

Understanding Your Home Insurance Policy

A typical Home Insurance policy is divided into two sections:

Section I: describes the insurance on your property (belongings such as furniture, electronics, etc.). It also includes additional living expenses in certain circumstances. Coverage for Fire is found in Section I, which is divided into four Coverages.

Coverage A: This coverage insures your dwelling, permanently installed equipment or attached structures, and a swimming pool. Any buildings materials on or adjacent to the premises are insured if the home is under contraction.

Coverage B: This coverage insures your detached private structures such as a detached garage, a shed or a barn.

Coverage C: This coverage is for your personal property or contents. Some items, such as jewellery, furs, cash and tools are subject to limits. Check your own policy and understand what these limits are.

Coverage D: This covers your costs for Additional Living Expenses while your home is being rebuilt after an event covered by your policy. This includes expenses during evacuation, typically for up to 2 weeks, even if there is not damage to your home. If you had a tenant this will cover your lost rents.

Each of these coverages will have a specific amount of insurance. Make sure to check your policy for what those limits are. If you don't have your policy, representatives from your insurer will be able to provide you with your policy number and the amounts of insurance. Record this information for your files.

Section II: describes the insurance for your legal liability for bodily injury to others or damage to property of others, in case you are sued. It also includes benefits following injury or damage to property of others in certain other circumstances.

There are optional coverages or endorsements you may have on your policy:

- *Guaranteed Replacement Cost:* this guarantees that your insurer will rebuild your home even if it costs more than the amount of insurance for Coverage A your house.
- *Single Limit Endorsement:* This allows you to combine the amounts of insurance Coverages A, B C or D, in cases where one of the Coverage limits is inadequate to pay the loss.
- *Replacement Cost on Personal Property:* This means your insurer will pay to replace your personal property with new items, up to the amount of insurance for Coverage C. So for example, if you paid \$700 for a flat screen TV and the same TV will cost \$1,000 to replace, your insurer will give you \$1,000. If you DO NOT have Replacement Cost, you would receive \$700.

