



**13** I'm going on sabbatical for a year and plan to rent out my home. Does my home insurance cover any damage that tenants may cause? Will my home insurance protect me if they steal my TV, stereo and bedroom furniture? Do I need special insurance?

Whenever you have a lifestyle change like this, notify your insurance representative because there will usually be restrictions on coverage for things such as theft and damage by tenants. You may require a rental policy and your tenant should buy tenant's insurance. Other lifestyle changes that warrant a call to your insurance representative include home renovations, home exchange programs, running a small business from your home, installing a home security system and purchasing a cottage or boat, to name just a few.

Remember, there is no such thing as a dumb question, so don't hold back!

Understand your insurance. Make it your policy.

For more information about home insurance in your region, get in touch with your insurance representative, or contact Insurance Bureau of Canada at one of the numbers listed in this brochure or at [www.ibc.ca](http://www.ibc.ca).

# Questions about insurance?



## British Columbia, Saskatchewan and Manitoba

Toll-free: 1-877-772-3777 ext. 222  
Hours: 9:00 a.m. – 4:00 p.m. (M-F)

## Alberta

Toll-free: 1-800-377-6378  
Hours: 8:00 a.m. – 4:00 p.m. (M-F)

## Ontario

Toll-free: 1-800-387-2880  
Hours: 8:00 a.m. – 5:00 p.m. (M-F)

[www.ibc.ca](http://www.ibc.ca)

[www.getintheknow.ibc.ca](http://www.getintheknow.ibc.ca)

[@InsuranceBureau](https://twitter.com/InsuranceBureau)

[youtube.com/insurancebureau](https://www.youtube.com/insurancebureau)

## Quebec

Toll-free: 1-877-288-4321  
Hours: 8:30 a.m. – 4:30 p.m. (M-F)

## Atlantic

Toll-free: 1-800-565-7189 ext. 227  
Hours: 8:30 a.m. – 4:30 p.m. (M-F)

Insurance Bureau of Canada is the national trade association for Canada's private home, car and business insurers.



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# Home Insurance



HOME INSURANCE Q & A



Questions to ask your insurance representative

Home insurance coverage can vary from one company to another and from one policy to another, so it pays to ask questions before you buy.

While this brochure is intended to provide answers to basic insurance questions, your insurance representative is the best resource for any specific questions you may have.

## 1 What does my home insurance policy cover?

Some policies cover only “**named perils**” – in other words, if the cause of the damage isn’t listed in your policy, it isn’t covered. This is generally referred to as a “**standard**” policy.

- Other policies cover “**all risks**” on the building and named perils on the contents of your home. “All risks” policies provide insurance for losses due to a wide range of causes. But instead of listing what is covered, an “all risks” policy lists what is *not* covered. This is generally referred to as a “**broad form**” policy.
- Still, other policies cover all risks on both the building and its contents, but are subject to some exclusions. These are generally referred to as “**comprehensive**” or “**special**” policies.

Unlike automobile insurance, insurers may have their own policy wordings so be sure you understand the type of policy and coverage you have purchased.

## 2 Is there a specific kind of insurance for the type of home I live in?

Yes. Speak with your insurance representative about tailored package policies designed to insure your home, condominium or apartment.

- If you own a house, homeowner’s insurance is available to protect your property and liability of you (policyholder), your spouse/partner and your children.
- If you own a condominium, there are specific types of coverage you can purchase in addition to liability and contents coverage.
- If you rent, tenant’s insurance is available to help you replace your belongings and rebuild your life after an insured loss. Tenant’s insurance policies generally include liability and contents coverage on a “named perils” or “all risks” basis. For more information, review Insurance Bureau of Canada’s *What is Tenant’s Insurance* brochure?
- If you own a mobile home, it can be insured under a basic “named perils” policy. If your mobile home is tied down, you may qualify for regular home insurance. Mobile home insurance may also include liability coverage.

And don’t forget about your vacation home, which can be insured separately

or under the same policy as your home. Coverage for these homes is usually more limited.

