

Homeowners Insurance Beware of exclusions

(NC)—Don't wait until disaster strikes to find out what your homeowners' insurance policy does not cover. Take the time now to familiarize yourself with the exclusions.

Exclusions are perils or situations for which your insurance company will not provide coverage, says the Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province. If you come across something you don't understand in your policy, ask for more information. Here are some of the perils (potential causes of loss) for which companies will generally not provide coverage:

- Damage caused by wear and tear, rust, corrosion or gradual deterioration.
- Water damage caused by flood, or by seeping through cracks in your foundation.

- Damage from frozen indoor plumbing, unless specific precautions are taken.
- Damage caused to the exterior of your home by freezing, heaving frost, or snowslide.
- Damage caused by a landslide and other ground movements such as earthquakes.
- Damage caused by insects and rodents such as termites, squirrels, mice, or any other animals.
- Intentional or criminal acts committed by you.

To protect against generally excluded perils, such as earthquakes and floods, you may be able to purchase optional coverage, known as endorsements. Enquire about optional coverage when negotiating your policy. More information is also available online at fSCO.gov.on.ca.

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Reduce the cost of homeowners insurance

(NC)—Before you buy home insurance, consider these potentially cost-saving suggestions from the Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province:

❑ **Shop around.** Get quotes from various insurance agents, brokers and direct writers. When comparing quotes, keep in mind that the range of coverage, deductibles, limitations and exclusions may differ slightly from one insurance policy to the next. There are four main types of homeowner insurance policies:

- The "comprehensive" policy, which covers both the building and its contents for risks that are not specifically excluded in the policy.
- The "broad" policy, which provides "all risks" coverage on the building, plus "named perils" coverage on its contents.
- The "named perils" policy, which covers only those perils specifically included in the policy, such as fire.
- The "no-frills" policy, which provides barebones coverage for properties that don't meet normal underwriting standards.

❑ **Increase the deductible.** Typically, homeowners' insurance policies carry a \$500 deductible – the amount you agree to pay towards the damages claim. But you may be able to reduce your premium by increasing the deductible from \$500 to \$1,000.

❑ **Bundle your policy.** Consider buying homeowners' and automobile insurance coverage from the same company. You may be eligible for a discount.

❑ **Improve security.** Install a smoke detector, fire extinguisher, a monitored burglar alarm system or deadbolt locks. Ask your insurance representative if these measures will reduce your premium.

❑ **Seek out discounts.** Ask if you qualify for program savings, such as a loyalty discount (many years with the same insurance company) or discounts for retirees, non-smokers, or for affinity to recognized organizations.

❑ **Patience.** Don't switch insurance companies midway through the policy. Wait until renewal time to avoid a cancellation penalty.

❑ **Review the coverage annually.** Items that appreciate in value, such as jewelry, may require additional coverage. Likewise, items that depreciate in value, such as computers, may no longer require extra insurance. Your coverage should accurately reflect your home's current value and condition, including major improvements or purchases.

More information on insurance is available online at fSCO.gov.on.ca.

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Insurance tips for vacationers, cottagers and snowbirds

(NC)—Most of us buy supplementary medical insurance when we travel outside the province, but the possessions we leave at home should also be adequately insured – even if our absence is just a quick getaway, or a few days at the cottage. Take a look at these tips from the Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province:

Home Insurance:

❑ During normal heating months, drain the water pipes before you leave, or have a reliable person visit on a daily basis to make sure the heat is maintained. Insurance companies won't cover plumbing damage caused by water if you haven't taken these precautions.

❑ Arrange for someone to clear snow from your roof. Some policies don't cover a roof collapse due to excess snow.

❑ Check coverage limits on valuables to determine if there are limitations for loss or damage to these items.

❑ Check the policy for other "away" requirements. If your property is left unoccupied or unattended for extended periods of time, the coverage could be cancelled.

❑ Check the effective date to make sure your policy doesn't expire while you're away.

Automobile Insurance:

❑ Check the effective dates of your driver's license and validation sticker to make sure they don't expire while you're away.

❑ If you plan to rent an automobile, check with your insurance company, broker or agent to determine whether you'll need supplementary insurance coverage, such as the collision damage waiver offered by auto rental companies. The brochure *Protecting*

Yourself When Renting an Automobile at fSCO.gov.on.ca offers valuable tips.

❑ If you plan to drive your own automobile, notify your representative if the trip outside Canada is for more than 30 days. Reconfirm that you have the proper coverage, vehicle registration, and driver's license requirements for the jurisdiction in which you will be driving.

❑ If you are leaving your automobile at home unused, consider suspending certain coverages, such as collision insurance. It may save you money, so ask your representative. Be sure to replace suspended coverage when you return.

More information on insurance is available online at fSCO.gov.on.ca.

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Insurance Matters

Take inventory of your home for protection

(NC)—Plan now to make a detailed list of all your household possessions and keep the list somewhere safe. Such a list will prove invaluable if you ever need to file an insurance claim.

