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A Guide to Insuring Your Home's Full Value

MetLife



Your Current Coverage: Is It Enough to Rebuild Your Home?



It typically costs more to replace a home than to buy or build a new one.

Most homeowners just don't know enough about building supply and labor costs to know how much insurance is needed to fully restore their home in the event of a loss. That's why your MetLife Auto & Home representative works to ensure that your home is properly insured to cover **all** rebuilding costs—so you're never left surprised by out-of-pocket expenses after a claim.



Ask Us to Calculate Your Home's "Insurance to Value"

In its simplest terms, "Insurance to Value" (ITV) involves determining how much it will cost to rebuild a home should it be completely destroyed in a loss. Because it generally costs more to **replace** a home than to buy or build a new one, this amount is often more than the estimated market value of your home.

MetLife Auto & Home works to be sure that, in the event of a loss, you won't be surprised with gaps in your insurance protection. Therefore, your representative takes the time to ask detailed questions about your home in order to recommend the amount of homeowners insurance necessary to keep up with changing building costs. The amount of coverage you receive is completely up to you.

To help you better understand your home's full value, this guide explains how ITV amounts are determined.

How Much Coverage is Enough?

Based on information you provide about your home, your MetLife Auto & Home representative will work with you to establish your home's current replacement cost. Then, your representative will recommend an insurance amount—or coverage limit—that will ensure your home can be restored to its full value.

Coverages Tailored to Your Specific Needs

Your coverages can be customized to meet your distinct insurance needs. That's where your MetLife Auto & Home representative can really help, guiding you through the considerations necessary to determine which coverages are best for you.

With Replacement Cost Coverage, you'll know you have the right amount of coverage to repair or replace your home and possessions without any deduction for depreciation but limited to the amount you specify (which will be shown on your policy Declarations Page). There are many options to choose from, as you'll see on the following pages.

Even after you elect your homeowner's coverages, your MetLife Auto & Home representative is here to help you make adjustments if, at any time, you feel your coverage amount (limit) needs to be changed—especially when you make additions or improvements.

Get a Warranty on Home Repairs

We pay for all of the necessary repairs covered by your policy. But when our customers choose contractors from our network of licensed and credentialed service providers, the work is done to meet their satisfaction and includes a two-year warranty from the contractor on any service completed.

Your Replacement Cost Coverage Options

- **Replacement Cost Coverage** pays for the cost to repair or replace your house and other buildings on your property (without any deduction for depreciation) up to the amount of coverage purchased. This coverage allows for the use of building materials of like kind and quality to the original. For example, if you had to rebuild your home after a major fire, your policy would provide for the additional cost of many special home features, such as custom kitchen cabinetry, but will not pay more than the coverage limit.
- **Extended Limits** provides even more protection—**up to 25 percent more¹** than the amount of your policy. *For example*, if the amount of insurance you purchase is \$100,000 and you choose Extended Limits coverage, your policy will pay to repair or replace the house with like kind and quality building materials (without deduction for depreciation) up to \$125,000.
- **Coverage A Plus²** is the most comprehensive Replacement Cost protection of all. It covers the full cost to rebuild your house with like kind and quality building materials (without deduction for depreciation) even if that cost is more than the amount shown for Coverage A on your policy.

It is not subject to a set limit.



What You Should Know About Replacement Cost

Due to fluctuating building costs, your homeowners coverage needs to keep pace with the current replacement cost of your home. Here are some factors that can affect ever-changing home replacement costs:

- **Rebuilding costs are typically higher than new construction costs.** Removal of debris and demolition costs can easily add another four to seven percent to a home's total rebuilding cost.
- **Special materials or custom features can be costly to replace.** Custom-built and older homes can include materials that are expensive to replace—solid-wood doors, custom ironwork, exposed beam ceilings, stained glass and more.
- **Construction costs rise after natural disasters.** Widespread natural disasters cause the demand for building materials and contractors' fees to rise and, in many cases, local lumber supplies are depleted quickly. Bringing in materials from elsewhere in the country, and often within short time frames, can easily increase shipping and overtime charges.
- **High inflation rate for building materials.** The cost of construction materials, especially lumber, frequently increases faster than the cost of other goods and services and much faster than the inflation rate.
- **It costs money to preserve the remaining structure.** Any property not destroyed in a loss needs to be protected. For example, a partially damaged roof, missing window glass or holes in the walls may need to be covered to prevent future damage or looting.

