

## PERSONAL INSURANCE

# The True Cost of Rebuilding

## Homeowner Insurance



For many individuals, a home represents one of the most substantial investments of their lifetime. However, homeowners frequently overlook the importance of understanding the true cost of rebuilding their homes. Several different values are associated with a house, each serving a distinct purpose, yet not all accurately reflect the actual cost of reconstruction.

- The **purchase price** is the amount paid for the home.
- The **market value** is the price a buyer is willing to pay. This figure fluctuates based on market conditions driven by supply and demand. The real estate market can be highly volatile, with prices rising and falling unpredictably, making it unreliable for determining dwelling coverage.
- The **real estate assessment**, which determines property taxes, does not account for the cost of rebuilding the home.

## The True Cost of Rebuilding

Rebuilding costs are influenced by factors that the purchase price, market value, and real estate assessment do not account for. For instance, the COVID-19 pandemic led to supply chain shortages, affecting materials ranging from lumber

to appliances. Additionally, the retirement of baby boomers resulted in a shortage of skilled labor, further escalating costs.

Due to these shortages, repair times can be extended, making reviewing your “Loss of Use” coverage essential. Should your home become uninhabitable, this coverage will provide funds for you to reside in a comparable home until repairs are completed.

Repairing a partially damaged home is often more expensive than constructing a new one. You may require a structural engineer to assess your home’s integrity, an architect to draft plans and obtain city permits and inspections. Personal property may need to be stored during repairs and cover extra expenses if your home must be brought up to meet the latest city zoning or ordinance requirements.

## How Brown & Brown Can Help

Understanding these different values and the actual cost of rebuilding is essential. Our Brown & Brown Personal Insurance team can help thoroughly review your insurance program and tailor homeowner’s coverage to help meet your specific needs.



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