

# Property Insurance Guidebook

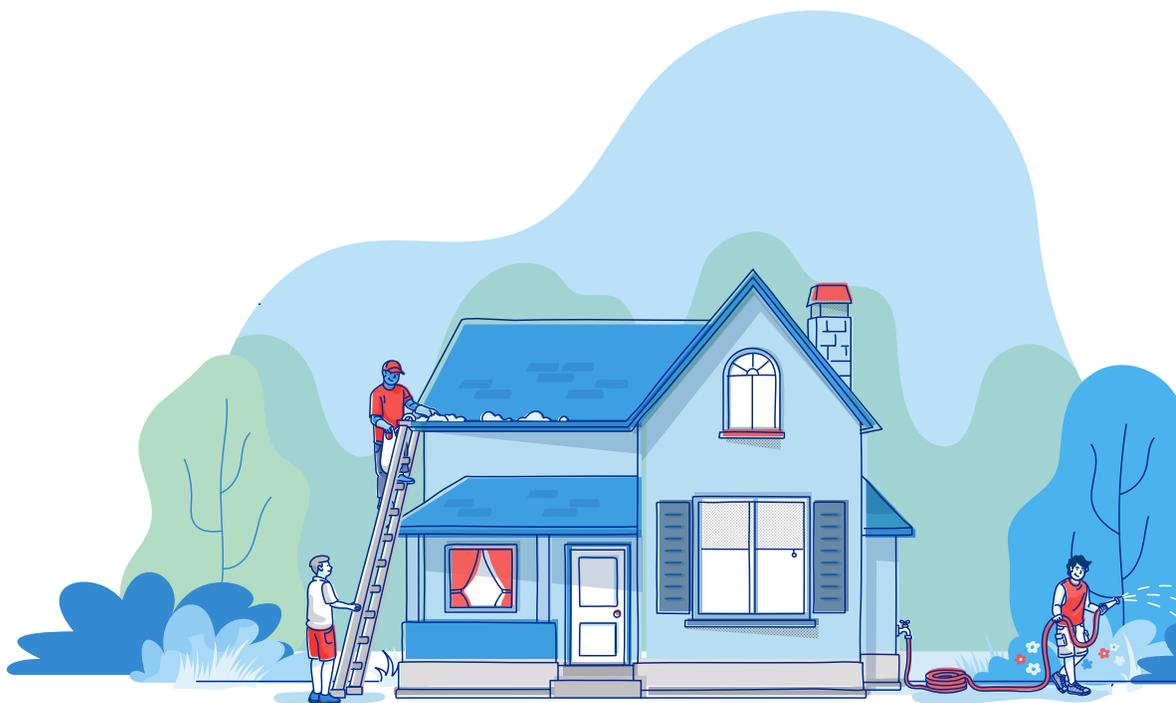
Ontario



Insurance  
COMPANY

# Back to Basics

## Explaining Property Insurance in Ontario



Property insurance in Ontario helps protect you financially if something were to happen to your home, condo, or the property you're renting. If there were a fire or theft where you live, for example, you would be protected against financial losses by having insurance coverage in place.

While most Ontarians have property insurance, many are not familiar with the key terms used in their policy, how to make a claim, or even what their policy covers. Too often, people only become aware of the terms of their policy when they need to make a claim, and sometimes that is too late.

There are three main types of property insurance:

- **Homeowner's Insurance:** This covers the house itself, outbuildings, your personal belongings, and liability if someone gets hurt on your property. It may also cover extra living expenses if the house is damaged and uninhabitable due to peril or loss covered by the policy.
- **Condominium Insurance:** Designed for condo owners, this covers personal belongings, the unit itself, any improvements made to your unit, and liability if someone gets hurt on your property, or if an incident in your condo affects another

condo owner's unit. It also covers shared areas not covered by the condominium corporation's insurance.

- **Tenant Insurance:** Also known as Renter's Insurance, this protects you from liability if someone gets hurt on the property you are renting. It covers your personal belongings (up to the limit of your coverage) that are damaged as a result of a peril covered by the policy. It does not cover the building itself because this is the landlord's responsibility.

Your insurance policy may include terms like "dwelling," "detached structures," "contents," and "additional living expenses." This guidebook offers clear explanations of these and other key concepts to help you better understand your coverage and engage in informed conversations with your licensed Insurance Agent or Broker.

Please note: This guidebook is intended as an introduction to property insurance. It does not replace professional advice or the expertise of licensed Insurance Agents or Brokers. For specific questions about your policy, always consult your Insurance Agent or Broker.



Property insurance should be clear and easy to understand. That's the purpose of this handy guidebook – to explain the common insurance terms you should be aware of.



# Property Insurance

Considered by many to be essential for Ontario homeowners and tenants, property insurance covers unforeseen loss and damage to your residence and your belongings. It also protects you against personal liability.

There are several types of property insurance: Homeowner's Insurance (owner-occupied, owned rental properties and seasonal), Condominium Insurance (owner-occupied, rented out), and Tenant (or Renter's) Insurance.

## Homeowner's Insurance

Homeowner's Insurance provides financial protection against unexpected events like theft, fire, or wind damage. Standard policies cover your home's structure, your personal belongings, additional living expenses, and legal liability for injuries or damages on your property, or anywhere in the world. While not legally required in Ontario, mortgage lenders and condo associations require it.

