

Frequently Asked Questions

Can you determine replacement cost by simply multiplying the square footage by a "per foot" building cost?

Not accurately. What style, materials, and quality are reflected? Construction costs vary greatly by materials, quality, size, and style. These differences cannot be reflected by a simple "per foot" figure.

Changing building codes can substantially increase the cost of rebuilding your home. Many homeowner policies exclude this additional cost. Is there a way to obtain coverage for this additional expense?

You may obtain coverage for the additional cost of rebuilding your home to meet current building code requirements by purchasing a Building Ordinance or Law Coverage Endorsement. For an additional premium, covered losses that are at least 50% or more of the Coverage A limit will be settled on the basis of any ordinance or law that regulates the construction, repair, or demolition of the property. The coverage has maximum limits that apply.

Some eligibility requirements apply and not all coverages are available in all states. This brochure contains only a general description of the coverages and is not a statement of contract. All coverages are subject to the exclusions and conditions in the policy itself.

What is one of the best ways to hold down the cost of insurance and still obtain more coverage?

It is often possible to increase your coverage by thousands of dollars by applying the premium savings associated with raising your per-loss deductible by even a few hundred dollars.

I have automatic inflation guard on my policy, isn't that all the protection I need?

Automatic inflation guard does not keep up with any improvements to your home, such as remodeling or additions, and does not guarantee the amount of insurance you have purchased will be adequate to rebuild your home.

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Did You Know?

The amount of insurance you purchase should be based on the cost of rebuilding, not the purchase price of the home. Marshall & Swift/Boeckh studies indicate that at least 70% of residences are under-insured by an average of 35%.

Does it cost more to replace, repair, or to build new? Rebuilding costs are typically higher due to—

- Demolition and debris removal
- Building codes
- Higher levels of construction overhead
- Limited site mobility and access
- Time urgency to reoccupy your home
- Substantial escalations of cost that typically follow a catastrophe
- Other market conditions such as availability of labor and building materials

Don't Be Under Insured!

Many items affect the cost of rebuilding. If your home is destroyed and insured for less than 100% of replacement cost, you risk not having enough coverage to replace it with a home of similar size and quality.

Ever changing building codes can escalate rebuilding costs. Unfortunately, plumbing, electrical, and structural systems that previously met past building codes can suddenly become outdated by current standards. Many homeowner policies exclude or limit the additional cost to rebuild to code. Unless the proper endorsement has been added, the cost to bring the dwelling to current code becomes your responsibility.

Your American National Insurance Agent will be happy to assist you in estimating the replacement cost of your home.

Such estimate is not a guarantee the amount of insurance purchased will replace your home at the time of loss.

It is important to take other factors such as those mentioned in this brochure into consideration.

