SPROUSE INSURANCE

www.SprouseAgency.com
sai@sprouseagency.com

TYPES OF PROPERTY INSURANCE

REPLACEMENT COST – Insuring your property for the value of what it would cost to rebuild it, is important. This is determined by the insurance company, using a tool called a Replacement Cost Estimator (RCE). By using the latest software, along with information about the property like square foot and year built, the software will calculate an approximation of what it would cost to rebuild your home, with like kind and quality materials.

GUARANTEED REPLACEMENT COST – In the event of a natural disaster that impacts an entire area, the cost to rebuild your property may increase due to lack of materials and scarcity of contractors. In this situation, the increased costs can vary and are not permanent; therefore, making them nearly impossible to calculate when running a Replacement Cost Estimator. If your property has a claim during such a disaster, your Replacement Cost amount may not be enough. Some companies offer Guaranteed Replacement Cost, meaning it provides additional coverage above and beyond your dwelling limit.

FUNCTIONAL REPLACEMENT COST – Have you ever heard the saying "houses aren't built like they used to be anymore"? This is actually very true. Today, houses are built with drywall, standard glass windows and modern trim. Many older homes, mostly built pre 1950, have features like plaster walls, stained glass windows and crown molding. These features can increase your Replacement Cost amount as they're not as common in newer built homes. The way to calculate for this difference is called Functional Replacement Cost. This calculation takes into consideration the older features of the home and calculates what it would cost to replace them with modern materials.

ACTUAL CASH VALUE – Actual Cash Value takes into consideration the depreciation of your property. Every property depreciates. Basic wear and tear and deterioration are all calculated when Actual Cash Value applies. If your home has a 20-year-old roof on it and during a windstorm half of it is blown off, Actual Cash Value will only pay the cost of what a 20-year-old roof is worth. This leaves you with a gap in coverage as you would be responsible for the difference between a 20-year-old roof and a brand new one.

We recommend with any option you choose to include inflation guard. This optional rider will increase the insured value of your property each year to keep up with inflation. Without it, you could find yourself underinsured at the time of a claim. Having an annual review with your agent and asking for an updated RCE, at least every 5 years, is a great way to ensure you have adequate coverage.

Fremont Office
2340 Hayes Ave
Fremont, OH 43420
419-332-3411

Genoa Office
610 Main St
Genoa, OH 43430
419-855-4170