## Seasonal/Cottage Insurance

You will want to discuss insurance options for your vacation home or seasonal property with your Insurance Agent or Broker. It is important to tell your insurance provider how often your seasonal property/cottage is used and if you rent it out – whether short- or long-term. Just as with Homeowner's Insurance, there are several coverage options available.

## Condominium Insurance

Condominium Insurance is for those who own condominiums. It covers personal belongings, any unit upgrades you've made, and personal liability for third-party injuries or damages to other units caused by your unit. While not legally required in Ontario, mortgage lenders and condo associations require it.

## Tenant Insurance

Tenant (or Renter's) Insurance is for those who rent their living space. It covers personal belongings against loss or damage, as well as additional living expenses incurred during a claim, and provides liability coverage for accidental damage to the property or if someone gets injured on the property. Having insurance means taking care of yourself and the things that matter most.

### Property insurance offers many important benefits

**Protection Against Property Damage:** This covers the cost of repairing or rebuilding your property if it is damaged by incidents like a windstorm or any other covered loss.

**Personal Property Coverage:** Examples of covered items would include your furniture, devices such as TVs, laptops, and smartphones, and other personal items against theft or damage.

**Liability Protection:** If a lawsuit is filed against you for personal injuries, your insurer will respond to the damages and legal costs.

**Additional Living Expenses:** This covers costs due to an insured loss while repairs are undertaken. Costs can include hotel stays, laundry service, taxis, meals, and food costs.

### Property insurance can be grouped into three principal types of coverage:

**Section 1 – Property Coverage:** This includes your home itself, its contents (personal belongings), and potentially other structures on your property like sheds or garages.

This section includes the following types of coverage:

- Dwelling Building
- Detached Structures
- Personal Property
- Additional Living Expenses

**Section 2 – Liability Coverage:** This helps protect you if someone is injured on your property or if you accidentally damage someone else's property anywhere in the world. It covers legal fees and settlement costs if you are sued and found legally responsible in the case where the loss is covered. This section includes the following types of coverage:

- Personal Liability
- Voluntary Medical Payments
- Voluntary Payment for Damage to Property
- Voluntary Compensation for Residence Employees

**Section 3 – General Policy Conditions:** This section outlines the duties of the insured, such as maintaining the property, reporting claims promptly, and cooperating with the insurer's investigations. General Policy Conditions for property insurance can vary depending on the insurer and the specific policy. The following are some common elements of General Policy Conditions:



## You can select various levels of coverage depending on your needs:

**Named Perils:** Property insurance policies will either specify “named perils” or “all-perils”, so it’s important to understand what a “peril” means.

In property insurance, “perils” refer to the specific events or causes of loss that a policy covers, such as fire, theft, or wind damage. These are unexpected events that can cause damage to your home or belongings.

What is a “named peril” vs. “all-perils”?

**Named Perils:** Your policy only covers the specific perils listed in the policy.

**All-Perils:** Your policy covers any cause of loss except those explicitly excluded in the policy.

**Broad:** This provides all perils coverage on your dwelling, while also protecting your contents against any named perils listed in your policy.

**Comprehensive:** This coverage is also known as “all-perils”. It protects your property and its contents from any cause of loss – except for those specifically excluded by your policy. Water (overland and groundwater flooding) and sewer backup are some of the optional coverages that you may be able to purchase separately.

**Coverage Limits:** Specifies the maximum amount the insurer will pay for a covered loss.

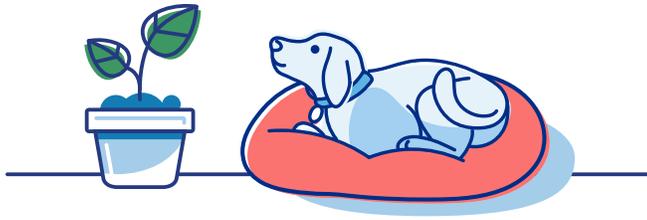
**Deductibles:** Shows the portion of the loss you must pay when you make a claim.

**Exclusions:** Lists the types of damage or events not covered by the policy.

**Claims Process:** Outlines the steps the policyholder must follow to submit a claim.

**Premium Payments:** Describes how and when premiums must be paid to keep the policy active.

Property insurance provides peace of mind, ensuring your home is well-protected. Everyone’s needs are unique, so it’s important to talk to your Insurance Agent or Broker to ensure you get the coverage that’s right for you.



## What's typically covered?

In Ontario, standard property insurance typically covers unexpected events like fire, wind, hail, theft, and vandalism, but additional coverage may be required for events like sewer backup and overland or groundwater floods.

### Here's a more detailed breakdown of what's typically covered:

**Wind and hail:** Applies to the exterior of the building, excluding antennas and satellite dishes. The interior of the building is covered if the storm has created an opening in the building.

**Water damage:** Sudden, accidental leaks caused by indoor plumbing, appliances, or water mains. This is one of the most frequently added endorsements in home insurance policies, offering protection against unexpected flooding and related damage.

**Smoke:** Loss or damage caused by smoke that is released suddenly from malfunctioning cooking or heating devices, but not from fireplaces.