## 3 Are there certain risks or potential perils to my home for which I can’t buy insurance?

Because premiums for an “all inclusive” policy would be impractically high, no policy covers everything that can go wrong. Insurance is intended to cover losses caused by unforeseeable events. Losses that are predictable and/or inevitable are typically not covered by insurance. Overland flood damage, for example, is not insurable because houses that flood are typically located in flood-prone areas.

## 4 Is optional coverage available for perils that are not normally included in my homeowner’s policy?

Yes. For example, you might consider buying optional earthquake coverage. If you are worried about water damage from rainstorms, you might want sewer backup coverage. Ask your insurance representative which optional coverage you may need.

## 5 What things could happen to my property that won’t be covered unless I make special arrangements?

Here’s one example: damage arising from the freezing of indoor plumbing is seen as preventable. So, if you are away from home for more than three consecutive days (be sure to verify your insurer’s stipulations) during the normal



heating season, you must drain the plumbing or arrange to have your home checked daily by a knowledgeable person to ensure that heat is maintained. If you do not make these arrangements and your pipes burst, you may end up covering the clean-up bill.

## 6 What are some items that might require additional insurance?

The standard dollar limits to replace stolen cash, garden tractors, watercraft and computer software are relatively small, so you may want to buy additional coverage for these items. Coverage limits may also apply if the following items are stolen: bicycles, jewellery, watches, furs and coin, stamp and card collections. Reasonably priced supplementary insurance is usually available. This supplementary insurance, often called a “**riders**” or “**floaters**,” provides extended coverage for these specific items. Coverage can be worldwide and there’s usually no deductible.

## 7 What is a deductible? How does the deductible affect the price of my home insurance?

The higher the deductible – the portion of a claim that you have to pay out of your own pocket – the lower the premium. Compare premiums for policies that have higher versus lower deductibles, and then decide whether a lower premium is worth the higher amount you would have to pay out of pocket if you made a claim.

## 8 Am I entitled to any discounts?

Many insurance companies offer discounts to policyholders who have installed safety features like burglar alarms or those who have made no claims for a certain period of time.

Some offer discounts to non-smokers or those who bundle home and car insurance policies with the same insurer. Whatever the case, make sure you get all the discounts to which you are entitled.

## 9 What is the difference between replacement cost and actual cash value?

Most claims on home insurance policies are paid on a replacement cost basis, meaning that the insurance covers the cost of replacing a damaged or lost item with a new one that is as close to the original as possible in functionality and quality. Note that you must actually replace the item within a certain time frame in order to receive the replacement cost for it. If you choose not to replace a damaged item, your insurer will pay only the actual cash value of that item – that is, the replacement cost less any depreciation in the value of the item. And some policies always pay the actual cash value, even when reimbursing you for items you decide to replace.

## 10 Is my home business covered by my home insurance policy?

Home insurance is not business insurance and therefore, not designed to adequately meet the specific needs of self-employed individuals who work from home. You must

advise your insurance representative of your home-based business (for example, daycare, accounting services, etc.). Failure to do so may impact your home insurance. If you store or carry business materials, tools or equipment in your home, speak with your insurance representative to ensure you have the right coverage for your professional activities.

## 11 Should I make a claim for every loss?

Although this is a personal decision, consider the cost of the damage compared to your deductible before making a home insurance

claim. If the difference is negligible, you may choose not to make a claim, especially if it means losing your “no-claims discount” (if offered by your insurance company). Ask about how this may impact your premiums.

## 12 What kind of liability coverage do I have? How much do I need?

Home insurance policies generally provide coverage for unintentional property damage, bodily injuries and legal costs for which you are legally responsible, anywhere in the world. Speak with your insurance representative about what liability coverage is right for you and if you should consider “**umbrella liability**” coverage, which would provide extra liability coverage in addition to your regular insurance policies.

Since home insurance policies can vary in many ways, speak to your insurance representative regarding specific limitations and/or exclusions in your policy.