

GeoVera Insured FAQs for RCT Transition

How is the Replacement Cost Estimate (RCE) of my home calculated?

GeoVera Insurance Company uses the Residential Component Technology (RCT) replacement cost calculation tool from CoreLogic to determine replacement cost values. GeoVera is transitioning the valuation of our residential earthquake policies to a new version of CoreLogic's Residential Component Technology valuation tool. This change will be effective 7/20/2018 for our renewal policies.

Why is it so important to calculate the most accurate replacement cost?

Calculating replacement costs that are as accurate as possible increases the chance of having enough insurance coverage to reconstruct your home after a catastrophic loss. Recent large catastrophic events in California such as the 2017 wildfires have shown that many homeowners did not have proper coverage limits and therefore did not have enough insurance coverage to rebuild their home.

What is Residential Component Technology (RCT)?

RCT is a data driven solution developed by CoreLogic and used by GeoVera to calculate replacement cost estimates. RCT is built on CoreLogic's "total-component" methodology, which calculates risk-specific reconstruction costs for each home using readily identifiable interior and exterior home characteristics. The emphasis on reconstruction is important because the cost for reconstructing a house after a total loss is far different than constructing the same house as new construction.

What does reconstruction cost include?

Some factors included in reconstruction cost are:

- Extra costs to tear out damaged materials or demolition and debris removal
- Compliance with changing building codes
- Availability of skilled labor; fewer contractors specialize in reconstruction than new construction
- Special features and materials often associated with older homes become more costly or are not readily available
- General Conditions (permits, fees, architect fees, etc.) and General Contractor overhead and profit
- Loss of buying power/reduced economies of scale

How do I access the Replacement Cost Estimate for my home?

Go to www.mygeosource.com. Once you login as a registered user, you can review the Replacement Cost Estimate (RCE) report which provides the information used to calculate your home's replacement cost estimate. This report is located under the Policy Information, Policy Documents section.

Are there additional ways a policyholder can update their earthquake coverage limit?

Yes. Providing your Dwelling or Coverage A Limit from your Homeowners policy may be the most efficient method for you to update the renewal earthquake coverage limit. You can submit this information via your insurance agent.

How is the Combined Single Limit on my GeoVera Comprehensive earthquake policy determined?

The Combined Single Limit on GeoVera's Comprehensive earthquake policies compares to the total of all limits (Dwelling, Contents and Additional Living Expenses) on a typical homeowners policy plus demand surge. The Combined Single Limit can be applied to the total loss and is not divided between coverages. Demand surge accounts for the fact that the price of materials, labor and services increases after a large catastrophic event, such as an earthquake.

Why are the Replacement Cost Estimate limits different that the GeoVera earthquake policy limits?

The RCE limits are the limits calculated for the dwelling replacement cost. The earthquake limits include a demand surge to account for the increased cost of rebuilding after a major catastrophic event. Additionally,

- If the earthquake policy is a GeoVera Comprehensive Policy, the earthquake limit will also include coverage for other structures, contents and additional living expenses.
- If the earthquake policy is a GeoVera Standard Policy, the earthquake limit will also include \$5,000 in contents coverage and \$1,500 in additional living expense.

How do I know GeoVera will be able to pay my claim in the event of an earthquake?

GeoVera Holdings, Inc., and its wholly owned subsidiaries which includes GeoVera Insurance Company, has been assigned a rating of "A" Excellent by A.M. Best Company. This rating was re-affirmed in January of 2018. The A.M. Best Company is a leading source of information on the financial condition and performance of insurance companies worldwide.