



All about **home** insurance



 IBC | Insurance Bureau
of Canada

 option
consommateurs

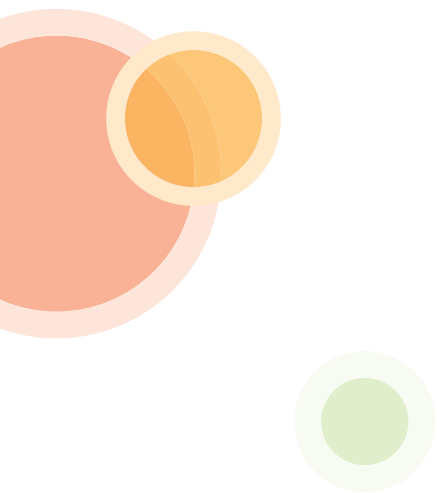


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Buying home insurance

When you buy home insurance, you're buying peace of mind. Insurance coverage will help absorb the costs in case of theft, fire, hail or windstorms. But you still need to find what's right for you. Here's what you need to consider.

Who is insured?

Home insurance covers the property and liability of the policyholder, his or her spouse and their children.

The policy also covers:

- Dependents under the age of 18
- Dependents who are students, even if they do not reside in the principal residence

Remember

Do you share your home with a friend? Have you and your spouse lived together for less than three years? Then you need to let your insurer know, since the policy must be drawn up in the name of both individuals to ensure everyone is adequately covered.

Who can sell you insurance?

- Insurance brokers: brokers offer the products of insurance companies with which they have agreements.
- Insurance agents: agents work for a specific insurance company.

Before you decide to do business either with a broker or agent, shop around, check out prices, coverage offered and quality of service.

Coverage



Liability

Whether you own your home or rent, you could be held liable for any damage caused to others. Your home insurance policy provides liability coverage for such a case.

For example, a fire that accidentally starts in your residence causes the total loss of your neighbour's house. Under such circumstances, your insurer will indemnify the person who suffered the damage if you're held responsible, regardless whether or not a lawsuit is filed.

Something
to think
about!

Home insurance covers not just your property,
it also covers liability.

Property

Inventory your possessions

To find out how much insurance you need, make an inventory of all your possessions, noting the approximate value of each item and any serial numbers. Draw up a list of all the items in each room and update it regularly. You can also photograph or videotape your belongings. And keep your receipts.

Then make sure you keep your supporting documents, photos or videos in a safe place, say at the office or, ideally, in a bank safe-deposit box. This will simplify things for you should you need to file a claim one day.

To download an inventory form, go to www.infoinsurance.ca.

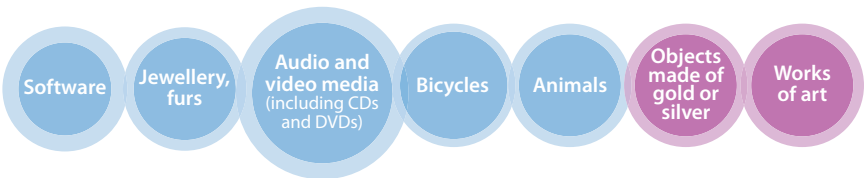
What is covered?

Home insurance covers personal property, such as appliances, clothing, furniture and electronic equipment.

Are you an avid collector? Do you have a special hobby?

Talk to your insurance broker or agent to get the appropriate coverage. You should know that home insurance policies generally contain limitations for certain belongings. This means that in the event of a loss, your indemnity cannot exceed the limit stated in the policy.

Examples of property with limited coverage



Depending what is specified in your policy, the indemnity payable could be limited to \$1,000, \$2,000, \$5,000 or \$10,000, depending on the property and nature of the loss.

N.B.

If you feel that these amounts do not reflect the value of your possessions, do not hesitate to ask for a higher limit.

