

Insurance to Value

Homeowners



Insurance to value. Properly protecting your single most important asset – your home. Now that’s a big responsibility. Selecting the proper amount of coverage for your home is the single most important decision you can make with your homeowners policy. Without it, you may not have enough coverage to rebuild after a total loss. In the industry, this process is called insurance to value (ITV).

What is insurance to value?

Insurance to value (ITV) is the amount of coverage listed under ‘Coverage A’ on your policy declarations page. It is often referred to as “Dwelling coverage” or “Coverage A – Dwelling”. It refers to the amount required to completely reconstruct your home in the unfortunate event of complete destruction.

Why is insurance to value different than the value of my home?

A home’s market value reflects current economic conditions, taxes, school districts, the value of the land, location, and other factors that have nothing to do with the actual cost of rebuilding a home and replacing all of its contents. With ITV, you will have the proper amount of coverage to reconstruct your home – not what it was worth on the current market.

Why is reconstruction more expensive than new construction?

New-home builders typically build many homes at once, and bid out the jobs to receive the best pricing. Their business model is based on economies of scale. For example, they may purchase 20 bathtubs at once, securing a lower unit cost. Reconstruction cost for a single home is more expensive since there are no savings when buying just one replacement bathtub.

How Safeco® can help.

Selecting the right ‘Coverage A’ amount is your responsibility. Sound like a big obligation? Luckily, Safeco is here to help. Safeco uses the industry leading underwriting tool to estimate what it would cost – including materials and labor – to rebuild your home from the ground up. Like any estimation this will not perfectly capture every specific building item in your home. You should use it as a starting point and add to it depending on your home’s specific features. Be sure to work with your agent as they can provide you with helpful information to make the right ‘Coverage A’ selection.

Follow these simple steps to help ensure your home is insured to full value.

- Work with your agent to provide detailed information at time of purchase to be sure that you receive a thorough and accurate quote.
- Ask your agent about additional coverage options that may be available in your state.
- Review your insurance to value calculation on a regular basis with your agent.
- Report any changes or improvements that you make to your home to your agent so that you can re-evaluate your coverage needs.

Contact your local Safeco agent to learn more.



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