GUEST BLOG: Replacement Cost Estimates: A Crucial Aspect of Home Insurance

This guest blog was written by Matt Everson, co-owner of BW Builder and a United Policyholders' professional volunteer.

Has your application at the California Fair Plan stalled? Are you finding it hard to figure out why? It might be because Fair Plan requires a Replacement Cost Estimate (RCE) for applications asking for coverage above $1.5 million. Increasingly, insurance providers are requiring these estimates, particularly for properties valued over a million dollars in rebuilding costs.

Dig deep within your insurance policy upon renewal and you will find a recommendation from your insurance company to procure an RCE. The best RCE will be created by a licensed builder. When you realize that more than 60% of people who lost their homes in the 2017 Tubbs Wildfire were underinsured, you might begin to see the importance of understanding the true rebuilding cost of your home so you can you determine if you have the proper coverage amounts.

So, what exactly is a Replacement Cost Estimate? It is an estimate performed by a builder or appraiser that demonstrates the expected cost to rebuild your home, were it to be 100% destroyed. According to Ralph Richardson, CEO of Insuretech Insurance, you want to know the real cost of rebuilding so you can obtain the proper amount of coverage from an insurer, so you are able to rebuild after a disaster. A quality RCE can help you determine that amount.

Determining the rebuild cost involves a multitude of factors. Note – this is NOT the property's market value. As it stands today, it is usually more expensive to build a home than buy an already built one, in California. You can't go by the 'for sale' price listed online.

Therefore, estimating the replacement cost accurately is crucial. Often insurance companies will utilize generic estimating tools, based on questionable national build cost averages. For properties in California,

Source: https://uphelp.org/guest-blog-replacement-cost-estimates-a-crucial-aspect-of-home-insurance/ Date: April 30, 2026

these estimates often fall short of reality leaving you unsure of how much it will really cost to rebuild.

A good Replacement Cost Estimate should consider factors such as the age of the home, square footage, finishes, fixtures, house style, location, foundation type, and more. Each of these elements influences the overall cost of rebuilding or replacing the home.

It's important to note that obtaining an RCE won't alter your current insurance coverage. You must work with an insurance agent or your insurance company to set policy coverage rates. An RCE serves as a tool to better understand the coverage you may require.

In this new world, where insurance companies are leaving California in droves, and finding proper coverage is harder and harder each day, obtaining a quality Replacement Cost Estimates may play a pivotal role in ensuring you obtain adequate homeowners insurance coverage.

That is why BW Builder is partnering with United Policyholders. BW Builder will normally charge $150 for an RCE. But we wanted to help Californians and help United Policyholders. For the remainder of 2024, we are offering Californians $25 off your RCE purchase price. On top of that, every RCE purchased with the coupon code "Uphelp2024" will mean a $25 donation goes to United Policyholders from BW Builder.

Help assure you are properly covered and help a great charity who is always helping Californians! Get your RCE, today! For more information, please visit our website – BW Builder

---