



# Home insurance

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## Why you may need home insurance

Home insurance may help protect your home and its contents in case of theft, loss or damage to the inside and outside of your home or property. It may also help you cover additional living expenses if you're temporarily unable to live in your home. These additional living expenses may include living in a hotel or renting a home.

Home insurance may cover:

- damage or loss to your home
- damage, theft or loss of your personal possessions
- personal property stolen from your vehicle
- damage or injury to others who visit your home or property
- accidental damage you cause to somebody else's property

Insurance companies may refer to home insurance as property and casualty insurance. Property and casualty insurance also includes car insurance, business insurance and disaster insurance.

## Examples of when home insurance may protect you

Home insurance may protect you in the following situations:

- Someone slips and falls in your driveway and makes a claim against you for the expenses incurred as a result of damage or loss caused by the injury
- A fire starts in your house and causes damage to your home and your neighbour's home

## Condominium insurance

Condominium coverage is different from home insurance because it covers damage or loss for the inside of your unit and your storage locker. It also covers personal liability claims in case someone is injured in your home.

The condominium corporation will have a master insurance policy that covers the outside structure of the building and its common areas.

Condominium insurance may pay for:

- damage to the inside structure of your unit
- damage to, or loss of, your belongings
- damage to improvements you, or the previous owners, made to your unit
- damage to other units or the condominium common areas if they are caused by an accident that happens in your condo
- additional living expenses, up to a certain amount, if you're temporarily unable to live in your condominium because of a loss covered by your policy

Review your condominium unit's insurance policy coverage and the condominium corporation's master insurance policy coverage.

## Tenant's insurance

You may want to consider buying tenant's insurance if you live in an apartment or rent your home from someone else. Insurance companies may refer to it as renter's insurance.

You should have enough insurance to cover the cost of replacing everything in your home if it's destroyed or stolen.

Tenant's insurance may pay for:

- damage to or loss of your possessions if you rent or lease your apartment or home from someone else
- personal property stolen from your vehicle
- accidental damage you cause to any part of the apartment building or home you're renting
- injury to visitors

- additional living expenses, within a certain limit, if you're temporarily unable to live in your apartment because of a loss covered by your policy

For example, if a fire starts in your apartment, tenant insurance can pay for the damage caused to your apartment, the apartment building and other tenants or their property.

## Insurance for a home-based business

Consider getting business insurance if you have a home-based business.

Home insurance isn't business insurance. If you have a home-based business, you must notify your insurer. Using your home for purposes that your insurer isn't aware of may invalidate your policy.

Home insurance generally won't pay for claims related to your home-based business.

Your home insurance policy may provide limited coverage for damage or loss of business equipment related to your home-based business. This coverage is only while the business equipment is in your home. Business equipment may include computers and power tools. The limited coverage may not be enough to cover the cost of repairing or replacing your business equipment.

Home insurance won't cover:

- equipment that is damaged while in your home, if used for business purposes
- equipment that is stolen or damaged while in a vehicle or outside of your home, if used for business purposes
- tools that are stolen or damaged while in a vehicle or outside of your home, if used for business purposes
- injury to a client while visiting your home, also known as personal liability

Review your home insurance policy to confirm what coverage, if any, it will provide for a home-based business.

[Learn what type of business insurance policies are available.](#)

## Who a home insurance policy covers

Generally, your home insurance policy covers you and your family members.

If you share your home or rent out a part of your home to a friend, relative or roommate, you must let your insurance company know.

Check with your insurance company, agent or broker to review who your policy covers.

# What a home insurance policy covers

Be sure you understand what your home insurance covers and what types of settlement to expect if you make a claim.

## Types of home insurance coverage

Coverage is the maximum amount of money your insurance company will pay you if you make a claim for a loss or an event covered by your policy.

For home insurance, you may need a combination of two types of coverage.

### Personal property coverage

Personal property coverage protects you from loss or damage to:

- your home or personal possessions
- your car

To figure out how much coverage you need, make a list of all your possessions with the following information:

- cost to replace the item (replacement value)
- make and model of the item
- serial numbers
- pictures of your belongings
- receipts for major items

This could be useful should you need to make an insurance claim in the future.

### Liability coverage

Liability coverage protects you against legal liability for losses caused by:

- injury to other people
- damage to the property of others

Read the policy carefully before signing. Make sure you understand what your policy does and does not cover.

Ask your insurance agent or broker about anything you don't understand.

## Types of home insurance policies

Insurance companies offer a range of home insurance policies with different levels of coverage against various risks and causes of damage.

Home insurance policies vary from one company to another. It's a good idea to shop around to get the best insurance for your needs.

### **Comprehensive**

A comprehensive policy provides the most coverage. It covers all risks to your home and contents except for any risks named in your policy as exclusions. Also referred to as a special or all-perils policy.