**Vandalism or theft:** Loss or damage due to theft or vandalism in a building that is usually occupied.

**Aircraft or vehicle impact:** Damage caused by an aircraft or vehicle hitting your property.

**Legal expenses:** Covers legal fees if you need to pursue or defend your legal rights.

**Fire damage:** Damage caused by fire, including wildfires.

**Explosions and falling objects:** Covers damage caused by falling objects like airplanes. In Ontario, home insurance generally covers a wide range of explosions, both inside and outside the property, if they are accidental and not intentionally caused. Standard policies often include coverage for accidental explosions caused by gas leaks, fire, or other perils.

**Riots:** Typically includes coverage for damage caused by riots, looting, and vandalism related to civil unrest.



## What's typically not covered?

Property insurance exclusions speak to types of loss that are considered uninsurable due to their scope or because they are expected or deliberate, such as war or liability for criminal acts. The following are some common exclusions:

- Damage caused by snow slides, landslides, and other forms of earth movement (e.g., earthquakes).
- Water damage from floods, underground water, or foundation cracks is typically not covered.
- Mould damage may be covered under specific conditions. Mould is generally covered if it is caused by a sudden and unexpected event that is specified in your policy, such as a burst pipe or storm damage. However, mould caused by gradual circumstances such as poor maintenance, leaks, or high humidity is typically not covered.
- Damage from wear and tear, rust, corrosion, or gradual deterioration.
- Damage caused by illegal activities such as grow ops.
- Losses due to war, terrorism, nuclear explosions and radioactive contamination.

**Note: Inclusions and exclusions vary depending on the type of property insurance coverage you have.**

## Common Examples of Optional Coverage

- Overland water coverage, also known as overland flood insurance, is an optional add-on to standard home insurance policies that protects against damage caused by freshwater entering your home from the ground level.
- Sewer backup coverage is an optional addition to a standard home, tenant, or condo insurance policy that protects against damage caused by water and sewage backing up into your home through drains, pipes, or septic systems.
- Guaranteed Replacement Cost (GRC) in home insurance means that your insurance company will cover the full cost to repair or rebuild your home, even if it exceeds the amount listed as the “replacement cost” on your policy).
- Scheduled personal articles coverage in Ontario property insurance provides increased protection for specific high-value items, such as jewellery that may exceed the coverage limits of a standard policy.
- Service line coverage is an optional add-on to many home insurance policies that protects homeowners from the costs associated with repairing or replacing underground utility lines, such as water, sewer, electrical, and communication lines, which run from the property line to the house.



## What is considered optional coverage?

Standard property insurance protects you against unforeseen events specified in your policy. However, there are some losses that are not typically covered, which could lead to costly repairs or replacements. If you live in an area prone to a specific kind of event not covered by your policy, you may seek to purchase additional coverage, known as endorsements, to protect yourself. In this way, your policy is tailored to fit your specific needs.

- Legal expense insurance provides coverage for reasonable and necessary legal expenses incurred while pursuing or defending an accepted claim, including appointed lawyers, or other suitably qualified persons, and disbursements such as court fees, experts' fees, police reports or medical reports.
- Home equipment breakdown is an endorsement you can add to your home insurance policy that protects your appliances and systems from unexpected mechanical, electrical, or pressure-system breakdowns.



## Let's debunk the most common ones.

### 1. You don't need property insurance.

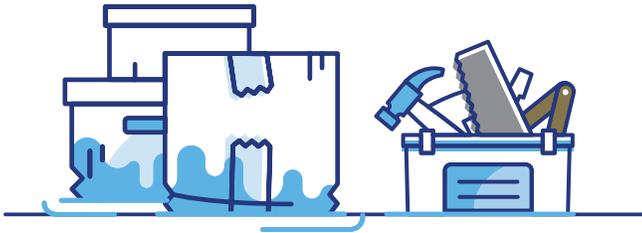
Unlike auto insurance, property insurance is not legally required, though this does not mean you don't need it. Many mortgage agreements require that you have property insurance, since insurance protects you against theft, property damage, identity theft, personal liability, and other potentially costly issues.

### 2. Property insurance only protects your property and belongings.

Property insurance does not just protect personal belongings. It provides personal liability coverage for bodily injury or property damage unintentionally caused to others up to the policy limits. If you are sued for an incident covered under your policy, your policy will also pay for your legal costs. Without property insurance, you would have to pay out-of-pocket, but with it, you can file a claim to cover these costs, provided the incident is included in your policy's conditions.

### 3. Property insurance protects ALL your property.

Property insurance covers your belongings up to a certain limit and often specifies maximum claim amounts for specific items. If you own valuable items such as jewellery, heirlooms, collectables, or art, ensure that you know their appraised value, which involves having a certified appraiser determine their worth. If their value exceeds your policy's limit, consider getting additional insurance to ensure proper coverage.



# Misconceptions about Property Insurance

#### **4. Your premiums are based on how much you can sell your house for.**

Property insurance premiums are based on the “replacement value”, not the “market value” of your home, and it does not include the land on which your home is situated. Replacement value is the cost to rebuild your home, not its current selling price. For instance, two comparable homes in the same neighbourhood can have different premiums if one has higher valued features such as marble countertops or a finished basement, giving one a higher insurable value.

