



The Philadelphia Contributionship

Insurance to Value Initiative 2023-2024 Frequently Asked Questions & Highlights

What is the purpose of the Insurance To Value (ITV) Initiative?

We want to make sure that our customers are not meaningfully underinsured. Given the wild fluctuations in rebuilding and labor costs the last three years, there is a potential mismatch between renewal policies' actual rebuilding costs and the costs that have been estimated over their years with us. Not only are customers without adequate limits left without enough coverage to rebuild after a total loss, they're also subject to reduced payouts for partial losses too. It's in everyone's best interests to avoid having a customer find out their claim settlement won't be enough to pay for their actual damages.

How will I know which of my policies are going to be part of the Initiative?

We've identified those policies needing meaningful adjustments to Coverage A and will send you an email 120 days in advance of *each policy's* upcoming renewal. The attachment in the email will tell you the new Coverage A estimate, the policy's renewal effective date, and the date we will issue the renewal (45 days in advance typically, but 60 days in Maryland).

What do I need to do with the estimate provided in the email?

If you find the new Coverage A value we include in our email to you to be correct and reasonable, you do not have to perform an endorsement transaction at all - our estimate will simply roll on to the policy at renewal automatically.

If you would like to review the estimate and make any changes, you must do so *before* the renewal issues from our system – again, either 45 or 60 days in advance of its effective date. The email's attachment gives step by step instructions on how to start an endorsement transaction at renewal and launch the replacement cost calculator, Verisk's 360Value.

If you are taking the steps to verify the Coverage A value we send you, make that endorsement effective on the policy's renewal date to avoid having a mid-term premium change, potentially affecting the customer's mortgage escrow. Our instructions in the email will remind you of this.

What are the drivers of increased reconstruction costs?

Besides the inflated cost of materials and labor, a change in the finished square footage of a home is one of the biggest changes. Does the home have a finished basement? Its square footage needs to be included! Other improvements made over time also need to be factored in, including exterior finishes such as siding and roofing material, or interior changes such as remodeled kitchens and bathrooms. Just as you do with estimating replacement cost at new business, a renewal review is best done by not just accepting the results that are returned, but



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by thoughtfully reviewing the finishing features of the home, as well as the room counts and quality of the interior finishes.

Lastly, as you likely work with multiple carriers, and therefore multiple cost estimators, each of those valuation tools sources data differently from public databases, and if you have a policy with us that was issued using a different valuation tool than 360Value, that can introduce variation as well.

Are there any policies that are NOT part of the ITV Initiative?

Policies written with Actual Cash Value loss settlement or with Functional Replacement Cost Loss Settlement are not part of our initiative. While we encourage you to review all of your policies' renewal values from time to time, these special loss settlement provisions could not be automated. Also, we are directing the policies with the greatest Coverage A differences to an underwriter before they are sent to you. You may receive an email from your underwriting team directly for policies that are significantly undervalued.

What if I have questions about my renewals during the ITV Initiative?

As always, you can call in to your underwriting team for help at any time – we pride ourselves on the service we provide, knowing that you have the ability to reach a live underwriter at a moment's notice is a hallmark of that service. Whether it's walking through a renewal valuation or discussing premium saving features like Functional Replacement Cost Loss Settlement, your team is here to help you *and* your customer.