



Replacement Cost Case Study

The Hamptons, NY

After a devastating fire, clients in the Hamptons, New York learned the value of Chubb. Their Chubb homeowners policy allowed them to rebuild every unique feature of their second home – and even bring it to updated code.

At Chubb, our coverage begins with a comprehensive home assessment process, a careful evaluation of the unique features of your home, leading to a determination of its replacement cost – that is, the cost of rebuilding in the event of an incident.

Replacement cost is different from your home’s market value, which is influenced by factors like the number of homes on the market, location, and recent sales in the area.

Replacement cost reflects the amount of insurance needed to rebuild your home with the same level of detail as the original, taking into account materials and labor, architect and contractor fees, etc.

Home assessment enables full restoration of Hamptons property	Year	Valuation History
<p>Chubb assesses what makes your house a home. Chubb’s assessment on a client’s secondary home in the Hamptons catalogued the property’s special features – such as granite countertops, hardwood and ceramic tile floors, wood siding, and a cedar shingle roof. This ensured that in the event of a covered loss, the expense of rebuilding the home to its pre-incident condition would be covered.</p>	2004	<p>\$1,380,000 Replacement cost established (\$252/sq. ft. for living area)</p>
<p>Each year, the replacement cost is adjusted to take into account inflation for construction costs and help ensure adequate coverage.*</p>		
<p>When the worst happens, we’re there for you. Unfortunately, in 2023, a fire gutted the house, and the main structure and its contents were a total loss. Adding to the devastation, firefighting efforts caused damage to the pool, the patio, and the outbuildings.</p>	2023	<p>\$3,966,000 Replacement cost coverage at the time of loss (\$723/sq. ft. for living area)</p>
<p>Chubb made our client’s home whole again. Luckily, the Chubb policy allowed for complete restoration.</p>		
<p>Code-required upgrades included. The rebuilding necessitated compliance with updated codes such as wind-rated windows and solar panels, as well as requirements for flood elevation and fire-retardant materials.</p>	2025	<p>\$4,833,000 Actual reconstruction costs (\$881.93/sq. ft for living area)</p>
<p>Code-required upgrades included. The rebuilding necessitated compliance with updated codes such as wind-rated windows and solar panels, as well as requirements for flood elevation and fire-retardant materials.</p>	2025	<p>\$1,500,000 Additional cost to bring the home up to current code</p>
<p>Final Chubb Payout:</p>		<p>\$6,333,000</p>

* Construction Cost Adjustment Factor (CCAF) is applied annually and is another failsafe to help clients maintain adequate coverage at each policy renewal. The CCAF takes into account the inflation of construction and labor costs, based on statistics from a number of government agencies, loss trends, Chubb data, and industry experts who specialize in building and restoring high-value homes.

The claim scenario described here is intended to show the types of situations that may result in claims. This scenario should not be compared to any other claim. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued, and applicable law. Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit our website at www.chubb.com. Insurance provided by ACE American Insurance Company and its U.S. based Chubb underwriting company affiliates. All products may not be available in all states. This communication contains product summaries only. Coverage is subject to the language of the policies as actually issued. Surplus lines insurance sold only through licensed surplus lines producers. Chubb, 202 Hall’s Mill Road, Whitehouse Station, NJ 08889-1600.