IS YOUR PROPERTY INSURED FOR THE RIGHT AMOUNT?

THE CRITICAL DIFFERENCE BETWEEN MARKET VALUE AND REBUILD COST

RebuildCost
ASSESSMENT.com

THE DANGEROUS GUESSING GAME

When arranging building insurance, many property owners rely on a figure that feels familiar—often the price they paid for the building or a recent bank valuation. However, using these figures is one of the most common and costly mistakes in property management.

The "Sum Insured" on your policy should not reflect what the property is worth on the open market; it must reflect the Reinstatement Cost. This is the total amount required to rebuild the property from the ground up in the event of a total loss. This guide highlights why these two figures are rarely the same and how to find your "Goldilocks" zone—where you are neither overinsured nor underinsured.

KEY TAKEAWAY

Market value includes land and location; rebuild cost covers labor and materials. Confusing the two is the primary cause of underinsurance in the UK.

SCENARIO TWO: THE RECONSTRUCTION GAP

YOU BOUGHT A "BARGAIN" PROPERTY OR AN OLDER ASSET...

THE SITUATION

You purchased a commercial or residential property at a low price, or perhaps it is located in an area where market values have plateaued. You insure it for the purchase price of £250,000.

THE REALITY

The cost of bricks, mortar, specialised labor, and modern building regulations does not care about the "market price." Rebuilding that same property to modern standards, including demolition and debris removal, could actually cost £400,000.

THE RISK

You are now significantly underinsured. If a major incident occurs, your insurer will apply the "Average Clause," reducing your payout proportionally. You would be left with a massive financial gap, potentially forcing you to sell the land because you cannot afford to rebuild.

SCENARIO ONE: THE MARKET VALUE FALLACY

YOUR PROPERTY IS IN A PRIME LOCATION WITH HIGH DEMAND...

THE SITUATION

You own a property in a sought-after area where house prices are skyrocketing. You insure the building for its market value of £800,000, assuming this "higher" figure provides a safety net.

THE REALITY

A large portion of that £800,000 is actually the value of the land and the location, neither of which can be destroyed by fire or flood. The actual cost to rebuild the physical structure might only be £450,000.

THE RISK

In this case, you are overinsured. You are paying unnecessarily high premiums for "protection" that the insurer will never pay out, as they only cover the actual cost of reconstruction. You are essentially throwing money away every month.

FINDING THE "GOLDILOCKS" VALUE

To ensure your property is insured for the "just right" amount, you must look past the market trends and focus on the physical reality of the building.

DON'T GUESS THE VALUE

Market value and rebuild cost are not the same. Never use a mortgage valuation or purchase price to set your insurance limits.

USE A PROPERTY PROFESSIONAL

The only reliable way to determine the correct amount is to use a RICS-regulated professional who understands modern construction costs, material prices, and professional fees.

PROTECT YOUR INVESTMENT LONG-TERM

Our Desktop Assessment with 3 Full Years Protection includes two annual refresh calculations following your initial assessment. Rebuild costs are rising every year. Without updates, your sum insured can quickly become inaccurate and reduces the risk of being inaccurately insured. You don't need to do anything - we handle the updates for you. Plus, enjoy priority handling and a 20% discount on property updates if you make changes before your annual refresh.

STOP GUESSING. START PROTECTING.

Whether you are overpaying for coverage you don't need or risking a total loss through underinsurance, an accurate assessment is the only solution.

ACCURATE

No more confusing market value with rebuild costs.

EFFICIENT

Fast, professional desktop delivery.

COST-EFFECTIVE

Save on premiums or avoid claim shortfalls.

ARE YOU CONFIDENT IN YOUR SUM INSURED?

Contact us for a quick and easy desktop assessment today.

DESKTOP ASSESSMENT WITH 3 FULL YEARS PROTECTION

£298.15 (INCL VAT)

3 full years of protection with our desktop assessment against rebuild cost inflation to keep your property safe.

BUY NOW

GET IN TOUCH

RebuildCostASSESSMENT.com

Rebuild Cost Assessment Ltd is a company regulated by RICS

Web: www.rebuildcostassessment.com

Email: info@rebuildcostassessment.com

Phone: 01305 215535

Don't wait until it's too late. Contact us today to ensure your home has the insurance protection it deserves.