



ABCs of Your Home Insurance Coverage

An Information Resource by Virani Law
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WHAT YOU NEED TO KNOW

There are three key areas of insurance coverage most homeowners are afforded:

- A PERSONAL PROPERTY
OR CONTENTS COVERAGE**
- B STRUCTURE / DWELLING COVERAGE**
- C ADDITIONAL LIVING EXPENSES
OR LOSS OF USE COVERAGE**

“After we lost my uncle in a house fire, my family was overwhelmed with the insurance claim process. As a lawyer, I was able to understand their policy and negotiate a fair settlement. That’s what we do at Virani Law, we help families across Canada receive fair insurance claim settlements.”

- Fy Virani, J.D.

ADDITIONAL LIVING EXPENSES

ALSO REFERRED TO AS LOSS OF USE

Additional living expense (ALE) or loss of use coverage reimburses the insured for the cost of maintaining a comparable standard of living, if their property is deemed “unlivable.” Only expenses above and beyond the insured’s normal expenditures will be covered.

LIKELY COVERED

- Temporary accommodations (Short and long-term)
- Food (above usual expenditures)
- Moving expenses
- Travel (above usual expenditures)
- Storage costs

EXAMPLE

A family from Fort McMurray has lost their home due to a wildfire. While their home is being rebuilt, the family stays at a hotel and eventually rents a comparable home. The cost of rent and the hotel should be covered under the ALE section of their policy.

LIKELY NOT COVERED

- Lost wages
- Mortgage payments
- Usual expenses (cell phone, gym membership, etc.)
- Household expenses (hydro, phone, etc.)

EXAMPLE

A family from northern BC is unwilling to return home, after it has been rebuilt, because it is the middle of winter. Their rebuilt home is liveable, yet the family incurs an extra month’s cost for their rental home. This expense would likely not be covered.

I DON'T HAVE CASH, BUT I HAVE INSURANCE...

Contact your insurer and ask for a cash advance. Insurance companies are obligated to ensure their customers do not fall under financial stress due to an insurance claim. The advance will be deducted from your settlement.

PERSONAL PROPERTY AND CONTENTS

Personal property and contents refers to the individual items in your home. Each homeowner's policy is different and may stipulate limits in specific areas, such as artwork, furniture, and/or food.

LIKELY COVERED

- Wet, dry, and frozen food
- Electronics
- Clothing and linens
- Furniture
- Artwork

EXAMPLE

A family from Mississauga has suffered a garage fire and everything in the garage is destroyed. They should contact their insurer about a contents claim. If possible, they should take several photos of the damage for their own records.

LIKELY NOT COVERED

- Fixtures (windows, etc.)
- Business equipment or items
- Items belonging to a tenant

EXAMPLE

An individual from Halifax has lost his home in a residential fire. The homeowner ran a business in the basement of the home. He did not have business insurance. Items lost associated with the business will not be covered.

WHAT IS A SCHEDULE OF LOSS?

A list of personal contents that are itemized, usually room by room, that are damaged or destroyed due to a residential loss. The insurer may create this for the homeowner, or they may ask the homeowner to create it.

STRUCTURE / DWELLING

Structure and dwelling coverage is insurance for the physical building of your home and helps to pay for any repairs or a potential rebuild. The section may also include exterior structures (i.e. shed). Renters and condominium owners may not have this coverage in their policy.

LIKELY COVERED

- Interior and exterior of home
- Foundation, windows and doors
- Fixtures (i.e. chandelier)
- Flooring

LIKELY NOT COVERED

- Personal contents
- Property taxes
- Mortgage payments

EXAMPLE

A family from Kamloops, BC has lost their home due to a residential fire. The home has been completely destroyed. The insurance company will likely obtain three quotes from three independent builders and proceed with the cheapest quote. The insured does have some say in this process. The insurer is responsible for rebuilding the home, as it stood before the loss.

WHAT IS GUARENTEED REPLACEMENT COST?

Each insurance policy will have a monetary amount for each coverage area. For example, if a family has \$300,000 for the "Structure/Dwelling" coverage of their home, the insurer will attempt to rebuild the home using that amount. If a family has Guaranteed Replacement Cost, it means the insurer will rebuild the home no matter what the cost is, even if it exceeds the limit on the policy.