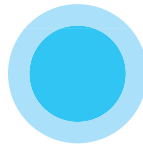


Away from home

What if your belongings are damaged or stolen outside of your home? You're covered under your insurance policy, but the indemnity amount is generally limited to 10% of the coverage amount for your belongings.

Example:

Your personal property is insured for \$25,000. The maximum payable for a loss outside of your home would therefore be \$2,500.



Work
from home?
Be careful.

Are you self-employed and work from home? Let your insurance broker or agent know to make sure you have the right coverage for your tools and equipment, or liability coverage for your professional activities.

Your home insurance is not designed to adequately meet the specific needs of someone who is self-employed.

The building itself

If you own your home, your home insurance will also cover the house and its outbuildings (shed, detached garage, etc.). In insurance, the amount required for your building corresponds to what it would cost to rebuild, should it be completely destroyed. The amount often differs from the home's market value and its valuation for municipal tax purposes.

Covered perils

Fire, theft, vandalism? Your home insurance covers you for much more than these three perils.

Here's the list of risks covered under your insurance policy:

- Windstorms
- Hail
- Lightning
- Fire or forest fires
- Explosion and smoke
- Discharge or overflow of public water mains carrying drinking water
- Discharge or overflow of plumbing systems or appliances such as bathtubs, toilets, washing machines or dishwashers
- Theft or attempted theft
- Vandalism
- Impact from objects or vehicles
- Riots




Exclusions

All policies contain exclusions. Here are some examples:

- Flooding (due to overflow from a body of water)
- Landslides, earthquakes* and other earth movements
- Pollution
- Damage to property acquired illegally
- Losses caused by criminal acts of the insured
- Losses due to war, terrorism, nuclear risks

** Coverage for damage caused by an earthquake is available under an endorsement.*



Did you install a swimming pool or spa?

These are not automatically insured under your policy. To adequately insure them, you must add additional coverage, called an endorsement, to your policy.

For this reason, it's important to seriously consider added coverage to your policy against water seepage or sewer back-up.

Water: tops the list of home insurance claims

Different types of policies



After assessing the value of your property, you must decide the type of policy you need. In general, insurers offer two policy forms, designed for tenants, homeowners and condominium unit owners.

- The **Specified Perils Form** covers your possessions against a limited number of perils specified in the policy as well as your legal liability.
- The **Comprehensive Form** covers all perils other than those specifically excluded under the policy. It also covers your legal liability. This type of coverage is usually more expensive but provides higher coverage than the Specified Perils Form.

Condominiums are covered under two insurance policies, one for the private portions of each owner and one for the Condominium Corporation (Syndicate).

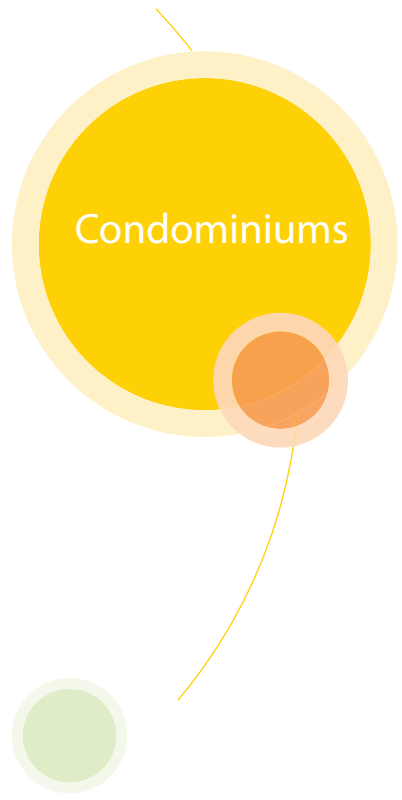
Condominium Unit Owner's insurance covers:

- Personal property
- Civil liability
- Improvements and betterments made, acquired or rented by the Unit Owner following the construction.

Condominium Corporation insurance covers:

- The common portions: hallways, corridors, stairs, roof, etc.
- The "building" portion of the private portion: walls, floors, windows, etc.