#### **5. Renovations won't impact your coverage.**

Since coverage is based on replacement cost, even minor renovations with higher valued materials can affect your coverage. Always update your insurer on any home improvements you've made to ensure you are covered for the new replacement value, not the old one.

#### **6. Your policy covers the belongings of everyone who lives in your home.**

If you're a homeowner who rents a basement apartment to a tenant, it's important to know that your home policy does not cover your tenant's property. They need a separate tenant insurance policy to insure their belongings. To protect yourself, ensure that your Insurance Agent or Broker is aware of any additional occupants living at your address. Failing to disclose tenants living in your home can impact your insurance coverage.



#### **7. Your home is always protected while you are away on vacation.**

Claims for damage that occurs while you are away can be denied if reasonable steps to prevent the event were not taken. You can't leave your home unattended for long periods and assume you have coverage – you must show that you've tried to keep your home safe while you are away. For example, turn off and drain your water pipes in winter to prevent freezing, arrange for snow removal, have a neighbour pick up your mail, and ask someone you trust to check on your home regularly so that your residence looks lived in. Check your policy to determine how long your home can be left unoccupied before losing coverage.

#### **8. Property Insurance doesn't cover natural disasters.**

While it's a myth that your property insurance doesn't protect your home from losses like wildfires or tornadoes, not every potential natural disaster may be covered. It's rare, for example, for policies to include salt-water flooding or landslides, so you should know which unexpected natural damage can be claimed, provided the right conditions are met.



## 9. You don't need separate insurance for your business if you work from home.

If you have started (or are thinking about starting) a home business, you should discuss this with your Insurance Agent or Broker, since most business activity is excluded from coverage under a property insurance policy. Insurance is important if you store products or samples at home, have expensive equipment, if an unplanned event prevents you from operating your home business or if additional business liabilities are required.

### Here are three ways to insure your home business:

**Add-on Endorsement to your property insurance policy:** This option is perfect for freelancers and part-time business owners.

**Home-Based Business Insurance Policy:** A stand-alone policy is ideal if you have clients visiting your location or if you maintain inventory on-site.

**Commercial Home Business Insurance:** As the most comprehensive coverage, this option offers greater flexibility and solutions, making it suitable for businesses with employees and higher risks. Reach out to your Insurance Agent or Broker to explore the available options.

**Note: Business insurance coverage varies by insurer.**





# What Can Impact Your Insurance Rates?

## Age of your roof

Having an old roof may increase your premium or even limit your coverage. Some property insurance policies only cover the depreciated value of a roof if it is nearing the end of its life. It's wise to verify the age of yours.

## Electrical wiring

Insurers will consider your home's electrical wiring when determining your premium. An older home with aluminum or knob-and-tube wiring increases your fire risk and can lead to a higher insurance rate or result in insurance coverage being denied.

## Heat source

How you heat your home can impact your insurance premium. Oil and wood heating systems often have higher insurance premiums than electric and natural gas systems because they tend to present more fire and environmental risks. Heat pumps might need backup heating, so be sure to consult your Insurance Agent or Broker for any heat requirements.

## Improvements or additions

If you have a pool or additional property structures to insure, your rate and coverage will be higher because of the additional risk and extra property coverage.

## Insurance history

Your insurance history can favourably impact your rates in several ways by lowering the cost of your premiums:

- **No Claims History:** a lower risk summary leads to lower premiums.
- **Gaps of insurance and cancellations:** coverage gaps or cancellations demonstrate reliability.

- **Loyalty discounts:** long-term policyholders may earn discounts.

## Location

The neighbourhood where your home is located likely impacts your property insurance rates because insurance companies track data on the type, cost, and number of claims in your neighbourhood. Past claims are used to understand your neighbourhood's risks and determine the likelihood of future claims.

## Plumbing

Homes with copper or plastic piping enjoy lower insurance rates. If your home has galvanized or cast-iron piping, this likely implies that you're at a higher risk of cracks and leaks. This can raise your property insurance premium.

## Proximity to fire hydrants

The distance between your home and the nearest fire hydrant is important since, quicker fire response times will not only provide faster protection for you and your family, but it will also help reduce the potential damages which keeps repair costs lower for your insurer. Your insurance company will want to know this. While this is usually less of a concern in cities, in rural areas where you may be further away from a fire hydrant or a fire station, your rates may increase due to longer response times.

## Replacement cost

Replacement cost, or rebuild value, is crucial for determining your property insurance premium. It refers to the cost of materials and labour needed to rebuild your home if it is damaged or destroyed, excluding the land value. So, since the size and materials of your

home will impact your replacement cost, higher replacement costs translate into higher insurance premiums.

## Security systems and alarms

Monitored security systems and fire alarms can lead to savings on your insurance rates since they can activate to notify the fire station or police to send help faster if needed.

## Wood stoves

Wood-burning stoves can pose a fire and carbon monoxide hazard if not maintained or installed properly. A professional must install a wood stove and have a current WETT Certificate to confirm that it is installed correctly and meets current building codes. You must inform your insurance provider about the wood stove to ensure proper coverage and avoid policy cancellation or claim denial.



