

Insuring the Home You Own

Your home is probably your most valuable asset, so protecting it adequately is a key component of your family's overall financial health. Since not all home policies are created equal, it is important to consult with your insurance broker to determine the insurance package best suited to your individual needs. The following information describes the main types of coverages offered in home insurance policies.

Note that home insurance policies include two major sections: the first outlines the protection the policy provides for your property, the second describes the coverage provided for personal liability, the third describes endorsements, or additional protection purchased to cover exclusions in the policy.

Please note that the following descriptions are based on a “Comprehensive Homeowners” policy and may vary from one insurance company to another. Please see your policy wordings for specific terms, conditions, exclusions and limits on your coverage.

HOME INSURANCE

Section I – Property Coverages

Building Coverage (Coverage A) – Insures your primary residence and should be set at 100 percent of the Estimated Replacement Cost amount. In addition to the dwelling itself, the value of a car garage, greenhouse or a deck attached to the house would be insured within this limit of insurance. Also included are such items as outdoor permanently installed equipment, i.e. swings, slides, satellite television dishes, and above- or below-ground swimming pools. Please note, an insured who shares the cost of playground equipment with a neighbour will have no coverage if the equipment is installed on the neighbour's premises.

Detached Private Structures (Coverage B) – Insures any structure or building separated from the dwelling by a clear space.

Contents Coverage (Coverage C) – Insures contents of the insured dwelling. It also covers the replacement cost of personal property belonging to the insured when it is temporarily away from the insured's home anywhere in the world. Articles normally kept at another location are not covered by this type of policy. For example, separate coverage must be purchased for contents normally kept at a cottage, under your seasonal dwelling policy. These policies also provide coverage for property of students who are temporarily living away from home while attending a school, college, or university. Note that the property of a roomer or boarder not related to the insured is not covered under homeowner's contents insurance.

Additional Living Expense (Coverage D) – This coverage is divided into two sections: additional living expense and fair rental value. Additional living expense applies when the dwelling is damaged by an insured peril and the damage is sufficient to make the dwelling unfit for occupancy or requires the insured(s) move out while repairs are being made. Please note that this is coverage for costs which might be incurred after a loss, but were NOT present before it, eg. the cost of placing the family pet in a kennel, or the cost of moving personal effects to a new temporary location. Your insurance company is only obligated to pay the costs over and above what it would normally cost the insureds to live had the loss not occurred.

Fair Rental Value provides coverage for people who rent out a portion of their dwelling and who face a loss of rental income should an insured loss make that portion unfit for occupancy. Two conditions limit the amount payable: payment is only made for such reasonable time as is required to effect repair or replacement and no payment is made for those expenses that do not continue while the formerly rented portion of the property is uninhabited. For example, if after the loss the insured does not have to pay for electricity and water for the previously rented portion, those amounts shall be deducted from the amount of the payment.

Section II – Liability Coverage

Personal Liability (Coverage E) – Personal liability coverage insures the legal liability of insured(s) while anywhere in the world. Accidental injury or damage caused by the insured(s) while on holidays, at public meetings, or while shopping, fishing, or playing baseball are included within the kinds of private wrongs covered.

Voluntary Medical Payments (Coverage F) – Provides coverage for the payment of reasonable medical expenses when an insured unintentionally injures another person or if they are accidentally insured while on the insured's premise. Some examples of coverage are surgical, dental, hospital, ambulance service, or funeral expenses.

Voluntary Property Damage (Coverage G) – Covers unintentional property damage caused by the insured, and for which the insured would not be legally liable. For example, while helping a neighbour move a piano, the vinyl flooring was torn. The neighbour insists this would not have happened if the insured had paid closer attention. Coverage also applies if an insured 12 years of age or under intentionally causes property damage.

Voluntary Compensation for Residence Employees (Coverage H) – This coverage is designed to provide residence employees (eg. a nanny, maid, or cook) with limited benefits in case of loss of life, temporary total disability, permanent total disability, injury, (weekly indemnity), or a circumstance requiring medical expenditures.

Personal Umbrella Liability (Excess Liability) – Individuals or businesses can purchase this package. To be eligible for this coverage, insureds must provide the insurer with evidence that they already have other liability policies in place i.e. homeowner's insurance package, automobile insurance package. These are called the primary policies. In the event of a claim, the Umbrella Liability package will only pay when there is not enough insurance under the primary policies or when there is no coverage provided by the primary policy, providing it does not exclude the same coverage as the primary policy.

Section III – Endorsements

Your homeowner's insurance policy may exclude or place some limitations on some very important coverages. We frequently advise insureds to purchase these coverages separately to ensure they have the coverage they require. Some of the most commonly purchased endorsement (additional) options are:

Guaranteed Replacement Cost - This type of policy covers the cost of repair or replacement of property without any deduction for depreciation. In order to obtain this coverage the dwelling building must be insured 100 percent to value as calculated by one of several industry estimating tools. This endorsement is void should you make more than \$5,000 in additions to your home without reporting them to your broker in order that a revised replacement cost may be calculated and reported to the insurance company.

