



Know Your Insurance

Home

Courtesy of Plummer Insurance, Inc.

Market Value vs. Reconstruction Value

Ensure that your homeowners policy limits correspond to the cost to rebuild in case of a natural disaster, whether it is a wildfire, hurricane or flood. Unlike a home's resale value (which includes the cost of the land), the cost to rebuild is based on the amount needed to hire a contractor plus building materials and other additional costs.

Purchase Adequate Coverage

You decide how much coverage to buy for your home, but Plummer Insurance, Inc. recommends purchasing coverage at least equal to the estimated cost of rebuilding your home.

How Does this Differ from Market Value?

The market value of your home is the amount a buyer would pay for your home, including the land, no matter how much rebuilding would cost.

What is Replacement Cost?

Replacement cost is the rebuilding cost necessary to repair or replace the entire home, including construction costs. This cost is different than the following:

- The market value
- The purchase price or the cost of the land
- The amount owed on a mortgage

How do I Know Replacement Cost?

Get an estimate of the replacement cost of your home from a reputable builder. Plummer Insurance, Inc. can help.

Home Improvements

When making a major change, let us know specifics. For example, if you're replacing a standard bathtub with a whirlpool tub, or if your new countertops are made of marble, your home improvements could add enough value to your home to justify reexamining your coverage limits.

We're Here to Help

Have other questions or doubts? Plummer Insurance, Inc. is ready to assist you in the process of determining the value of your home and purchasing the right coverage to protect your investment.