

Replacement Cost Coverage for your Dwelling

- Current construction costs have risen **DRAMATICALLY** over the past 5 years. Homeowners inflation increases have **NOT** kept up to these costs
- Current new construction costs are at a minimum of \$175 per square ft for a builder's grade construction
- Most policies include **Guaranteed Replacement Cost (GRC)** but are limited to 125% of Coverage A (Dwelling Coverage). This tends to give people a **False Sense of Security**.
 - **EXAMPLE:** Home is currently insured for \$200,000 you get additional 25% or \$50,000 for a total of \$250,000. If it costs more than \$250,000 to replace your home you are **NOT** covered
- If you're not insured for **Full Replacement Cost (FRC)**, you could be subject to a coinsurance clause.
 - **EXAMPLE:** Replacement Cost is \$300,000 but you are only insured for \$225,000. Because you are only insured for 75% of the FRC - if you were to have a \$10,000 claim you would only receive 75% or \$7,500.
- Consider completing an updated **Replacement Cost Guide (RCG)** to ensure that your home is properly covered
- Update your RCG with any **Customized construction** that you have. Custom Kitchen and Bathrooms need to be added to the RCG. Vaulted ceilings/wood floors/custom moldings/etc. should be accounted for

If you are concerned that your home is not currently insured for Full Replacement cost consider calling us so we can complete an updated Replacement Cost Guide (RCG) for you.



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