



FORADORA INSURANCE

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I only paid \$150,000 for my home. Why does my insurance company want me to insure it for \$275,000?

Often times homeowners ask themselves this question while examining their policies. Insurance companies seek to provide optimum protection for all of their clients. There are two options to choose from when insuring your home.

Homeowners should be aware that there are options for them to choose from when deciding how to insure their homes. Insurance providers typically offer **market value** or **replacement cost** when insuring a personal structure. The difference between the two are basically:

Market Value is the price paid for your home or latest appraisal if there has been changes made.

Replacement Cost is how much it will cost to rebuild your home the same size, on the same property, at today's cost, with the same craftsmanship which was utilized initially.

It is important to understand that these two figures can vary immensely. Also, depending on which method of coverage one chooses can have an effect on the premium of the policy to be paid. To explain how this approach is handled in the insurance industry we will use the following example:

The Smith Family purchases a home for \$100,000. There are choices are to insure the home for **Market Value** at \$100,000 or \$185,000 utilizing **Replacement Cost**. In the event of a total loss the home which was insured at market value will receive a settlement of a maximum of \$100,000 to rebuild the original home. The home which was insured under replacement cost will receive up to \$185,000 to rebuild the home to what it was before the loss.

Purchasing homeowners insurance can be a simple and painless process. Regardless of which coverage one chooses it should be noted that if there is a mortgage company involved they will have a say in the amount or type of coverage selected.

Foradora Insurance is available to explain any questions which homeowners have regarding their policy or potential policy. We offer both Replacement Cost and Market Value Policy's for you individual needs.

Thank you for your business!!



**Scott Foradora
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**If you need anything,
please call us!!**

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**"Cross country skiing is great,
if you live in a small country" -
Steven Wright**

"Have compassion for all beings, rich and poor alike; each has their suffering. Some suffer too much, others too little" - Buddah