## When should you notify your insurance company about changes?

To maintain your protection against loss, you must promptly inform your insurance company, Insurance Agent or Broker of any change in your circumstances, such as renovations made to your home, purchasing an item of value that may require additional insurance coverage, starting a home-based business, taking on a tenant, or leaving your property vacant for an extended period.

Whenever you make significant changes to your home, it's important to notify your insurance company to ensure your coverage remains accurate and sufficient. Coverage may be denied if a critical change was not provided to an insurer.

## What should I be concerned about if I leave my home?

Most insurance companies understand that we all travel. It's important to understand that if you are away for an extended period, typically 30 days or more, many insurers may impose additional responsibilities and restrictions to your coverage. If you will be away for an extended period, notify your Insurance Agent or Broker and review your policy. Leaving your home empty for extended periods of time can impact coverage, and claims made during your absence might be denied if proper precautions aren't in place. Here are some key points to consider:

**Unoccupancy vs. Vacancy:** In most instances, a property is considered unoccupied if no one is present but plan to return. A property is considered vacant when occupants leave with no intention to return. In both cases, your insurer may require you to take additional precautions to protect the property, they may also impose some



# You and Your Policy

coverage restrictions, or you may need to add a vacancy endorsement to your policy.

**Pre-emptive Measures:** Some insurers require that your home be checked every 48 to 72 hours while you are away. This helps ensure that any issues are promptly addressed. It is also recommended to have your lights on timers, curtains closed, mail picked up, and snow removal maintained while you are away.

**Notification:** It's advisable to notify your insurer at least two weeks in advance if you will be away for a long time. This allows for any necessary adjustments to your policy.





# Understanding the Impacts of Weather on Your Property

## Know your risks and responsibilities!

As extreme weather events become more frequent, insurance companies are facing more claims, leading to changes in coverage options, premium costs, and the overall approach to risk management. Know how your property insurance might be impacted and how you can protect yourself.

## Effects of Severe Weather on Insurance

- Higher premiums: Insurance companies may raise premiums for those who live in areas frequently affected by severe weather due to the increased risk of claims.
- Increased deductibles: In high-risk areas, insurers might require higher deductibles for weather-related claims. This means you will need to pay more out-of-pocket before your coverage takes effect.
- Limited coverage options: Some policies might have exclusions for extreme weather events like flooding, requiring you to get additional coverage through a separate flood insurance policy.

## How to ensure you're protected from weather-related events.

### Getting Organized

#### Review your insurance policy

Knowing what your property insurance does and does not cover is essential. You should review your policy carefully with your Insurance Agent or Broker, as you may need to purchase additional coverage or take precautions to prevent losses that are not covered.



### Keep your valuables protected

Store valuables, important documents, and irreplaceable items in a waterproof, fireproof container on the highest floor of your home. Create a documented home inventory list with photos and receipts to ensure proper coverage and expedite claims.

- **Take pictures:** create a photo record of your belongings if a loss were to occur.
- **Record it:** walk through your house or apartment, recording as you describe the contents.
- **Use an app:** there are many mobile apps that can help you create and store a room-by-room record of your belongings.

While it may take some time, documenting your belongings and recording their appraised value helps avoid gaps in your insurance policy. This makes it easier to identify what needs replacing, and can make filing a claim easier in the event of loss.

### Protecting Your Home

A little preventative maintenance can go a long way in reducing the risk to your home. For some simple ways to make your home resilient, read here:

<https://www.cainsurancecompany.ca/protectyourhome>. Additional ways to protect your home are discussed below.

### Conduct home maintenance

Regular home upkeep, such as cleaning your eavestroughs and fixing cracks in your foundation, can help mitigate water damage from storm damage. Address small issues before they become big ones, because property insurance typically does not cover damage from normal wear and tear. It's in fact designed to protect against sudden and accidental emergencies – not preventable events.



### Clear snow and ice

Prevent snow and ice from building up on gas meters and external exhaust outlets for furnaces, fireplaces, water heaters, and dryers to keep them functioning properly and safely.

A gas meter covered in snow or ice can disrupt the flow of gas, leading to issues with your home's heating.

#### Here are a few key meter do's and don'ts:

##### Do's

- Gently remove snow using a brush or broom.
- Remove icicles or dripping water.

##### Don'ts

- Don't shovel, plow, or blow snow against the meter or vent pipe.
- Don't bump your meter with a snow blower.
- Don't kick your gas meter or vent pipe to clear ice and snow.
- Don't use sharp tools to clear snow and ice.

## Install a sump pump

A sump pump is a device that moves water from your basement to the outside of your home, helping to prevent your basement from flooding. A sump is a constructed pit usually located below your basement floor, which houses the sump pump.



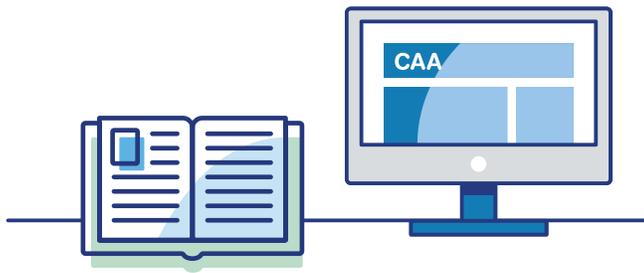
You may not be able to avoid weather events, but you can minimize their impact by taking preventative measures. Taking action now can help minimize the disruption to your daily life, should a severe weather event happen.