¹ In Florida this is capped at 20%.

² Not available in all states. Coverage is subject to requirements listed in policy. See policy for coverage availability and restrictions. Subject to deductible



Reconstruction Costs vs. New Construction Costs

The unique circumstances involved in reconstruction often cause the cost to be greater than for new home construction. Let's take a look at why:

“Top Down” vs. “Bottom Up” New construction always begins at the foundation and builds upward. Reconstructing a house that isn't totally destroyed often involves removing the roof and rebuilding from the top down, which is more time-consuming and labor-intensive.

Economies of Scale When many new homes are built at the same time, a contractor purchases large quantities of materials at discounted prices. This quantity-discount principle applies to virtually all required homebuilding materials and service—from plumbing fixtures to lumber and even appliances. Without quantity discounts, reconstruction costs rise significantly above new construction costs.

Access to the Worksite A house that is being rebuilt has existing trees, shrubs, fences and other landscape structures that need to be preserved. Materials may have to be off-loaded, rather than directly driven, to the work area. Conversely, new home construction has no landscaping, which makes access much easier.

Use of Labor Labor traditionally accounts for the majority of homebuilding costs. A contractor can maximize labor resources by scheduling carpenters, plumbers and electricians to work on many houses at the same time. If one house isn't ready for plumbing, another can be completed, and so on. If only one home is being rebuilt, it's difficult to achieve the same efficiencies.

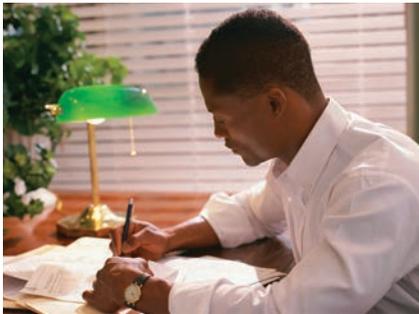
Debris Removal If part of a home is still standing after a loss but is unusable, which is often the case, it will need to be demolished and removed. The site may also need to be cleaned, due to soil contamination, which can occur after some fire losses. New home construction begins without having to deal with major site preparation.

To learn more, visit www.metlife.com or contact your MetLife Auto & Home representative.

Homeowners Insurance Checklist

MetLife Auto & Home wants to be sure that, in case of a loss, you're never surprised by what is or is not covered—even if you're insured with another company. This checklist will help you evaluate whether you have the proper homeowners insurance protection.

- **What does your current policy really cover?**
It's important to read your policy carefully to know exactly what is and what is not covered, as well as certain policy limitations on items such as jewelry, fine arts or silverware.
- **Do you fully understand your policy?** If not, please contact your agent immediately for clarification.
- **Have you reviewed your latest Declarations Page?**
When your policy is renewed each year, you receive a new Declarations Page showing all Basic Coverage limits. Review the coverage amounts and ask your agent about any limits you're unsure about. This will verify that your agent has all the information needed to properly insure your home.
- **Did you complete or do you plan a significant remodel?** If you plan to add a room, finish the basement or make other physical changes to your house that increase its replacement value, be sure to tell your agent about the changes so coverage limits can be adjusted to cover the improvements. Failure to inform your insurer may result in lost benefits you would otherwise be entitled to receive.



- **Check your policy for these important features:**
 - Does it automatically increase coverage limits each year to keep up with inflation?
 - Does it pay the full replacement cost if your home is destroyed, even if that cost exceeds the dwelling limit shown on your policy?
 - Does it provide coverage for extra costs resulting from building code changes?
Building costs can increase significantly between yearly inflation adjustments, especially if there's been a natural disaster, creating increased demand for supplies and services. MetLife Auto & Home's Coverage A Plus along with our Ordinance and Law Coverage provide the full cost to rebuild, even if that cost exceeds your policy's dwelling limit.
- **Check on the company's claim features:**
 - Can a claim be submitted anytime?
 - Our claim department is open 24/7/365.
 - Does your insurance company guarantee repairs paid for by your homeowners coverage?