

Home insurance need not be confusing, or expensive

by Jim Adair

Maybe you think you can't afford it. Maybe you can't be bothered trying to figure it all out. Maybe you just don't like insurance salesmen.

But maybe your house will burn down tomorrow, or a truck will run into it, or some other inconceivable disaster will happen. Can you afford to take the risk?

Homeowners' insurance is not really confusing, and not that expensive. For little more than \$100 per year you can get coverage that will protect your house and contents against practically any eventuality.

The type of insurance policy you want is the first thing to decide.

Basically, there are four kinds of policies. The first is fire insurance, which not only protects the house and personal possessions from loss or damage by fire, but also includes loss or damage caused by explosions, falling objects, impact by vehicles, lightning, riot, water escape, vandalism, windstorm, and smoke damage.

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The second, more comprehensive policy is the homeowner's risk-free package policy, which covers all the above plus theft and personal liability.

The third policy is for those who rent their homes, and covers the contents of the house (not the building itself, since that is the owner's responsibility). It includes legal liability insurance. This is coverage for the tenant's responsibility for fire, explosion, and smoke damage to the property.

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The fourth type of policy is for condominium dwellers. All-risk packages are popular.

Examples of things covered by this kind of package that standard fire insurance may not include are smoke damage caused by the fireplace, or damage caused by someone backing his car into the garage door.

The package policy means that the homeowner can be sure 90 per cent of the time that he is covered.

To further encourage customers to go for the all-risk package, it differs in price only about \$10 per year from the standard policy. Standard coverage on a \$40,000 home, for example, could cost about \$85 per year, but for the extra \$10, the all-risk would be available.

However, many more factors that could vary this price must be taken into consideration.

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There are still loopholes. Some of the things that insurance companies do not cover are war, vermin, radioactive contamination, earthquakes, and industrial pollution.

Just what is insured? Firstly, the house, of

course. But don't forget about the swimming pool — it, too, is covered under the homeowners' policy, including fencing and ornamental lighting. The same thing goes for permanently installed patios and barbecues, since all are considered part of the main building.

The windows in the house are included under the package policies, but are covered only against fire and extended coverage perils in the standard fire policies.

In most cases, television antennae are insured except for windstorm damage, which you can get by paying extra.

In the homeowner's policy, plants, trees, and shrubs are insured up to \$250 for each individual item. This coverage is for fire and vandalism, but does not cover theft, windstorm, smoke, water damage, and falling objects. Lawns are not covered under the policy.

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Now, about the contents of the home.

Under the standard fire policy, personal possessions are covered for fire. The package policies include theft of these items, which is important because they can easily be carted away. When insuring the contents of the house, an inventory list must be made for the company, listing the values of your things. The company can provide a check-list so customers don't forget anything.

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Then there are the extras. For an additional small premium, items such as furs, jewellery, paintings and so on can be insured individually. Some policies even include these, but only to a set limit.

Other items that are usually included in a homeowner's package policy include money and securities up to \$100 worth, a boat and motor up to \$500, and pets, unless they are stolen or killed by a vehicle. For all of these, extra insurance may be desired.

The personal liability coverage that comes along with the homeowner's package policy could be a lifesaver.

It protects policy holders against financial losses that may arise out of their legal negligence or careless acts to others. Both the policy holder and members of the immediate family are covered.

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The Insurance Bureau of Canada (IBC) offers the following ways in which personal liability would cover the homeowners:

Injury or death to others on the property. If a visiting delivery man, for example, slips on the icy steps, the homeowner may be held legally responsible for injuries or other expenses arising out of the accident. The insurance covers policy holders in this instance.

Injury or death to others off the property. This would include a situation whereby, say, the policy owner ran into someone with his bicycle or accidentally struck someone

with a golf ball. The personal liability insurance would protect him.

Damage to property of others. For example, says the IBC, the policyholder is burning leaves in his back yard and the fire spreads next

door, destroying the neighbour's garage. If found legally responsible, the policy holder would be covered.

Voluntary payments. In order to avoid financial disputes over minor injuries or damage between the policy

holder and others, small claims can be paid with the agreement of the company. Liability for injury to occasional help, such as a gardener or babysitter, is covered under the liability policy as well. It also covers

legal fees.

That said, homeowners should be made aware of two more loopholes that could catch them as they have caught many others.

If the homeowner is

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