## Fireproof your home

If your home is in an area prone to forest fires or wildfires, you may want to consider taking additional precautions to fireproof it.

### Here are a few simple things you can do to help safeguard your home:

- Rake up dead leaves, dry twigs, and cut grass.
- Remove any dry vegetation around your home.
- Avoid planting coniferous or evergreen trees with cones and needles near your house since they are highly flammable.
- Upgrade your roof, doors, and siding with fire-resistant materials and install dual-paned windows.
- Keep patio decks free of debris, dead plants, and other flammable items such as propane tanks.



# Glossary of Terms

Insurance doesn't have to be confusing, we're here to help you make sense of those common terms you'll see in your policy.

## Actual Cash Value (ACV)

This refers to the current market cost to repair or replace an item, minus its depreciation (how the item has aged, deteriorated, or become obsolete over time). This term is often used when discussing a Total Loss.

## Additional Living Expenses

Additional Living Expenses (ALE) in property insurance cover your additional costs after a covered claim, while repairs or replacements are undertaken by the insurer for a covered loss. Examples of eligible expenses include hotel stays, dining out, and other necessary expenditures. Your ALE coverage lasts until your home is repaired to the point that you can live in it or until the policy limit has been reached.

## All-Perils Coverage

Also known as Comprehensive Coverage, this provides complete protection by covering damage or loss to your home and belongings from a wide range of causes as long as the cause is not explicitly excluded in your policy.

## Appraisal

An appraisal is a professional valuation of a described item. Your insurance provider will require an appraisal of any high-value jewellery or artwork, to be conducted by a certified expert.

## Building Code

A building code is a set of rules for constructing and designing buildings to ensure they are safe, healthy, and accessible. Building codes cover various features such as structural integrity, fire safety, plumbing, electrical systems, and energy efficiency, which vary by jurisdiction.

## Bundled Insurance

Bundled insurance means buying multiple policies from one company. Insurers often give discounts for bundling different types of insurance from the same company, such as home and auto insurance.

## Cancellation

As an insured policyholder, you can cancel your policy at any time by contacting your Insurance Agent or Broker. Be sure to ask about any penalties for cancelling before the policy's renewal date – a fee may apply for cancelling early.

Your insurer can cancel your policy with due notice and cause, as outlined in the Statutory Conditions of your policy, and will typically be pro-rata without extra charges. Pro-rata calculations determine the premium amount due on a policy that covers only part of a term.

## Claim

An insurance claim is a formal request by a policyholder to an insurer for compensation of a loss. Note that filing a claim does not necessarily mean you will receive a payment, as the loss must be covered under the policy, and its terms must be met.

## Claims Adjustor

A claims adjustor works with you until your claim is resolved. Claims adjustors are licensed by a governing body, just as Insurance Agents and Brokers are.

## Conditions

Conditions are provisions outlined in the policy that qualify or place limitations on the insurer's promise to pay or take an action, such as restoring the property. The conditions set out the

respective responsibilities of the insurer and the insured under the insurance policy.

## Deductible

This is the amount subtracted from the final settlement after a covered claim, and is the amount you pay out-of-pocket. For example, if your policy has a deductible of \$500 and you have a covered loss under your policy of \$5,000, you will pay \$500, and your insurer will cover the remaining \$4,500. Selecting a higher deductible will usually reduce your total premium.

## Depreciation

Depreciation refers to how much the value of an item has decreased over time – usually due to everyday wear and tear (e.g., ageing, deterioration, or obsolescence).

For example, your brand-new state-of-the-art appliances will depreciate – or be worth less – over time as new models are introduced and your appliances become worn due to everyday use.

## Discounts

Insurance discounts are offered by insurance companies to policyholders who meet certain criteria. For example, if you have a long history, have made payments on time, are mortgage-free, have an alarm system and/or backflow valve, have a new home, or are a seasoned homeowner, your insurer may offer you a discount on your home insurance premium.

## Effective Date

This is the date when the policy comes into effect, also referred to as the risk commencement date.

## Endorsement

An endorsement, or rider, allows you to purchase additional insurance to cover risks not included in your basic policy for an additional cost. To understand the risks you might need extra coverage for, ask your Insurance Agent or Broker about the specific features of your current policy and its exclusions. This will help you identify any gaps in coverage that an endorsement could fill.

## Exclusion

Exclusions noted in your insurance policy will specify what's not covered by your policy, and may be expressed as follows:

**Excluded perils:** Some causes of a loss such as those due to wear and tear, flooding, mould & rot, pest infestations, war, and riots may not be covered by your policy.

**Excluded property:** Coverage may apply to some belongings but not others. For example, a homeowner's insurance policy may not cover motorized vehicles, software, high-valued items, or cryptocurrencies.

**Excluded actions:** Coverage does not include losses due to intentional or fraudulent acts.

## First Notice of Loss

When you experience a loss, the first step in the claims process is to notify your insurance company, referred to as a First Notice of Loss. Some insurers will also require you to fill out a Proof of Loss form. Your insurance policy outlines the obligations for both you and your insurer after a loss.