Replacement Cost - Covers the cost of repairing or replacing an item with a new one, without any deduction for depreciation.

Sewer Backup – Covers loss or damage caused by the backing up or escape of water from a sewer or drain, pump, septic tank, eavestrough, or downspout. Please note that not all insurers' sewer backup products are the same. Some place restrictions on the amount of loss or damage covered. Please see your policy wording for specific coverage.

Scheduled (valuable) articles – You are provided with a limited amount of this type of coverage under your contents coverage. But if the coverage limits on items such as jewellery, furs, coin collections, stamps, etc. provided under the contents coverage on your tenant's policy are not adequate, you can "schedule" or insure such articles separately for an additional premium. Coverage is based on an appraised value. This insurance provides significant benefits: article are insured against all risks, including breakage, and no deductible is charged.

Earthquake - Having this endorsement removes the exclusion on this type of coverage contained in most habitational policies. Coverage is subject to a percentage deductible, which is normally no less than 10 percent of the total amount of insurance on the dwelling, detached structures, and contents coverage.

Home-Based Business – Provides limited coverage for business property and liability for a small business operated out of your home. Please note, there are also many exclusions and clauses with this coverage. We recommend you discuss your business with your broker to ensure proper coverage.

CONDOMINIUM INSURANCE

Ownership of a condominium building is held in the name of a particular Condominium Corporation. Individuals may own one of the units and will have an undivided interest in the building's common areas, which include the parking area, landscaped, and recreational areas. Unit owners have a right to use the common areas, however, they do not own them.

The Condominium Act in each province generally requires that the Condominium Corporation purchase a single amount of insurance to cover the value of the building (as it was originally constructed) and the value of the common areas.

Unit owners are responsible for insuring the contents of their units. This coverage, as noted below, is similar to that purchased under the Tenant's Comprehensive Form. Like home insurance papers, condominium insurance papers include two major sections: the first outlines the protection the policy provides for your property, the second describes the coverage provided for personal liability.

Please note that the following descriptions are based on a “Comprehensive Homeowners” policy are may vary from one insurance company to another. Please see your policy wordings for specific terms, conditions, exclusions and limits on your coverage.

Section I – Property Coverage

Building Coverage (Coverage A) – Most commonly insured by the Condominium Corporation except in the case of a “Bare Earth Condominium”

Detached Private Structures (Coverage B) – Insured by the building owner.

Contents Coverage (Coverage C) – – Insures contents of the insured unit. It also covers the replacement cost of personal property belonging to the insured when it is temporarily away from the insured's home anywhere in the world. Articles normally kept at another location are not covered by this type of policy. For example, separate coverage must be purchased for contents normally kept at a cottage, under your seasonal dwelling policy. These policies also provide coverage for property of students who are temporarily living away from home while attending a school, college, or university. Note that the property

of a roomer or boarder not related to the insured is not covered under Condominium Contents insurance.

Additional Living Expense (Coverage D) – The coverage is a percentage of the amount of insurance purchased under Coverage C. Additional living expense claims can be made when the dwelling is damaged by an insured peril and the damage is sufficient to make the dwelling unfit for occupancy or requires the insured(s) move out while repairs are being made. Please note that this is coverage for costs that might be incurred after a loss but were NOT present before it, for example, the cost to place a family pet in a kennel, or the cost of moving personal effects to a new temporary location. Your insurance company is only obligated to pay costs over and above what it would normally cost the insureds to live had the loss not occurred.

Section II – Liability Coverage

Personal Liability (Coverage E) – Personal liability coverage insures the legal liability of insured(s) while anywhere in the world. Accidental injury or damage caused by the insured(s) while on holidays, at public meetings, or while shopping, fishing, or playing baseball are included within the kinds of private wrongs covered.

Voluntary Medical Payments (Coverage F) – Provides coverage for the payment of reasonable medical expenses when an insured unintentionally injures another person or if they are accidentally insured while on the insured's premise. Some examples of coverage are surgical, dental, hospital, ambulance service, or funeral expenses.

Voluntary Property Damage (Coverage G) – Covers unintentional property damage caused by the insured, and for which the insured would not be legally liable. For example, while helping a neighbour move a piano, the vinyl flooring was torn. The neighbour insists this would not have happened if the insured had paid closer attention. Coverage also applies if an insured 12 years of age or under intentionally causes property damage.

Voluntary Compensation for Residence Employees (Coverage H) – This coverage is designed to provide residence employees (eg. a nanny, maid, or cook) with limited benefits in case of loss of life, temporary total disability, permanent total disability, injury, (weekly indemnity), or a circumstance requiring medical expenditures.