For example, say your comprehensive policy names flooding, sewer backup and earthquake as exclusions. This means you don't have coverage for these named risks. However, your home and contents are covered for all other risks that aren't named, such as fire.

### **Standard**

A standard policy provides less coverage than a comprehensive policy. It only covers the risks to your home and contents that are named in your policy. Also referred to as a basic or named perils policy.

For example, say your standard policy names fire. This means you're covered for the risk of fire damage. However, your standard policy doesn't name flooding, sewer backup and earthquake which means you aren't covered for these risks.

### **Broad**

A broad policy provides a level of coverage in between comprehensive and standard policies. Also referred to as a broad-form policy.

For your home itself, a broad policy covers all risks except for any risks named in your policy as exclusions. This is similar to comprehensive policies.

For your contents, a broad policy only covers all named risks. This is similar to standard policies.

### **No-frills**

A no-frills policy provides the least amount of coverage. It offers very basic coverage for homes that don't meet the usual standards for insurance.

Review your policy carefully and speak with your licensed insurance agent or registered insurance broker to be clear on your coverage.

Your provincial or territorial regulator can help you confirm that the insurance company, agent or broker you're dealing with is licensed or registered to do business in your province or territory.

[Find your provincial or territorial insurance regulator.](#)

[Get tips on choosing an insurance company.](#)

## **Events that are covered and not covered by home insurance**

Read the policy carefully before signing. Make sure you understand what your policy does and does not cover. Ask your insurance agent or broker about anything you don't understand.

### **Unexpected events**

Generally, your home insurance covers unexpected events or accidents such as fire, windstorm, or theft. Insurance companies may refer to these types of events as perils. For unexpected events such as earthquakes, you may be required to buy additional coverage.

[Learn about home insurance for unexpected events and disasters.](#)

### **Predictable events**

Events that your insurance company considers predictable and related to the maintenance of your home aren't covered. For example, if you're away for more than 4 days in a row when it's cold outside, your home insurance may not cover damage to your home as a result of your pipes freezing.

## **How your insurance company calculates your premiums**

Premiums are the amount you pay to buy insurance.

When determining how much you'll need to pay for premiums, insurance companies may consider factors such as:

- the type of residence you live in, such as a single family home, semi-detached, condo, rental property, or seasonal residence
- characteristics of your residence, such as materials your house is made of, age, size, location, replacement value
- value of your property and contents to be insured
- the distance between your home and a fire hydrant or a fire station
- the crime rate in your neighborhood
- your claims history
- the type of policy and coverage you selected
- the amount of your deductible

A deductible is the amount of your claim that you agree to pay before your insurance company pays the rest.

## **Shop around for the lowest insurance premiums**

Your premiums will vary from one insurance company to another. It's important to shop around, ask for quotes and compare prices before deciding on one insurance company. In some cases, you may be eligible for a discount by combining both your home and car insurance.

In most provinces and territories, an insurance company can charge higher premiums based on your credit rating.

[Learn how your credit rating may affect your premiums when shopping around for insurance.](#)

## **Home insurance settlement options**

Your insurance company will review your claim and decide how it will settle your claim.

When you make a claim, you're always responsible for paying the deductible. The amount of money you get from your insurance company will depend on your insurance benefits.

Remember that the amount of your deductible may reduce the amount you get from a claim.

### **Actual cash value**

Actual cash value coverage gives you the cost of the item when it was new, minus depreciation. Depreciation is the loss of value due to the age and condition of the item. The way depreciation is calculated depends on the item insured and the insurance company.

For example, imagine if a fire damaged your computer. If your computer is insured, your insurer would only cover the cost of your computer based on its reduced value at the time of the claim.

### **Replacement value**

Replacement value coverage gives you the actual cost to replace an item destroyed or damaged in the event of a covered loss.

For example, imagine if a fire damaged your computer. You bought your computer 5 years ago for \$2,000. If your computer is insured, your insurer would cover the cost of buying a new computer of similar quality to the one you lost.

# Settling a claim if you have a mortgage

If you have a mortgage, your home insurance policy will usually include a loss payee clause. A loss payee clause makes your mortgage lender your beneficiary. In case of loss or damage to your home, your insurance company will pay your lender (your beneficiary) up to the remaining balance of your mortgage when you submit a claim.

When you make a claim, your insurance company may, at their discretion, give the money to either:

- you, so you can fix your home when you submit a claim
- your lender, who would then give you the money for repairs or replacement after you submit receipts proving they were done

## Related links

- [Getting an insurance policy.](#)
- [Buying a home](#)
- [Renting your first apartment](#)
- [Making an insurance claim](#)
- [Making a complaint about your insurance company.](#)
- [Home insurance for unexpected events and disasters](#)

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