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Consumer Alert: Homeowners Should Review Insurance Policy Limits to Keep Up with Increasing Construction Costs

The South Carolina Department of Insurance (SCDOI) is reminding home and property owners to review your insurance coverage limits due to increasing repair and replacement construction costs.

Homeowner's Insurance Coverage Limits Should Cover Repair, Replacement

Your insurance limits should be based on the cost to repair or rebuild using materials of like kind and quality. This is not the same as your property's market value or your purchase price, which also includes the value of land and is dependent on the real estate market.

Homeowners Should Annually Review Your Insurance Limits

As the costs for construction materials increase, home or property owners should review your insurance policy's Replacement Cost Value to make sure it's keeping pace.

The SCDOI recommends that home and property owners review your limits of coverage at least annually with your insurance agent, broker or insurance company.

Understanding Your Coverage

It's important to understand what your insurance policy covers. For example, do you have Replacement Cost Coverage or is your coverage based on the Actual Cash Value, which is typically less and includes depreciation.

Understanding your deductible, which is how much you'll need to pay out-of-pocket before your insurance kicks in for a covered loss, is also important.

You can find more about homeowner's insurance at doi.sc.gov/home.

