

Will I Have Enough Coverage to Rebuild?

After suffering a devastating loss, this is the last thing you should be worried about.

The purchase of a home is one of the most important investments an individual or family can make. We want to help make sure your home is adequately protected to rebuild it just as it was before damage or loss.

What is my home worth?

There are several different ways to describe the value of a home. Each is correct in its own respect; however each description depends upon the type of value being described.

Market value is the amount a prospective buyer is willing to pay for a home. While it is important when selling a home, market value has little to do with the cost of rebuilding your home.

If your house is destroyed by fire, for example, what matters is how much it's going to cost to put you back into your home exactly as it was before the catastrophe. This includes current costs to use the same types of materials, current construction standards, recreating the design, layout, and use of the same quality of workmanship, among other concerns.

What is the difference between building my house new, and rebuilding it after a loss?

Rebuilding after the fact includes many expenses that are not considered in new construction. Below are several factors that influence this:

Economies of Scale: It costs more for a contractor to build one home at a time. Materials are not purchased in bulk as they are when a contractor has multiple homes under construction. A single bathtub, and one that matches the one that's been destroyed, will nearly always cost more than if it had been part of a large purchase.

Top-Down vs. Bottom-Up: In the case of a partially destroyed home, repair work is done from the top of the home-down. This is more time consuming and labor-intensive.

Demolition & Debris Removal: A necessary step before reconstruction can begin, this adds to the total cost.

Use of Labor: When a builder constructs many homes at once, they can efficiently schedule labor for carpenters, plumbers, electricians and other workers. This is not true for a single rebuild and contributes to higher costs.

Access to Worksite: When new homes are being built, worksite access is easy. With reconstruction, obstacles such as neighboring homes, trees, lawns, fences and other landscaping prevent easy site access. This makes it difficult to transport materials, can drive up labor costs.

Building Code Changes: Changes to building codes may require costly updating, even for undamaged parts of the home. This could include updating wiring or other utilities. Especially for older homes, this can be costly.

Natural Disasters: If you have to rebuild after a natural disaster, the costs of building materials and labor rise because of increased demand.

Protecting Undamaged parts of the Home & Contents: Keeping a partially destroyed home from further-damage until permanent repairs can be made-adds to the overall cost. This could involve covering a damaged roof or holes in the walls.

Specialized Labor is More Costly: Reconstruction is often completed by contractors who specialize in rebuilding as opposed to new construction contractors. As a result, labor tends to be more expensive.

What is State Auto doing to protect me?

In an effort to confirm our policyholders are adequately covered and our records are up to date, you may receive a survey in the mail or be contacted by phone. As you provide accurate details about your home, we will assist you in determining the full of coverage needed to rebuild after a loss.

Based on article written for State Auto Insurance Companies