

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

Important Information Regarding Building Values

The policy offered by NJIUA provides coverage on an Actual Cash Value (ACV) basis.

If you have a loss under this policy, we work with you to establish the ACV of your damaged property. Under New Jersey law, we will consider all relevant factors to determine the Actual Cash Value settlement. The following is a list of the primary factors (there may be others) that are relevant to determining value of the property damaged. You should consider them when you buy insurance:

- Replacement cost of the building, less depreciation.
- Market value of the building, less land.
- Assessed value of the building for municipal property tax purpose.
- Rental income from the property.
- The purchase price, plus cost of capital improvements.

When buying an insurance policy, you select the amount of insurance applicable to your property. You should consider all factors listed above, and any others that may be pertinent to establishing insurable value on your policy. If you set the value too low, you may not have full coverage for a major loss. If you set the value too high, you may be paying premium for limits you will not receive.

The Actual Cash Value of a particular property may increase or decrease over time. It is your responsibility to keep your insurance policy current with any changes in property value.

You may wish to get advice from your insurance agent, your mortgage holder, a real estate appraiser, or a building contractor.