

WAYS TO REDUCE YOUR HOMEOWNERS INSURANCE PREMIUM

1. Shop around.

Whether you are buying a new homeowners insurance policy or renewing your current one, it is a good idea to get quotes from various insurance agents, brokers and direct writers.

Did you know that...

Insurance agents represent one insurance company.

Insurance brokers may sell insurance on behalf of more than one insurance company. Ask your broker to provide you with the names of all the companies he or she represents.

Direct writers are insurance companies that sell their own insurance products directly to consumers.

To find an insurance agent, broker or direct writer near you:

- Ask family and friends if they would recommend their own insurance broker, agent or company.
- Consult your local business telephone directory under "Insurance Agents," "Insurance Brokers" and "Insurance-General."
- Visit the Insurance Brokers Association of Ontario (IBAO)* website at www.ibao.org for a list of brokers.
- Visit the Canadian Association of Direct Response Insurers (CADRI)* website at www.cadri.com, or the Insurance Bureau of Canada (IBC)* website at www.ibc.ca for a list of insurance companies.

**Industry trade associations.*

Note: When comparing quotes, keep in mind that the range of coverage, deductibles and limitations (commonly referred to as "exclusions") may differ slightly from one insurance policy to the next. Make sure you compare similar policies.

As outlined on the Insurance Bureau of Canada's (IBC) website at www.ibc.ca, there are four main types of homeowner insurance policies:

- The "comprehensive" policy, which covers both the building and its contents for many risks that are NOT specifically excluded in the policy.
- The "named perils" policy, which covers only those perils, such as fire, that ARE specifically included in the policy.
- The "broad" policy, which provides "all risks" coverage on the building and "named perils" coverage on its contents.
- The "no-frills" policy, which provides "bare-bones" or "no-frills" coverage for properties that don't meet normal underwriting standards; contact your insurance representative for details.

Visit IBC's website or speak to your insurance representative for more information on the various homeowners insurance policies that are available.

2. Increase your deductible.

A "deductible" is the amount that you agree to pay towards the total amount of your insurance claim. Your insurance company is only responsible for the amount by which your claim exceeds the amount of your deductible.

Typically, homeowners insurance policies carry a \$500 deductible. But you may be able reduce your premium by increasing your deductible from \$500 to \$1,000.

Note: Keep in mind that with a higher deductible you'll have to pay more in the event of a loss before your policy coverage starts. For example, if your roof sustains \$3,000 in damage following a lightning storm and you have a \$1,000 deductible, you will be responsible for paying the first \$1,000 towards correcting the damage before your insurance company pays the remaining \$2,000.

3. Consider buying homeowners and automobile insurance coverage from the same company.

Some insurance companies will take 5 to 15 per cent off your premium if you purchase two or more policies from them.

4. Improve security.

You may be able to further reduce your insurance premium by installing a smoke detector, carbon monoxide detector, monitored burglar alarm system or deadbolt locks. Ask your insurance representative for more information.

5. Seek out other discounts.

Check with your insurance representative to find out if you qualify for any additional discounts, such as

- **Affinity Discount:** Employment by a particular organization, or membership in certain union, alumni, professional, occupational or non-profit associations, may qualify you for an "affinity" discount.
- **Loyalty Discount:** Your company may offer you a loyalty discount if you've been with the company for a certain number of years.
- **Retiree Discount:** If you are retired and meet certain conditions, you may be entitled to a retiree discount.
- **Non-Smoker Discount:** Your company may offer you a non-smoker discount if all family members in the house are non-smokers.

6. Don't switch insurance companies midway through the policy.

Wait until renewal time to avoid a cancellation penalty.

7. Review your coverage annually.

Your homeowners insurance coverage should accurately reflect your home's current value and condition, as well as any major improvements or purchases. Review your specific coverages annually and make the necessary adjustments; it could save you money. For example, if, in 2003, you purchased \$4,500 in extra insurance coverage for a new professional cross-country racing bike and accessories valued at \$5,000 (because your insurance company, like most, limits basic insurance coverage on bicycles and their equipment and accessories to a maximum of \$500) you may want to consider doing away with this extra coverage in 2005, when the bike and accessories have depreciated in value to \$1,500.

For more information on insurance, visit www.fSCO.gov.on.ca.

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