

What is the difference between resale value and replacement cost?

Replacement cost is the cost of rebuilding your home in the event that it's destroyed. It includes things such as the price and availability of skilled labour, debris removal, extra expense due to more demanding building codes, and more. Upgrades, renovations and other improvements can also make rebuilding a home more expensive than originally estimated, impacting the final replacement cost.

Resale or market value, on the other hand, is based on a number of factors that have no direct correlation to your home's replacement cost (in other words, the cost of reconstructing your home). These include location, land value and the amount paid for surrounding homes.

Why is the replacement cost higher than what I paid for my home?

The replacement cost may exceed what you paid for your home for a number of reasons:

- Your home may need to meet newer, more demanding building codes.
- The cost of demolition and preparing the land to rebuild is factored into the replacement cost.
- Using materials of similar quality to rebuild your home may cost more due to the current prices of these materials.
- A contractor rebuilding a single home won't have the same cost efficiencies as a builder constructing many homes in a development.
- Following a catastrophic event such as a wildfire, labour and building materials may be scarce, resulting in inflation of the costs of construction.

Contact us

British Columbia, Saskatchewan and Manitoba

Toll-free: 1-877-772-3777

Alberta and the North

Toll-free: 1-800-377-6378

Ontario

Tel: 416-362-9528

Toll-free: 1-800-387-2880

Québec

Tel: 514-288-4321

Toll free: 1-877-288-4321

Atlantic

Toll-free: 1-800-565-7189

Home Insurance –

Is yours up to date?
It's worth it to check.



Why is it important to check that I have enough insurance?

Your home is your most valuable asset. With severe weather on the rise, it is more critical than ever to ensure that your home is properly protected. If your home is damaged or destroyed, it's very important that it is insured to its accurate replacement value.

Your possessions are affected. Most homeowners' policies cover contents up to a specific percentage of the total insured value of the home. If your home is not properly insured, you may not have enough insurance to cover its contents in the event of serious damage.

You have contractual obligations. Under your insurance policy, it is your responsibility to report any changes to your property, such as renovations or additions, to your insurance professional. In addition, making sure that your insurance company has an accurate and up-to-date description of your home can help speed up the claims settlement process after a loss.

It is up to you, as a homeowner, to insure your house according to what it would cost to rebuild it in the event of serious damage or destruction.



1 in 3 Canadians think insurance will pay whatever it costs to rebuild a home.

Do you?



What can I do to make certain that I have enough insurance?

Know your home

Most policies operate on an annual basis. Each year when your insurance policy comes up for renewal and before you contact your insurance professional, make a list of key details about your house. Your insurance professional will use this information to calculate the proper amount of insurance for your home.

1. Year built _____
2. Total square footage (finished/living area, not including basement) _____
3. Use (single-family or multi-family) _____
4. Style (e.g., bungalow or split level) _____
5. Number of stories (e.g., 1, 1½, 2) _____
6. Foundation type (e.g., poured concrete slab, crawlspace) _____
7. Finished basement (including percentage finished) _____
8. Exterior wall finish (e.g., vinyl siding, stucco) _____
9. Material types for floor coverings (e.g., hardwood), ceilings (e.g., drywall) and wall surfaces (e.g., wallpaper) _____

10. Roof material types (e.g., asphalt shingles) _____
11. Number of kitchens and quality of finishes (e.g., granite countertop) _____
12. Number of bathrooms _____
13. Garage or carport and size (e.g., 1 car, 2 car), or other structures attached to the house (e.g., breezeway) _____
14. Interior wall height _____
15. Unique access (e.g., island, remote northern location) _____

Visit **www.ibc.ca** for a complete home assessment checklist and to help you know your home better.

Whenever you increase the value of your home through renovations or the purchase of expensive contents such as sophisticated electronic systems, notify your insurance professional. By doing this, you will continue to have enough insurance to cover you in the event of a loss.