

Ensure Full Replacement Value of Your Home

Rebuilding a home often costs more than what it took to build it originally, a fact that is surprising to most people. It's important for your peace of mind to know you can replace your home in full if necessary.

To assure complete protection of your home, choose the coverage you need based on replacement, rather than original build, costs. There are subtle, extra expenses associated with rebuilding and they add up. You encounter most of them before you even drive the first nail.

Why does it cost *more* to rebuild a home? Consider these eight factors:

Temporary repairs – the first step in a rebuild. You may need to board up the home or have other temporary work done to secure it. This protects against further damage by the elements and by vandals. In severe losses, the home may need temporary electrical and heating. These are costs that you would not encounter when building a new home, but are often a necessary first step in a rebuild.

Demolition truths: it costs money to destroy something. A damaged structure often requires partial or complete demolition before rebuilding can occur. Removing and hauling away the debris can be costly. An older home can make these costs even higher. Plan your coverage accordingly.

Your first building permit does not cover your rebuild. You may not realize it, but a rebuild needs its own permit. Your insurance coverage should include this cost.

Engineers and architects – yes, you may need their services. Rebuilds typically require an engineer's calculations to receive a new building permit. An architect's rendering may be required in the event of a total loss. Engineers and architect fees can add 5 to 8 percent to the total cost of replacement.

Outdated code compliance can cost you. Many insurance policies have a provision to cover code-compliance upgrades – to a point. However, these upgrades can cost thousands of dollars when you consider electrical work, asbestos abatement, addition of tempered glass, etc. Particularly for older homes, this can be a critical issue. Make sure your coverage includes upgrades such as these.

Landscaping – the icing on the cake. Some insurance policies cover landscaping, however, often they cover only what was destroyed in the initial incident. The traffic of construction personnel and vehicles can wreck havoc on your lawn, shrubbery and flowers. The rebuild process can end up destroying any landscaping that survived the incident, and your coverage should be enough to cover it.

No price breaks. If one builder built your allotment, which is increasingly common today, the builder likely purchased construction materials and home fixtures in bulk. For a rebuild, the price-break opportunity is not there. You will now pay a premium for the same materials.

You have to have a good foundation. Though rarely destroyed as a direct result of a fire, foundations often need to be replaced due to "spawling." This happens when moisture inside

the concrete heats up and affects the integrity as well as the aesthetics. It is not unusual for an engineer to call for the full replacement of a home's foundation following a large fire.

The items listed above can easily add 20 to 30 percent to the cost of rebuilding a home – even more, depending on the age and condition of the home. Make sure your home is adequately covered. You will rest easier knowing you and your family can return to your home and enjoy the life you have built, having obtained true full-replacement value for your biggest investment.

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