In case of loss, the indemnity could be apportioned between the two policies.



Settlement terms and conditions

Personal property

Following a loss, your insurer will indemnify you for the items that were damaged based on their actual cash value, i.e., taking wear and tear, and depreciation into account.

However, when you purchase your insurance policy, you can ask to be indemnified based on “replacement cost”. Thus, the items will be repaired if they can be, or replaced with items of the same type and quality, without taking depreciation into account (which is what “replacement cost” means). If these conditions cannot be met, you will be indemnified for the items based on their actual cash value.

Building

The term used for a building is “cost of reconstruction or repair”. The building must be repaired or rebuilt in the same location, with materials of the same type or quality, and the building’s use must remain the same. If these conditions cannot be met, you will be indemnified for the building based on its actual cash value.

Example of a settlement based on the repair or replacement cost

Refrigerator purchased 10 years ago	\$ 800
Current price of a refrigerator with the same features	\$1,000
Settlement ▶	\$1,000

Example of a settlement based on the actual cash value

Refrigerator purchased 10 years ago	\$ 800
Current price of a refrigerator with the same features	\$1,000
Depreciation (\$40 per year for 10 years)	\$ 400
Settlement ▶	\$ 600

Your premium

A number of factors determine the home insurance premium:

- **The residence itself:**
 - Type of residence (single-family dwelling, apartment, multi-family dwelling)
 - Construction material used (wood, brick, aluminum, cement)
 - Features such as age, size, location
 - Heating system, more specifically back-up system
 - Cost to rebuild
- **Fire protection** (distance from fire hydrant, fire station, sector covered or not, etc.)
- **Loss experience:**
 - Crime and fire rate in the sector where the residence is located
 - Number of claims by insured in the past
- **Policy and coverage chosen:**
 - Type of policy (Specified Perils Form or Comprehensive Form)
 - Additional coverage (endorsement)
 - Deductible chosen
- **Value of property to be insured**



N.B.

Your credit information is also one of the factors used by the majority of insurers to propose a more equitable premium. The insurer will ask you for your consent to access this information. You have the right to refuse. However, you should know that this information may allow the insurer to offer you a lower premium.

What is a deductible?

The deductible is the amount that you accept to pay in the event of a loss.

The home insurance deductible varies between \$300 and \$1,000. This amount will be deducted from your settlement. Choose the deductible based on your financial ability to pay this amount should you suffer a loss.





Don't think you can afford insurance?
Are you a tenant and think you don't
need insurance?

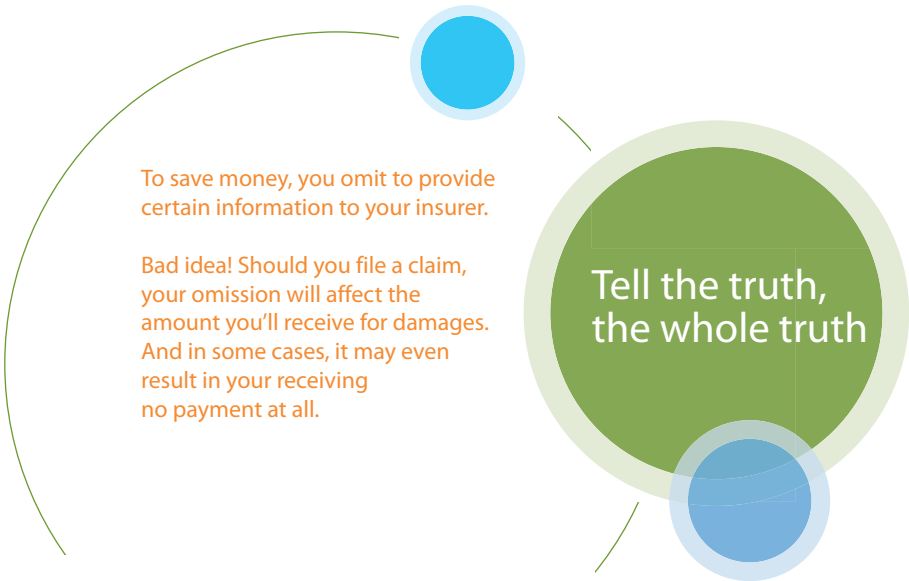
Some policies offer minimum coverage
(Specified Perils Form), which is much
better than no coverage. Look into it.
You're sure to find a policy you can afford.

