



Home replacement cost — Part I

Don't pay out of pocket to rebuild your home

When determining if you have adequate insurance coverage for your home, it's important to understand the subtle differences between home valuation terms.

- Market value reflects the price a buyer is willing to pay for your home when considering the location, the desirability of the neighborhood, the quality and proximity of schools and other services. In addition, the home's features and amenities also affect its market value.
- Appraisal value is determined by an unbiased professional and is usually requested by a lender to make sure a homeowner doesn't borrow more than the value of the home, since the home is used as collateral for the mortgage.
- Assessed value is assigned by the local government municipality to a residence for tax purposes. This value tends to be lower than market and appraisal values.
- Replacement cost is calculated by your insurance carrier to determine the expense involved to rebuild your home after a significant loss to the same condition prior to the loss, in its current location.

Marshall & Swift/Boekh (MSB), one of the leading providers of building cost data, reports that nearly two-thirds of Americans underinsure their homes.¹ Rebuilding a destroyed home is almost always more expensive than building a comparable new one, considering demolition costs, complexities of reconstruction and required upgrades to meet current local codes and ordinances.

When comparing policies, it's important to distinguish levels of replacement cost. Many insurance carriers offer basic replacement cost for the exact limit on your policy or extended replacement cost to cover a certain percentage above the policy limit. Nationwide Private Client is one of the few companies that offer unlimited replacement cost to pay whatever it costs to rebuild your home with the same quality and features you have today.

How you may be at risk

- Your home is insured at \$1 million. After an electrical fire causes a total loss, it appears that it will actually cost \$1.5 million to rebuild because of increased construction costs.
- A fire destroys your \$2 million home that sits on two acres of land. In order to comply with local fire prevention ordinances, your home has to be moved three feet which will cost an additional \$2 million — as much as rebuilding it to its original state.

If you own a high-value home and are not insured by an affluent or high net worth insurance carrier like Nationwide Private Client, you are likely to be underinsured if you have a total loss. You could be responsible for the additional costs to rebuild your home above the insured amount. Is that a risk you're willing to take?

How Nationwide Private Client responds

In case of a total loss, we offer unlimited dwelling replacement cost coverage in most states. This means if you have a covered loss, we will repair or replace your home with materials of like kind and quality — even if the expense is more than the amount listed on your policy. We also will pay you to buy or build at another location up to the amount it would cost to repair or replace at your current location. If you want to cash out, we will pay you up to the limit shown on the declarations of your policy or what it would cost to rebuild at that location, whichever is less.

Why it's important for you

Regardless of your current carrier, it's important to have a replacement cost valuation done on your home to determine if you are underinsured. Should you incur a total loss, you may have to pay out of pocket to rebuild your home to match equivalent pre-loss construction. If your home is valued over \$1 million, standard industry tools used to determine home replacement cost may not adequately reflect its high quality craftsmanship and custom features. In addition to providing our clients risk mitigation education, Nationwide Private Client risk solutions professionals provide eligible new policyholders an in-home survey to evaluate your home's unique features and help you avoid underinsuring your home.

Nationwide Private Client offers these added benefits:

- Claims: Exceptional claims handling provided by Nationwide Private Client.
- Deductible waiver: Your homeowners deductible will be waived for a covered total loss.² With our protection endorsement, deductibles up to \$50,000 are waived for a covered loss over \$50,000.²

- Building ordinances: With the Nationwide Private Client homeowners policy, you are covered up to 100% of the dwelling coverage limit for the additional costs incurred to rebuild in compliance with required building ordinance and law upgrades.³ With our protection endorsement, this coverage amount is unlimited for dwellings and other structures.⁴
- Financial strength: Nationwide, a Fortune 100⁵ company, is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A1 by Moody's and A+ by both A.M. Best and Standard & Poor's.⁶
- Charitable giving: At Nationwide, we strongly believe in being good corporate citizens where we work and live. Since 2000, the Nationwide Foundation has committed more than \$355 million to charitable organizations across the U.S. Nationwide Private Client continues to demonstrate this core value through its Partners in Giving program, helping numerous lives each year.

Why Nationwide Private Client

Nationwide Private Client is dedicated to helping protect the assets and reputations of our clients. Our highly personalized insurance products, services and concierge-style claim management are thoughtfully designed to meet the distinctive needs of affluent individuals and families. We are committed to providing you a superior experience whenever you need assistance.

¹propertycasualty360.com/2014/08/12/the-5-most-common-homeowners-insurance-shortcomings

²Unless a special deductible applies.

³The damaged or destroyed building structure must be repaired or replaced at the residence premises. Other limitations and exclusions apply.

⁴Coverages and limits may vary by state. Other limitations and exclusion may apply.

⁵Based on revenue, Fortune (June 2015).

⁶Ratings affirmed 9/12/13 by Moody's, 4/2/14 by A.M. Best, and 4/22/16 by Standard & Poor's.