

# What is the difference between market value and replacement cost?

Market value is the amount a buyer would pay for the home and land in its current condition. It is influenced by factors such as proximity to good schools, local crime statistics, and the availability of similar homes.

Replacement cost is the cost to replace the entire home. When you insure your home for its estimated replacement value, your insurer will reimburse you for the cost of rebuilding your home, subject to policy limitations, based on the size and structure of the home that was lost.

Replacement cost is not:

- The market value of the home
- The home's purchase price
- The cost of the land
- The outstanding amount of any mortgage

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## What does a homeowners

# insurance policy cover?

Unless the cause of loss is excluded in the policy, a homeowners policy provides coverage for personal liability, medical payments to others and accidental direct physical loss to your dwelling.

In addition, the policy provides coverage for your personal property for specific perils including, but not limited to:

- Fire
- Lightning
- Windstorm
- Hail
- Theft