



Understanding homeowners insurance dwelling coverage

What is dwelling coverage on home insurance?

The dwelling coverage on your homeowners insurance policy covers damage to your home’s physical structure. **The parts of your home that are typically protected by dwelling coverage up to your policy limits are:**

- Frame, roof, foundation and chimney
- Attached patios, porches and garage
- In-ground pools
- Inside fixtures that are permanently installed (flooring, bathroom apparatuses, countertops and cabinets)
- Built-in appliances like hot water heaters and furnaces

Why dwelling coverage is not the same as market value

The dwelling coverage on your homeowners insurance policy should match the replacement cost of your home.

Market value:

What your home is worth if it were sold today

Home replacement cost:

The cost to rebuild your home should you experience a total loss



For example: A kitchen fire occurs and your home is determined a total loss.

The current market value of your home is \$300,000.

The dwelling coverage on your homeowners insurance policy needs to account for the cost to remove materials, level and regrade the land, then rebuild.

Due to this and the inflated cost of building materials, **the cost to rebuild will be \$360,000.**

Inflation and supply chain issues have increased the cost of building materials and labor shortages have increased the cost to hire contractors. New home builds typically get many discounts from contractors during construction. Because of this, the cost to repair or rebuild is always more than what you’d pay for a new home.



Increasing the dwelling coverage on your policy ensures we bridge this coverage gap and account for the cost to rebuild your home in today’s market.





Why homeowners insurance rates may increase

As inflation and rates rise, consider increasing dwelling coverage on your policy to ensure your home is completely covered. This helps you keep pace with increasing costs to repair your home.



Reach out to your independent insurance agent to review your coverage and see how you can save money at your next renewal.

If you've made substantial renovations or home improvements, inform your agent so they can adjust your policy to account for the upgrades.



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