



Answers for *those commonly asked questions on Replacement Cost Valuation*

The price seems high!

- ◆ Chubb's claims data after a loss indicate that our replacement cost numbers are typically conservative. One factor for this is our flexibility in allowing our insureds to pick their own contractors and specialists.
- ◆ Chubb's replacement cost pricing is gathered from local builders. We establish an average after the unusually higher and lower of the group consensus are omitted.
- ◆ Overall price per square foot of living area is determined by taking **TOTAL REPLACEMENT COST** divided by **TOTAL SQUARE FOOTAGE** (not by taking the price per square foot of living area as the price per square foot to rebuild the house).
- ◆ Rebuilding older homes often requires many independent specialists whose reputation and craftsmanship are the best in their fields.



I can rebuild for less!

- ◆ Contractors often do not know all costs. Chubb appraisals consider nearly ALL cost factors associated with rebuilding a house, such as interior designs, decorations, upgrades and/or the installation of stereo/alarms systems.
- ◆ There are no guarantees that the original builder will be able to rebuild a home at the time of loss. Factors such as labour and material resource availability can prevent the builder from rebuilding the home in a timely manner. It is rare for a homeowner to use the same builder to rebuild after a loss.
- ◆ Rebuilding a home may take longer than expected incurring costs not previously foreseen or accounted such as trade disputes, availability of sub-trades, labour, zoning, permits, and even inclement weather!
- ◆ Builder profit and overhead, as well as architect fees, can add up to 20% or more to the cost of rebuilding a home.
- ◆ For homes in urban environments, there may be no place to leave heavy equipment, thus incurring transportation costs in bringing equipment to and from the site.
- ◆ Developers produce many homes in an area at once, enabling them to secure discounts on materials and labour not available to independent contractors who typically only build a few homes at a time.

Why not market value?

- ◆ Location of home, public services, quality of schools and neighbourhood will impact purchase price/market value, but NOT replacement cost.
- ◆ Cost to rebuild can rise substantially in established neighbourhoods with homes in close proximity to one another. Often hand tools and wheelbarrow equipment are required to remove debris. Special permits and additional labour may also be required.
- ◆ With Chubb, customers with older homes are entitled to rebuild with similar materials and craftsmanship as used in original construction. Qualities such as tongue and groove flooring, solid masonry walls, slate roofs, plaster walls, leaded glass, and wood framed windows can be extremely costly.
- ◆ Older homes, damaged or destroyed, must be rebuilt according to current building codes (such as façade protection, stairway width/placement, electrical requirements etc.). Preserving the original feel and architecture of the home while adapting to new standards incurs additional costs.

**Contact our Personal Lines Service Centre
to get a Chubb Masterpiece quote today!**

1 800 465-6391 or PLSC.online@chubb.com

This literature is descriptive only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms and conditions of the policy as issued. Actual coverage is subject to the language of the policy as issued.