

## Why would you insure your home for more than you paid for it?

### Insist on Guaranteed Replacement Cost coverage and always 'Insure to Value'

Many people mistakenly believe the amount they paid for their home is the same as its replacement cost. Unfortunately this is not always true.

Depending on where you live, the cost to rebuild a total loss home can be significantly more than its market value.

Some of the factors that drive up rebuilding/reconstruction costs include:

**Urgency** - Property losses are not planned like a new construction project. When they do occur, there is a need to rebuild as soon as possible. This means the cost of labour, materials and other services required are often significantly higher.

**Demolition and Debris Removal** - Major losses, require the removal of partially damaged property and debris. Costs increase if there are environmental issues such as soil contamination.

**Current Building Codes** - New and more demanding building codes may need to be met when rebuilding or restoring a damaged home.

**Worksite Access and Collateral Damage**

At reconstruction sites there is typically less room because of debris, landscaping, fences and other buildings in the vicinity. This causes more work and material storage to be done further away from the site, thus extending the project time and cost. In some cases, physical access requirements result in collateral damage to existing property on and beside the insured's property.

It's easy to see how the cost to rebuild your home could be much more than you paid for it.

Don't get caught in a situation where your loss exceeds your coverage limits. We can provide you with advice to help you determine the correct amount of insurance you need on your

property. And, we'll recommend coverages like Guaranteed Replacement Cost coverage.

It's wise to re-evaluate your home's replacement cost every 5 years to reflect changes in the cost of construction, including building materials and labour. And, if you've made any recent renovations, upgrades or alterations to your home, we can help you establish a new replacement cost value.

If you have any doubts, please contact us.

We'll help you insure your home to its proper value.