## Guaranteed Replacement Cost

With guaranteed replacement costs, your insurance policy will cover the full cost of repairing or rebuilding your home – even if the final cost exceeds your policy's building coverage limit. Certain conditions may apply.

## Hazard

A hazard is a factor or activity that increases the likelihood and/or scope of a loss. This could be a propane tank left on your deck or a cracked pipe in the basement that has been dripping for months.

## Home Equipment Breakdown

Home Equipment Breakdown is typically an optional coverage that protects your home's appliances and mechanical systems in the event of damage due to an electrical or mechanical failure. Insured equipment can include major appliances, air conditioners, furnaces, heat pumps, computers, and electrical and security panels. Note that standard policies may cover some damage to household equipment.

## Home Inspection

Home inspection is the evaluation process by which a professional appraiser assesses the age and value of your home. This inspection is conducted to determine the replacement cost, which helps ensure you have adequate coverage in case of damage or loss.

## Indemnity

Indemnity means compensating the insured for a loss by restoring the property and/or belongings to their pre-loss financial state, either through repairs, replacements, or a cash payout, without allowing profit from the claim.

## Insurance Agent vs. Broker

An Insurance Agent sells insurance for a specific insurance company, while an Insurance Broker sells insurance for different insurance companies. Both are qualified to answer your insurance-related questions and can ensure you get the policy that fits your needs.

## Lapse

A period of time that the insured did not have coverage.

## Liability Coverage

Homeowner's, Condominium and Tenant Insurance cover damage to your home and belongings, as well as liability, to protect you financially if someone is injured on your property. If a lawsuit is filed against you for personal injuries, you will be covered for the damages and legal costs for which you are legally responsible.

## Licensed Professionals

Using licensed professionals for work such as electrical, plumbing, and HVAC is crucial for property insurance. Undertaking these tasks yourself can lead to improper installation, heightened risks, and claim denial if issues arise from unlicensed work. Protect yourself by hiring licensed professionals to ensure safety and maintain coverage.

## Locker/Storage/Garage/Shed Coverage

If you own your home, your homeowner's insurance policy will cover your residence, contents, and outbuildings (shed, detached garage, etc.) on the property. But it may have limitations, so be sure to check your policy.

## Material Misrepresentation

Material misrepresentation means giving false information on your application, which can include being untruthful about your home's condition or occupancy, hiding past claims, or misstating the value of your belongings. If such deception is discovered, your insurer can cancel your policy and deny coverage, and it will also make it challenging for you to purchase insurance again.

## Medical Payment Coverage (for property)

Medical payment coverage can help pay for expenses related to an injury that occurs to a third party while they are on your property – whether you have been found liable or not. Covered expenses may include costs like medical treatment and funeral arrangements resulting from injury or death.

## Optional Water Coverage

Some water coverage is optional and protects against specific damage due to heavy rain, melted snow, and groundwater entering your home. You should contact your Insurance Agent or Broker if you have any policy questions.

## Peril

A peril is an event that can cause damage or loss to your property. Common examples are fire, theft, wind, and vandalism.

## Personal Articles Coverage

This is an insurance option that enables you to raise the coverage limit on high-value items such as jewellery, artwork, or collectables that might not be fully covered under your standard property insurance policy. It offers extra protection for your most valuable personal belongings beyond the standard coverage limits.

## Physical Damage

Noticeable harm to the insured property — this includes visible destruction, breakage, or structural changes.

Examples include fire scorching walls, water soaking floors, wind tearing off shingles, or a tree crashing through a roof.

## Policy Term

A policy term outlines the length of time you are covered. It is a record of the date and time that your policy begins and ends.

## Premium

An insurance premium is the amount you pay to keep your policy active. This payment ensures that your insurance company will provide coverage for the risks specified in your policy.

## Proof of Insurance

Proof of insurance is a document confirming that your policy is active. It includes your policy number, effective dates, and insured items. It also includes the name of the insured(s), coverage limits, deductibles, and mortgage or lienholder information.

## Proof of Loss

This is a document submitted by the policyholder when property damage occurs, generating an insurance claim. This form helps to substantiate the value of your loss to the insurance company.

## Renovations

A home renovation is the process of making improvements to a property, such as repairs, alterations, or upgrades, and renovations can range from minor updates to major overhauls.

**Tip:** You should contact your Insurance Agent or Broker before beginning a renovation to ensure that your policy covers the value of your improvements.

## Replacement Cost

This is the estimated cost of rebuilding your house if the worst should happen. It includes the cost of the labour and materials required to rebuild your home to “similar kind and quality”, so that the home you get back is equivalent to the one that suffered damage or was destroyed.

## Reporting a Claim

You must report an incident or claim to your insurance company by providing complete, accurate details as soon as possible following a theft, accident, or property damage. Most insurance companies have a 24-hour claims service.

## Security (burglary or fire alarm)

Property insurance defines security as measures to protect your home from fire, theft, vandalism, and other risks. These measures can include burglar alarms, locks, motion sensors, exterior lighting, other sensors, and cameras. They can result in receiving a reduction in your insurance rate, so be sure to mention them to your Insurance Agent or Broker.

