

# Some FAQs About Property Insurance

## **When should you have property insurance?**

Insurance coverage on your home should begin as soon as you become the legal owner or tenant, even if the home is still under construction. If it is a new home, a policy can also cover building materials stored on, or adjacent to the property. Make sure that the application for insurance is at the top of the 'to do' list once the offer has been accepted.

## **How long will an insurance policy cover a vacant home?**

This will vary by policy, but usually Canadian insurance policies do not provide property insurance if the home is vacant for more than 30 days. If you are moving out before the new owners take possession, make sure they verify insurance coverage.

## **Will insurance policies cover the old and new home?**

Some insurance policies will provide for basic coverage of damage of two homes, or coverage of contents in both. You should ask your broker or agent if the current policy will cover the contents at both the old and new locations, and in transit as well. Possessions may already be covered for damages during a move under an existing policy. Theft insurance usually applies only when a building is ready for occupancy.

## **Have you got enough insurance?**

There is no advantage to over-insure a home or building by including the market price of the land or property in the insured value. Whatever the limits of the policy, you can never claim for more than the actual loss to insured property. Insured property in most policies does not include the market value of land.

## **Do we tell the insurance company about planned major changes?**

If your plan is to buy and then immediately make major changes, the insurance company should be advised at the time of the transaction. This can involve plans to build a rental apartment in the home, divide the home into a duplex, or create a business based in the home. The basic guideline is if there are plans to make any significant alterations to the structure or the way it's used, make sure you tell your insurance company or broker.

## **What happens if I want to buy, then rent out the home?**

This will require working with the insurance company, because there will usually be restrictions on such things as theft and damage by tenants. This is critical if you rent a home that is later used for illegal activities, including a Grow house. Some Canadian insurance companies now have specific clauses that will nullify coverage for damages caused by a Grow op.

## **If I want to rent, what are the landlord responsibilities?**

Tenants are responsible for damages they may cause to a home or any part of the building in which they live, or to others who live or visit there. A tenant is also responsible for insuring their own

possessions. Landlord have relatively few obligations to compensate tenants for damage to or loss of personal possessions. A tenant can also get insurance coverage for improvements they have made to the home or rental unit that may not be covered by their policy covering possessions, such

## INSURANCE CHECKLIST

Be prepared. These are some of the basic questions you may be asked in your application for insurance:

How old is the home? \_\_\_\_\_ years or built in \_\_\_\_\_

What is the construction type of the home? (brick, cinder block, wood frame etc)  
Type: \_\_\_\_\_

What type of roof does it have? (shingle, steel, shake, etc) Roof type: \_\_\_\_\_

How old is the roof? \_\_\_\_\_ years old or installed in \_\_\_\_\_

What is the estimate replacement value of the home? \$ \_\_\_\_\_

Is the home connected to the municipal services or on a septic and well system?

Municipal services \_\_\_\_\_ Septic and well \_\_\_\_\_

What type of heating system does the home have (oil, electric, solar, etc)?  
Heating type: \_\_\_\_\_

Is there any form of wood burning appliance in the home? Yes  No

Is it certified? Yes  No

What type of electrical entry is there? 110V  220V

Does the home have smoke detectors? Yes  No

How far from the home is the nearest fire hydrant or fire station? \_\_\_\_\_ km from the  
nearest hydrant \_\_\_\_\_ from the nearest fire station

Have you ever had an insurance policy declined or cancelled? Yes  No