



## Your home appraisal: Frequently asked questions

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### How do I benefit from an appraisal?

- You never have to worry about having too little or too much insurance for your home. If your home becomes a total loss, the ACE Platinum Portfolio will pay to have it rebuilt, including all the special features it had.
- We send you an appraisal report that provides an important record of your home, including a diagram and photos. This report helps you get fair and fast payment if you ever need to make a claim.
- Your appraisal report also includes safety tips that can help prevent loss and thus control premium costs over time.

### Who are the experts that come to my home?

The expert appraisers who visit your home have been trained to identify your home's special features and accurately establish the cost to rebuild your home. Most have many years of experience at estimating the replacement cost of homes. Our experts specialize in appraising high value homes, including multi million dollar homes.

### How long does the appraisal visit take? Do I have to be there?

The appraisal visit usually takes half an hour inside the home. Especially large homes or homes with significant architectural features, custom molding, or special interior finishes may take longer. If we are conducting an interior appraisal, it is best that you be at home, but if you can't, you can have a person you trust meet the appraiser.

### Other insurance companies don't do appraisals? Why do you?

The vast majority of insurance companies do not specialize in insuring high value homes and do not offer full replacement cost. They rely on standardized models that do not reflect the unique features and high quality of materials and construction in fine homes. And, they will only pay a fraction of the cost it takes to rebuild your home if it is underinsured.

### My agent gave my home a value when he provided a quote. Why do I need an appraisal now?

Our agents use a quick appraisal system that provides an estimate of the replacement cost of your home during the quote process. When given the proper information and used by an expert, this system on average comes within plus or minus 10 percent of the expert on-site appraisal. But, too often the information is only a rough estimate. Nothing substitutes for the expert on-site appraisal.

### How is replacement cost determined?

Our expert appraisers visit your home to take measurements and note key features such as the type of foundation, structure, wall surfaces and finishes, fireplaces, alarm systems, built-in appliances, and roofing. This information is fed in to a data base that tracks labor and material costs by zip code to determine the replacement cost for your home. The information in the data base is updated on a regular basis.

### Will the appraisal affect my premium?

It depends how much it differs from the value used by your agent during the quoting process. The more or less the replacement value established by the expert differs from the value used by your agent, the more or less your premium will be versus the original quoted premium. Also, replacement cost is only one of many factors that affect your premium. The appraisal may include safety tips that can reduce your premium in the long-term. Choosing a higher deductible is another way to reduce your premium.

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## Can I purposely choose a lower replacement cost value?

No. Letting homeowners purposely choose a lower value would violate insurance industry ethical standards. Moreover, we could not offer full replacement cost coverage, one of the most important features that differentiate the ACE Platinum Portfolio from mass-marketed policies.

## If my house became a total loss, I wouldn't want to rebuild. I'd want to buy a comparable house. Why do I need to worry about replacement cost?

If you decide not to rebuild, you can choose to receive a cash payment equal to the replacement cost in your policy. If you find a home for less, you can pocket the difference.

## My builder says it took a lot less to build my home than your replacement cost. Why?

Rebuilding a home usually costs 30 percent to 40 percent more than building a new one for several reasons.

- You have to remove all the debris from the old home.
- You usually want the home to be rebuilt faster than it was built in the first place. Speed adds to the cost.
- There are fewer contractors who rebuild homes than those who build new homes. The limited supply drives up costs.
- Builders are often working on more than one new home at a time. Contracting labor and purchasing materials in bulk helps them reduce costs.

## Can I request a re-appraisal?

An appraisal is ordered automatically when you purchase an ACE Platinum Portfolio policy. We usually order a follow-up appraisal every five years. If you require an interim appraisal, please advise your agent. We would be happy to send an appraiser to your home.

## Are appraisals conducted on an annual basis?

No. The replacement cost of your home is automatically updated at the time of your renewal based on trends in construction labor and material costs. The update does not require another visit unless you have made a major improvement to your home. Notify your agent when you have made a major improvement to learn if another visit is necessary.

## How is the inflation rate applied on my home policy each year?

We establish the inflation factor following a review of construction cost indexes from different sources such as banks, construction companies, building material companies and the leader in construction cost data, Marshall & Swift/Boeckh. Construction inflation rates are different that market value and are determined by the cost of building material and labor.

## Does the expert appraiser ever find that the replacement cost is less than what my agent and I originally estimated?

Yes. Our appraisers are trained to estimate the replacement cost of a home if it would have to be rebuilt tomorrow with like kind and quality building material and labor. The accurate replacement cost can be higher or lower than what was originally estimated by you or the agent.

Important Notice: The appraisal is conducted as an adjunct to the process of insurance underwriting in order to evaluate and improve the property as an insured risk. It is not intended for determining value for any other purpose. Safety tips are summarized from industry sources we believe to be reliable and up to date, but are intended as general information and are not a substitute for specific advice from a safety or security consultant that you might retain. This brochure contains only a general description of the insurance coverages provided by our policies. Coverage terms are subject to change and can vary by state. The brochure does not include all of the benefits and limitations found in the policy. The insurance policy itself, not this descriptive brochure, will form the contract between the policyholder and the insurance company.