## Sewer Backup

Sewer backups occur when sewage or wastewater floods into your home, usually due to a blocked sewer pipe or a sewer system that’s overwhelmed by heavy rain or spring thaw. Sewer backup insurance, often called a sewer backup endorsement, is an optional add-on to standard home insurance plans. So, while excluded under most basic policies, this extra insurance can often be purchased at an additional cost.

## **Specified or Named Peril Policy**

Named perils are specific causes of loss that are listed in your policy. If a peril is not listed, in a Specified or Named Peril Policy, it is most likely not covered.

## **Tenant**

A tenant is someone who pays rent for the place they live in or buildings that they use.

## **Total Loss**

This is a loss that occurs when an insured property is destroyed or damaged to such an extent that it can neither be recovered nor repaired for further use.

## **Underwriters/Underwriting**

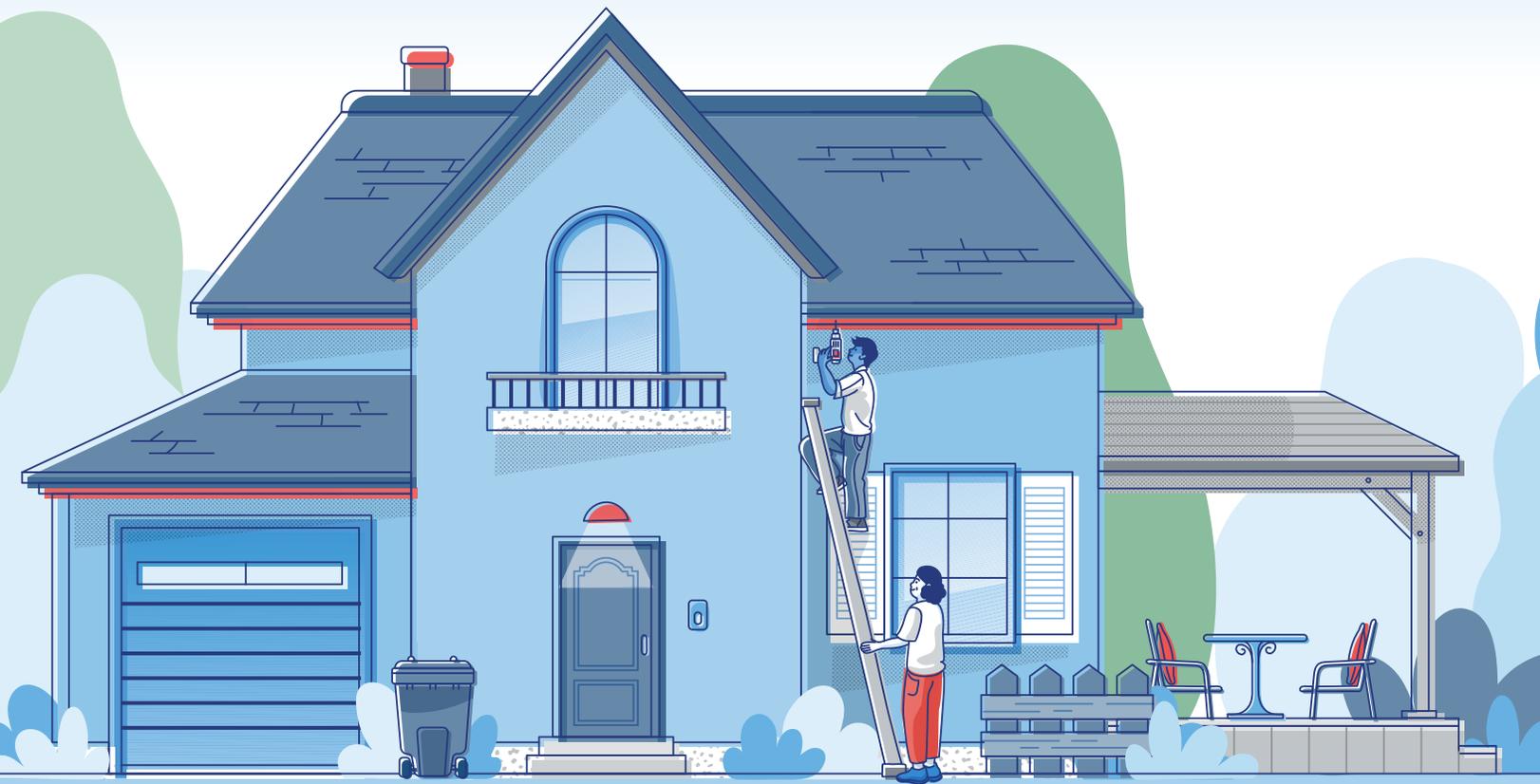
Underwriting means the act of collecting information and assessing risk. This information is analyzed according to the insurance company's underwriting guidelines and used to decide whether an insurance company will accept the risk by offering you coverage or adjust coverage where necessary.

## **Valuables**

Valuables are defined as jewellery, watches, furs, items made of gold, silver, and other precious metals, works of art, stamps, coins, and medal collections. They are usually high-value, irreplaceable, or both.

## **\*Reminder**

**It's always important to read your policy carefully and ask questions if you're unsure about anything. Insurance is intended to protect you and provide peace of mind.**



**Insurance**  
COMPANY