

Hundreds are discovering what the Real Construction Cost is after its too late!

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Once again the insurance companies win by not insuring for **the real construction cost**. This can happen anywhere in America and will continue to happen until people understand what the real construction cost of their property is.

Six months after wildfires burned 300,000 acres and destroyed 1,350 homes in San Diego County, victims face new difficulties with real construction cost in rebuilding.

As burned-out homeowners hire architects and contractors, some are finding that their insurance settlements aren't going to cover all the real construction costs of rebuilding.

Teresa Manley, with the San Diego Firestorm Community Recovery Team. "It's a full-time job to rebuild. It's not like people go to bed saying, 'I'm going to build a house tomorrow.' Most people won't be able to rebuild in a year and a half."

George Kehrer an attorney and retired contractor working with Community Assisting Recovery, a group for homeowners. He said insurance payouts are far short of the construction cost needed to rebuild in most cases. The real construction cost discrepancies range from \$60,000 up to \$1.4 million, he said.

"Less than 10 percent of the people are happy, and the rest are just finding out that they are **underinsured**," Kehrer said. "After six months, they're in denial that someone has concealed the facts that they're **underinsured on the real construction cost**."

Kehrer has been speaking with people. He said of the 400 cases he's seen to date, four had payouts within \$3,000 of the real construction cost and 20 people had coverage that was close when combined with other insurance payouts. The rest, or 95 percent, he said, are **underinsured**.

"People are coming out of the woodwork and realizing that there is a problem," Kehrer said.

Kehrer did the same in the 2003 fires, when he handled 1,020 cases. He said in that disaster the underinsurance averaged \$206,000 based on the 120 cases that were disclosed.

This time, Kehrer's data indicates that the gap between the settlement and real construction cost of rebuilding is more than \$300,000.

Kehrer said the minimum construction cost is about \$190 per square foot and can go as high as \$450 per square foot.

"That's just to get the house," he said. "That doesn't include the interior and furniture."

"A lot of people are convinced that there's nothing more that they can do," Kehrer said. "They build smaller or buy a replacement elsewhere."

The insurance companies don't care how much you are covered for. They just want the premiums every

month. They also want you to give up and go away. They don't care that you don't know what the real construction cost is when you sign a new insurance policy. All of those people and the people in the past disasters know what real is, and they will defiantly be asking the right questions before they sign again.

So call or email us here at Official Asset Appraisers, let us help you with the real construction cost before there is a disaster.