Personal Umbrella Liability (Excess Liability) – Individuals or businesses can purchase this package. To be eligible for this coverage, insureds must provide the insurer with evidence that they already have other liability policies in place i.e. homeowner's insurance package, automobile insurance package. These are called the primary policies. In the event of a claim, the Umbrella Liability package will only pay when there is not enough insurance under the primary policies or when there is no coverage provided by the primary policy, providing it does not exclude the same coverage as the primary policy.

Section III – Endorsements

Your condominium insurance policy may also include the following additional coverages so as not to jeopardize your financial interest should the condominium not be properly managed. We generally advise insureds to purchase the additional coverages if they are not automatically covered. Some of the most commonly purchased endorsement options are:

Replacement Cost - Covers the cost of repairing or replacing an item with a new one, without any deduction for depreciation.

Improvements and Betterments – The value of the original carpeting, wall paneling, and other fixtures are covered by the Condominium Corporation's insurance. Any improvements or betterments made by the unit owner will generally increase the value of the unit. This coverage includes any building, structure, or swimming pool on the premises as well as materials and supplies on the premises used for making such improvements and betterments. If the limit provided by the insurer is inadequate, additional amounts can be purchased.

Loss Assessment – If the coverage on the Condominium Corporation's policy is inadequate to cover a loss to collectively owned property, a special assessment may be levied against each unit owner. This could occur if the Corporation is under-insured, the application of a co-insurance penalty (for example, if after the application for the co-insurance clause in the policy, the Corporation receives only 75 percent of its loss, it is entitled to levy an assessment on each unit owner to recover the 25 percent shortfall), cause of the loss is not an insured peril or is specifically excluded under the Corporation's policy, or lastly a breach of policy condition has occurred. Note that there is no coverage when an assessment is made because of a large deductible on the Condominium Corporation's policy. Most importantly, coverage applies only when the assessment is due to a loss covered by the unit owner's policy.

Unit Additional Protection – The limit of insurance purchased by the Condominium Corporation includes the value of the original carpeting, wall paneling, and other fixtures contained in each unit. However, in the event there is no insurance, or it is inadequate or not effective, the Condominium Act does not permit a general assessment to be made against all unit owners. Unit Additional Protection provides coverage for the insureds in those instances. A standard limit of insurance is 2.5 times the limit of insurance purchased for personal property or contents.

Sewer Backup – Covers loss or damage caused by the backing up or escape of water from a sewer or drain, pump, septic tank, eavestrough, or downspout. Please note that not all insurers' sewer backup products are the same. Some place restrictions on the amount of loss or damage covered. Please see your policy wording for specific coverage.

Scheduled (valuable) articles – You are provided with a limited amount of this type of coverage under your contents coverage. But if the coverage limits on items such as jewellery, furs, coin collections, stamps, etc. provided under the contents coverage on your tenant’s policy are not adequate, you can “schedule” or insure such articles separately for an additional premium. Coverage is based on an appraised value. This insurance provides significant benefits: article are insured against all risks, including breakage, and no deductible is charged.

COTTAGE INSURANCE

Every policy differs. Please see your policy wordings for specific exclusions and limits on your coverage.

Whether your cottage has been passed down to you through the generations or built by your own hands, it is, like your home, one of your most valuable assets. At the same time, your cottage may go for long periods without being inhabited, making it vulnerable to damage and burglary. Thus it is extremely important to make sure you have adequate coverage for your cottage.

There are many cottage insurance packages available; unfortunately, many of them will not cover you properly. Factors to consider when purchasing cottage insurance are how much time you spend at the cottage, whether you use it year-round, and whether you rent it out. How the cottage is used and how often it is occupied will dictate which packages are appropriate.

Some coverages you will want to ensure are included in your policy are:

Contents Coverage – Some packages automatically include contents up to a certain limit. If coverage provided is inadequate, additional coverage may be purchased. Note, this coverage is for contents permanently kept at the cottage. Items that you take back and forth between your home and your cottage, eg. clothing, are covered under your homeowner's package.

Detached Private Structures – Some packages include a limited amount of coverage for any outbuildings, including boathouses, garages, or sheds. To properly protect these buildings be sure the coverage provided is adequate.

Replacement Cost - Covers the cost of repairing or replacing an item with a new one, without any deduction for depreciation.

Robbery / Burglary or Vandalism / Malicious Acts - These coverages are very often not automatically covered in cottage policies, therefore it is important to assess your property's risk of break-in or vandalism and purchase protection separately if needed and available to you.

Some common exclusions or extremely limited coverages in cottage policies include:

- fences
- freezer food
- garden equipment
- loss of property due to change of temperature
- outdoor plants
- sewer backup
- trees , shrubs