

Reconstruction Costs: Things to Consider

Think about the value of your home. Not too quick now – it depends on who is asking the question.

Are you thinking about the:

- Tax value – as in paying real estate taxes
- Or The Replacement Cost – what it would cost to replace your home
- Or The Market Value – Price you can sell your home / what a willing buyer would pay for your home including the lot
- Or the Reconstruction Cost – The amount of money it would take to rebuild your house just the way it was before a disaster – except with new materials

Insurance companies want to insure your home for the Reconstruction / Rebuilding cost. That is their obligation, up to the face amount of your policy. Many times clients are surprised to discover that Reconstruction / Rebuilding costs more than building a new home.

Why?

- Access to site may be more limited – trees, lawns, other homes
- Extra cost to tear out damaged materials or demolition
- Higher construction costs after natural disasters due to supply & demand
- Building code changes
- Inflation is generally greater for building materials & other commodities
- Unusual materials are expensive to locate or duplicate
- Repairing a partially damaged home often means working from the top down.
- Countrywide housing boom that's rapidly increased the cost of lumber, bricks, cement and other materials.
- In a partial loss situations, removal of undamaged contents to put elsewhere for safekeeping.

All are factors to RECONSTRUCTION COST. Call us today to make sure you are not "Under Insured"!