Don't wait until you have damaged, lost, or stolen property to assemble all the details, says Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province. The stress and anxiety of the moment will make it difficult for you to remember all your belongings.

Here are some tips suggested by FSCO to help with your list:

❑ Go through your house, room by room, including the garage, basement, attic and off-premises storage unit.

❑ Write down the contents of each room, including clothes, jewelry, floor and window treatments, sporting equipment, furniture, electronics and cabinetry, appliances, artwork, antiques and other collectables. Where possible, include the manufacturer and brand, the serial number, the method of acquisition (purchased, inherited, or gift), plus the approximate cost/value and date acquired.



❑ Take photographs or a video recording of each room, with valuable items prominently displayed.

❑ Attach photocopies of receipts and appraisals for valuable items and other important family documents, such as your wills, passports, and credit cards.

❑ Store your list, along with any supporting photographs, videos and

documents in a fireproof and watertight safe or safety deposit box.

❑ Establish a simple method for recording all new major purchases and periodically update your inventory.

More information on insurance is available online at fSCO.gov.on.ca.

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Don't get scammed buying auto insurance

(NC)—It's an unfortunate reality, but we do live in a world where con artists spend their days thinking up schemes to defraud us of our money.

One of the more common scams involves the sale of "cheap" auto insurance to unsuspecting consumers. The scheme may appear genuine, but it is intended to trick consumers into paying for auto insurance coverage that is invalid, or doesn't exist. Take a look at this list of tips from the Financial Services Commission of Ontario (FSCO), the agency responsible for regulating insurance in the province:

What You Can Do:

- Don't pay and be suspicious if asked for a referral fee. Licensed agents and brokers do not charge referral fees.
- Do not pay your auto insurance premium with a transfer, or money wiring service. This is not a practice in the insurance industry.
- It is standard practice to complete an application form called the Ontario Application for Automobile Insurance – Owner's Form (OAF1). If an agent or broker completes the form on your behalf, check it for

accuracy. By signing the contract, you are agreeing to the statements made to the insurance company.

• Make sure the individual you are dealing with is legally allowed to sell auto insurance. This information is online. To check on an agent, go to fSCO.gov.on.ca, click on the *Insurance* link in the top navigation bar and click on *Licensing Link: Agents Licensed in Ontario*. To check on a broker, go to the website of the Registered Insurance Brokers of Ontario, www.ribo.com, and click on *Consumer Information*.

• Check that the insurance company you are dealing with is licensed. Go to fSCO.gov.on.ca, click on *Licensing & Registration*, then *Licensed Insurance Companies in Ontario*.

• If you suspect fraudulent activity, contact the police.

Remember, if something sounds too good to be true, it probably is.

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Older homes may need upgrades for insurance



(NC)—If the house you own is more than 30 years old, your insurance company may require you to upgrade the plumbing, electrical, and heating systems before renewing your homeowners' policy.

Or, if you're making an offer to buy an older home – one that may have galvanized steel plumbing, 60-amp electrical service, knob-and-tube electrical wiring, an external fuel oil tank, or a wood-burning stove – make sure you

factor in the cost of necessary upgrades into your offering price. An insurance representative will be able to advise on the upgrades needed to acquire homeowners' coverage.

The Financial Services Commission of Ontario (FSCO) – the agency responsible for regulating insurance in the province – has posted an excellent guideline for older homes' coverage on their website. Here's an excerpt, with more details available at fSCO.gov.on.ca:

Galvanized steel plumbing: Commonly installed in homes before 1950, this plumbing has a life expectancy of 40 to 50 years. Over time, corrosion presents an increased risk of leaks and ruptures causing potential water damage. Upgrades may be required to get insurance coverage.

60-amp electrical service: After 40 or 50 years, this system poses the threat of overheating with overuse, thus increasing the risk of an electrical fire. An upgrade to 100 amps may be required, or the installation of a switching device that allows for the operation of only one major appliance at a time.

Knob-and-tube wiring: Given their age, the wires in many homes over 50 years are highly susceptible to wearing

and exposure, presenting a serious safety hazard. In contrast to contemporary wiring, this type has no ground wire. The unintentional contact of the hot and neutral wires may cause an electrical fire. However, some insurers may consider insuring homes with wiring issues, if inspected and deemed safe by the Electrical Safety Authority in Ontario.

Fuel oil tanks: At 25 years or older, oil tanks are highly susceptible to rusting, deterioration, and leakage – and are also considered environmental hazards. Removal, or replacement with a gas or electrical furnace may be required.

Wood-burning stoves: To reduce the risk of fire, your insurance company may ask for your stove to be inspected by a certified technician. Similarly, you may also be required to get it thoroughly cleaned and inspected at least once a year prior to renewing your policy.

Given the wide range of inspection and upgrade requirements needed to insure an older home, it's always best to pose your questions directly to your insurance representative. More information is available online at fSCO.gov.on.ca.

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