



No.7 INSURANCE AND REBUILD COSTS SURVEY

Re-Build Costs

Purchase Price

Market Value

It is very easy to get confused with terms known as 'Rebuild Costs' and 'Purchase Price' or 'Market Value' for the property. The Purchase Price includes the value of the land while the Rebuild Cost does not. Purchase price can be lower or higher than the Market Value. A survey for the Rebuild Cost will give you a price for insuring the property. This takes into account the following 7 x associated costs:

1. Architects and Surveyors fees
2. Structural Engineers and other consultant's fees.
3. Legal fees & Lawyers' fees
4. Party Wall Surveyors fees
5. Local Authority fees
6. Demolition Costs
7. Rebuilding Costs

It is very important to ensure that the rebuild cost is calculated correctly. It should not be too low; if it is then you may be underinsured. In other words, this means that if your property needs to be rebuilt and debris carted away, then you will have to make up the difference in the overall total costs between the amount the insurance company pays out and the total rebuild cost for reinstating the property to its original condition as best as possible. On the other hand if the rebuild cost is calculated too high, then you could be paying too much and therefore wasting money.

It is important to review this 'Rebuild Cost' at regular intervals. The reason for this is simple, any alterations, extensions new kitchen etc. need to be updated and cover regularised to define the true cost of the property.

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