



Important information about Replacement Cost Coverage

This letter is intended to provide policyholders information to better understand their TWIA coverage.

You must be insured to 80% or more of the full replacement cost of your home at the time of loss to qualify for Replacement Cost Coverage. This is often referred to as the Insurance to Value (ITV) Ratio.

Why is Replacement Cost Coverage important? If you qualify for Replacement Cost Coverage, you qualify to receive payment for the full amount of repairs, less your deductible and subject to your policy limits. If you do not qualify for replacement cost coverage, your policy benefits may not cover the full cost of your repairs in the event of a loss.

As part of the application process, your agent prepared an estimate for the replacement cost of your home. Based on data provided to TWIA by your agent and from other independent sources, the estimated replacement cost of your home is \$272,340. This is the estimated amount that would be necessary to rebuild your home in the event of a total loss. This estimate should be used to determine the amount of insurance needed for your home.

The below table illustrates the effect that this amount has on your eligibility for Replacement Cost Coverage based on your current insurance amount.

Location Address	Insurance Amount	Estimated Replacement Cost <u>1</u>	ITV Ratio	Qualifies for Replacement Cost Coverage <u>2</u>
101 Example Dr, Corpus Christi, TX, 78414	\$273,000	\$272,340	100%	Yes

If your ITV Ratio in the above table is less than 80% you may not meet the criteria to qualify for Replacement Cost Coverage in the event of a loss, including both full and partial losses.

It is important to provide your agent accurate information about your property, including information about updates, repairs, or additions. Any changes to the property could affect the full replacement cost of your home; this in turn would affect the amount of insurance you need in order to maintain replacement cost coverage and ensure that you have adequate coverage for potential losses.

It is always a good idea to review your coverage amounts with your agent regularly to be sure that you have the coverage amount you need.

For more information on Replacement Cost Coverage requirements, refer to your policy, visit our Insurance to Value information page at www.TWIA.org/ITV/ discuss with your agent, or call us at 800-788-8247.

1. The Replacement Cost value is an initial estimate based on information provided by your agent and obtained from other independent sources.

2. In the event of a loss, TWIA will recalculate the Replacement Cost during the claim process. There is a possibility that the new Replacement Cost could differ to an extent that the costs to repair damage to your home no longer qualify for Replacement Cost Coverage.