Did you know that you can easily purchase
tenant's coverage for an annual premium
of \$300?

Insurance
too
expensive?

How to save on your premium

- Shop around and get quotes from three or more insurers. Home insurance premiums can vary a great deal.
- Buy your auto insurance and your home insurance from the same insurer.
- Ask for a higher deductible: raise your deductible from \$300 to \$500 to reduce your premium.
- Install an alarm system linked to a central monitoring system, or install a newer heating system.
- Let your insurer know if you've done major renovations, especially electrical, plumbing and heating.



To save money, you omit to provide certain information to your insurer.

Bad idea! Should you file a claim, your omission will affect the amount you'll receive for damages. And in some cases, it may even result in your receiving no payment at all.

Tell the truth,
the whole truth

Renewing your insurance policy

Have you done major renovations in your kitchen? Purchased any valuables? Installed a spa or a swimming pool? Reshingled the roof, converted your heating system or changed the plumbing? Replaced windows and doors, or renovated your basement? Is there someone new living with you?

When you renew your insurance policy, take the time to identify all the changes you made to your home in the last year, so that you can give an exact description to your insurer or broker. That way you'll be sure to have the appropriate coverage for your needs. You might even save money.



Attention

Your home insurance is not automatically renewed. Insurers usually send a renewal notice 30 days before the policy expiry date, but they aren't required to do so. Haven't received your renewal? Not satisfied with the renewal terms? You can have changes made to your policy or try to find a better deal elsewhere. However, it's up to you to inform your insurer or your broker whether or not you intend to renew your policy.

Cancelling a policy

You can cancel your policy at any time and for any reason. To do so, you must send a written notice to your insurance agent or broker. However, you may be charged a penalty. The longer the remaining policy term, the higher the penalty.

Your insurer also can decide to cancel your insurance policy if, among other reasons, you have not paid your premium. If this is the case, the insurer must send you a written notice and the cancellation will take effect 15 days after the notice is received. The insurer will reimburse you a portion of the premium, where applicable, for the non-used portion of the policy.

Having trouble finding insurance?

Contact the Insurance Information Centre. Specialists will study your file and can help you find a solution. This service is free.

Insurance Information Centre

Montreal: 514 288-4321

Elsewhere in Quebec: 1 877 288-4321



Settling a claim

We all hope never to have to file a claim. But if you do, there are certain steps to take.

1

Contact the relevant authorities (police or fire department).

2

If you've suffered damage, act quickly to stop the situation from getting worse.

If you have to make temporary repairs, keep your bills and photograph the damage **before** making repairs.

Speak to your insurer before making any permanent repairs.

3

Call your insurer or broker as soon as possible.

Describe the circumstances of the loss as precisely as possible.

4

Is your home uninhabitable?

Speak to your insurer to find out what expenses you're entitled to. Request a cash advance, if need be.

Keep all receipts and invoices for living expenses incurred following the loss.

Your insurer's obligation

Your insurer must return your property to the same condition as before the loss. For example, if your roof was damaged by wind, your insurer must have the damaged portion repaired; the roof is not required to be completely replaced.

Your insurer has 60 days to pay your claim after receiving your notice of claim or, if required, the relevant information and supporting documents.

Suffered a major loss?

It's important that you follow your claims settlement process to make sure the insurance you've purchased is used as you wish. This is especially true when the coverage purchased is less than the cost of the damages incurred.

