



WIND AND HAIL UPDATE

South Carolina Wind And Hail
Underwriting Association
240 Stoneridge Drive, #101
Columbia, SC 29210

September 6, 2022
22-02

REPLACEMENT COST ESTIMATOR / VALUATION REPORT Effective October 1, 2022

REMINDER

For applications submitted on or after October 1st, SC Wind will be requiring the submission of a Replacement Cost Estimator / Valuation report for certain New Business and Rewrite policies. If you see a box for Valuation Report Building Limit on the applicant and property information page of the application, you will be required to upload a **current** (within the past 12 months) valuation report after uploading a copy of the HO dec page.

The same insurance-to-value rules will apply. If the RCE is more than the fire policy, the wind policy limit will need to be based on the RCE value (at least 80% of the RCE for ACV policies and 100% for Replacement Cost policies).

Why is SC Wind taking this action . . . The Association has been working diligently to improve Insurance-To-Value. This is another step that we are taking in order to make sure SC Wind Homeowners are protected.

Is Insurance-To-Value a real problem . . . YES! Being underinsured can increase the insured's out of pocket expenses after a loss. Underinsurance may become a professional liability exposure for Producers who have not properly advised their clients.

Why are properties undervalued . . . Rising construction costs, especially after a hurricane, are a major reason why many property owners are underinsured. Also, many property owners confuse market value with the cost to repair or replace a home.

Questions??? . . . Here are the frequently asked questions on the new procedure.

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What if the homeowners policy is greater than the RCE or vice versa?

Whichever value is higher is what the SC Wind Policy needs to be based on.

What if I cannot provide a RCE?

If a RCE cannot be provided, SC Wind will be unable to write the policy.

Do you still require a copy of the in-force homeowners policy?

Yes. This is still a requirement.

Does SC Wind provide a RCE tool?

No. You will need to provide this information on your own.

Is there a specific company to be used for the RCE?

No. Any company RCE can be provided.

Other questions . . . Please contact one of our underwriters with any questions you may have.