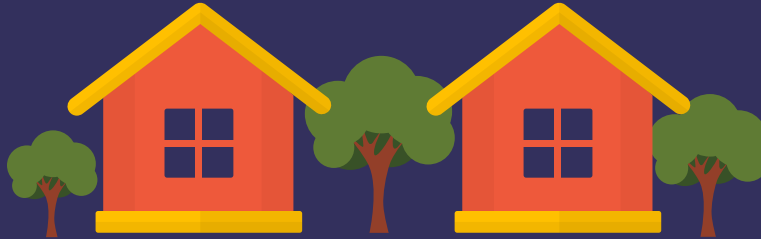


A Tale of Two Houses: "Dwelling Coverage"

One of the most important coverages on your homeowners insurance policy is the "dwelling coverage." **Dwelling coverage is how much insurance you have to rebuild your entire home from the ground up.** It's not the amount of your mortgage, or the market value of your home. Let's look at two neighbors coming into the office to ask about insurance policies for their homes.



THE JONES FAMILY

- 3,000 sq feet
- 100 Main Street, Town of John Jay
- John Jay School District
- Market price: \$750,000

**Policy quote:
\$3,000**

THE MARTIN FAMILY

- 3,000 sq feet
- 101 Main Street, Town of John Jay
- John Jay School District
- Market price: \$750,000

**Policy quote:
\$1,500**

WHY IS THERE A DISCREPANCY BETWEEN THE TWO QUOTES?

The Jones Family's home was built in the early 1900s. It's been updated inside, but retains the beautiful fieldstone exterior, a well-maintained slate roof, and fine custom molding throughout the inside. The Martin Family's home was built in the 1990s. It is a frame home, with a composite shingle roof, and standard interior. If an insurance company needs to rebuild the Jones's house, they're going to need to hire experienced masons for the edifice, replace a costly slate roof, and get special contractors to recreate interior woodworking. It's likely to cost much more than the Martin's home, which was built by a company that is still around today.

Unfortunately, many people rely on websites and quick phone calls to establish replacement costs for their policy. It brings lots of surprises come claim time. To avoid issues, work with carriers that send an appraiser to verify costs before creating a policy--it's a selling point that differentiates the entire process.