similar properties. For example, a building with a funded roof replacement plan presents a significantly better risk than one with an aging roof and no financial plan.

Supporting Loss Control and Resilience

Reserve studies can also serve as a roadmap for loss prevention. By aligning capital improvement schedules with risk engineering

recommendations, insurers and property owners can address vulnerabilities before they result in claims. For example, if a system is scheduled for replacement but poses an elevated near-term risk, mitigation efforts can be accelerated.

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A reserve study is more than a budgeting tool. It is a forward-looking risk report that helps the insurance industry move from reacting to losses toward predicting and preventing them.”

*Gary Porter, CEO, Facilities
Advisors*

In catastrophe-prone regions, reserve studies provide insight into whether components are being upgraded or replaced in kind. This creates opportunities to encourage more resilient construction—such as impact-resistant roofing or fire-resistant materials—during planned replacement cycles, reducing future catastrophe losses.

Informing Coverage and Financial Stability

Reserve studies can reveal gaps between asset values and insurance coverage, helping brokers recommend appropriate limits, deductibles, and endorsements such as ordinance and law or equipment breakdown coverage.

They also provide insight into the financial health of an organization.

For habitational risks like HOAs and condominiums, strong reserve funding reflects sound governance and the ability to maintain the property without financial distress. Weak reserves, by contrast, may indicate delayed maintenance, increased claim frequency, and potential exposure



across multiple lines, including property, liability, and directors and officers (D&O) coverage.

Enhancing Strategic Advisory

For brokers, reserve studies present an opportunity to move beyond transactional placement into a more strategic advisory role. By integrating insurance planning with capital expenditure cycles, brokers can help clients make informed decisions that improve both insurability and long-term cost control. Maintenance practices and upgrade decisions today have a direct impact on future premiums and coverage availability.

Value to Insurance Adjusters

Reserve studies are equally valuable in the claims process. While not designed for claims handling, they function as a pre-loss inventory with built-in valuation and lifecycle data. This allows adjusters to answer three fundamental questions more efficiently: What existed, what it was worth, and what condition it was in at the time of loss.

Adjusters can use reserve study data to establish pre-loss conditions, helping distinguish between sudden damage and deterioration. Replacement cost estimates provide a reliable baseline for evaluating repair scopes and contractor bids, while documented useful life supports more accurate and defensible depreciation calculations, particularly for Actual Cash Value policies.

The detailed component inventory also helps verify the scope of loss, reducing the risk of overstatement or inclusion of unrelated items. In addition, reserve studies clarify whether repairs involve like-kind replacement or upgrades, a distinction that is critical to determining coverage.

Improving Claims Efficiency and Outcomes

Access to organized, third-party documentation streamlines the adjustment process. It reduces investigation time, limits disputes, and supports faster, more accurate claim resolution. Reserve studies also help identify deferred maintenance issues that may affect coverage determinations.

For large or complex properties, such as associations or campus-style developments, reserve studies provide a comprehensive component-level database.

This allows adjusters to quickly assess the extent of damage across multiple systems and structures.

Final Thought

When viewed beyond their traditional budgeting role, reserve studies offer meaningful value across the insurance lifecycle—from underwriting and risk selection to loss control and claims adjustment. By leveraging this information effectively, insurance professionals can improve risk assessment, support better decision-making, and ultimately reduce loss frequency and severity.

Gary Porter is a reserve professional with expertise in maintenance, finance, and valuation. He holds CAI's (experience-based) RS credential and the knowledge-based RRC (Registered Reserve Consultant) credential issued by the Budgeting Professionals Credentialing Board. He is also a CPA and has served as an expert witness on valuation matters more than 50 times, including court-appointed engagements. He also previously worked as a public adjuster handling earthquake claims.

Porter is the author of 7 books and more than 400 articles on the financial aspects of reserve studies. He has been published or quoted in The Wall Street Journal, Money Magazine, Kiplinger's Personal Finance, The Practical Accountant, Common Ground, The Ledger quarterly, Timesharing Today, Hawaii Building Trades, and The Florida Community Association Journal.

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