You will then have to choose which expenses your insurer will absorb.

For example, did you know that the cost of cleaning or storing items, or for demolishing or razing your residence are payable from the insurance settlement you receive?

5

Filing your claim

Make a list of the damaged, destroyed or stolen items and, where possible, attach proof of purchase, warranties and prices. Use the inventory of your possessions or ask your insurer for a memory-jogger to help you make as complete a list as possible of items to repair or replace.

Take photos of the damage. Keep damaged or ruined items unless they present a health hazard.

6

The claims adjuster will contact you.

The adjuster will investigate the circumstances of the loss, analyse the documents you provide (the police or fire department report, supporting documents, etc.) and explain the process to follow, depending on the nature of the damages suffered and your insurance coverage.

7

Repair, replace or reimburse

Insurers offer three options when an item is damaged: repair, replace or reimburse. If the item can be repaired, it will be repaired. If not, your insurer will replace it or reimburse you based on its actual cash value, taking into account the coverage defined under your policy.

8

You can use a supplier or contractor of your choice.

However, discuss it first with your insurer so that you can agree on the amounts paid.

If you're not satisfied with the insurer's offer, be ready to defend your point of view by knowing the price of your property.

A claims settlement can be negotiated

Useful information

For more information, check out the following Web sites:

www.infoinsurance.ca

A comprehensive Web site on insurance

www.option-consommateurs.org

Web site of *Option consommateurs*, a non-profit organization that informs and assists thousands of consumers.

www.bac-quebec.qc.ca

Web site of Insurance Bureau of Canada for Quebec.



Questions?

If you're not satisfied with your insurer's response to a claim, you can contact the Insurance Information Centre. An expert will inform you of your rights and recourse, assist you, intercede on your behalf with your insurer and, if needed, offer you the services of a mediator.

Agents from the Insurance Information Centre are also available to answer your auto and home insurance questions.

Insurance Information Centre

Montreal: 514 288-4321

Elsewhere in Quebec: 1 877 288-4321

About the Insurance Bureau of Canada (IBC)

Founded in 1964, the IBC is the national trade association of the private property and casualty insurance industry. Its members supply more than 90% of the non-government home, car and business insurance in Canada. Together with its members, IBC strives to constantly help consumers gain a better understanding of their insurance and prides itself on being an unparalleled source of information about insurance coverage, sums insured, loss prevention and claims settlement.



About Option consommateurs

Option consommateurs is a non-profit association founded in 1983 whose mission is to promote and defend the rights and interests of consumers and ensure they are respected. Our staff have expertise in matters relating to commercial practices, financial services, energy and agrifood. It also does not shy away from involvement in numerous class action lawsuits when it considers it useful to do so.





Making a large difference

Your telecommunications provider is no longer meeting your expectations? The increase in electricity fees is making you cringe?

Have you fallen victim to unfair business practices?

Option consommateurs is a nonprofit association relentlessly working to raise public awareness and defend your rights in order for them to be respected.

Contribute to reestablish the power balance between consumers and the goods and services industry by becoming a member of Option consommateurs.

Subscribe online at **option-consommateurs.org**

or by mail at:
Option consommateurs
2120, Sherbrooke East
Suite 303
Montreal (Quebec) H2K 1C3

I would like to become a member of Option consommateurs

Membership + contribution(s) 1 year: 22\$ 2 years: 42\$
(2\$ mandatory share)

Charity donation _____\$ Enclosed, is a check for _____\$
(a tax receipt will be issued for all donations over 10\$)

Full name _____

Address _____

Email _____



in?urance

**When it's a question
of general insurance ...**

From Montreal: 514 288-4321

Elsewhere in Quebec: 1 877 288-4321

www.infoinsurance.ca

... contact the Insurance Information Centre.
We're here to answer your questions, advise you,
help you find insurance and settle a loss.

We're here for you: Call us!

