

LET OUR FAMILY TAKE CARE OF YOURS

INSURANCE UPDATE

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WE'VE GOT YOU COVERED :

- ◆ AUTO
- ◆ HOME
- ◆ BUSINESS
- ◆ TRAILERS
- ◆ MOTORCYCLES
- ◆ BOATS
- ◆ CABINS
- ◆ SECONDARY RESIDENCES
- ◆ CONDOS
- ◆ TENANTS
- ◆ PERSONAL UMBRELLAS
- ◆ RENTAL PROPERTIES
- ◆ TRAVEL

The intent of this newsletter is to highlight certain areas of insurance. It is important that you refer to your policy wordings for specific information regarding your limits and coverage.

In this insurance update, we highlight house insurance and the current cost of construction in Calgary and surrounding area. It's important to remember that the amount of insurance on your house should be the amount it would cost to rebuild it at today's cost. The insurance amount **does not include** the cost of your land or what you would get today if you sold your house so property tax assessments and market value have no bearing on the amount of insurance to purchase on your house.

The cost to build a standard house today is approximately \$190.00 per square foot for a bungalow and \$150.00 for a two storey. The cost of any special features such as granite counter tops, hardwood floors, sky lights, jacuzzi tubs, radiant floor heating and other custom features would be in addition to that.

All house policies contain an inflation clause which automatically increases the amount of insurance on your house each year. However with the escalating costs of construction, this inflation factor hasn't been sufficient to keep up with the cost of construction.

Most insurance companies are now requiring that an updated home evaluator to determine the insured value be completed every 2 to 3 years. On higher valued homes, they may arrange for a professional appraisal to determine the adequate amount of insurance.

Please call our office if you would like to discuss the amount of insurance on your home.

FEATURE CLAIM — HOUSE FIRE

Our client hired a contractor to renovate his home. While working on the renovation, one of the workers accidentally turned on a burner on a rarely used stove in the basement which had some clothing sitting on top. The clothing ignited and the fire department was called to extinguish the fire. The owners of the home were told they could remain in the home that night but they chose to stay elsewhere and in fact removed their photos and other sentimental items to be on the safe side. As it turned out, the fire reignited in the night and severely damaged the home.

The insurance company paid to rebuild the home and replace the contents. The cost for alternative accommodation during the six month rebuilding period was also paid by the insurance company.

You may think this type of devastating fire will never happen to you. Sadly, however, this type of claim does occur and can be a very traumatic and stressful experience. We recommend that you take the following steps to prepare yourself if it happens:

- Make sure your home policy is up-to-date and the proper amount of insurance is in place.
- Complete a home inventory (we have a downloadable one on our website) or take pictures or a video of your home including open drawers and closets and store it away from your home.
- Keep invoices of high valued items and appraisals and store away from your home
- Store any photo negatives or photo CDs away from your home (office, friends, safety deposit box)

THINGS YOU MUST LET US KNOW ABOUT.....

There are certain things that you must let us know about in order to keep your policy up to date. All policies contain clauses, limitations, and exclusions that can have an impact on a claim. We want to make sure your policy is in good shape should a claim occur.

- ⇒ Changes to ownership of the home or mortgage information on the home.
- ⇒ Change in the use of the dwelling. For example: you are now renting all or part of the home to others.
- ⇒ If the dwelling becomes vacant for a period over 30 days.
- ⇒ If you are running a business out of your home or have a home office .
- ⇒ If you have a wood or pellet burning stove – a questionnaire must be completed or any fire claim arising from the incorrect installation of a wood stove can void the policy.
- ⇒ If you have made any improvements or additions to your home over \$10,000.
- ⇒ Purchase of high valued items that may require special attention.

HOMEOWNERS POLICY DESCRIBED

The insurance policy that is normally purchased to insure the house where a person resides includes all of the following insurance coverage.

SECTION I—PROPERTY COVERAGE

Coverage A – Dwelling Building - covers the actual house (building) and any item that attaches to it, such as a car port, attached garage and deck. It also includes outdoor trees, shrubs and plants. The amount of insurance for the house coverage is determined with a replacement cost calculator. The amount of insurance for Coverage B,C & D, which follow, are determined from the house amount. For explanation purposes, we will use **\$400,000** for the replacement amount of the house.

Coverage B – Detached Private Structures – covers any secondary buildings on the property that are not attached to the main dwelling such as a shed or a detached garage. An additional amount equal to 10% of the dwelling amount applies. In our example: **\$40,000**.

Coverage C – Personal Property - covers the personal belongings (contents) you own at your residence or that are temporarily removed. An amount equal to 70% of your building value applies. In our example: **\$280,000**.

Coverage D – Additional Living Expense – covers any necessary increase in living expense that is incurred if the dwelling is unfit for occupancy after a claim. This includes the cost of temporary living accommodation. Payment is made for the reasonable time required to rebuild or repair the dwelling. An amount equal to 20% of the building amount applies. In our example: **\$80,000**.

SECTION II—LIABILITY COVERAGE

Coverage E - Legal Liability-provides up to \$1,000,000 for sums that the insured person may become legally liable to pay for accidental bodily injury or property damage caused either through personal acts or arising due to the ownership of the insured property. This coverage includes payment for defense costs. Intentional acts and business pursuits are two examples of the standard exclusions that apply to this coverage.

Coverage F Voluntary Medical Payments - provides reasonable medical expenses up to \$5,000 if the insured unintentionally injure someone or if they are accidentally injured while on the insured premises.

The above explanation of a home package policy discusses the various sections of a home policy and is not a discussion of the perils that are insured.

FREQUENTLY ASKED QUESTIONS ABOUT HOME POLICIES

1. What **amount of insurance** should I have on my house?

It's important to understand the difference between **REPLACEMENT COST** and **MARKET VALUE**.

Replacement Cost = What you would have to pay today to rebuild your home.

Market Value = What you would get today if you were to sell your home.

The insurance amount should be the replacement (rebuilding) cost of your home.

2. How is the **Replacement Cost** calculated?

The replacement cost is determined by inputting all information you provided about your home into our home replacement calculator. It's important that the information you have provided us is accurate and up to date. Please notify us of any additions and/or renovations to ensure that the replacement cost remains accurate and conditions of the guaranteed replacement cost clause, if it is on your policy, are met.

3. What is "**Guaranteed Replacement Cost Clause**" ?

If this clause is on your policy, the insurance company will pay the full cost of rebuilding your home even if the amount of insurance shown on the policy is less than the cost to rebuild. To have guaranteed replacement cost on a home policy, the home must be insured to 100% of the replacement value and you must let us know of any additions or renovations within 90 days of the start of the work.

4. What If I **don't have enough insurance to rebuild my home** and I have a claim?

If you don't have the guaranteed replacement cost in your policy, there is a co-insurance clause that may limit the amount payable in a claim. It works like this: the most you'll receive for a claim on your house is the amount of insurance stated in Section I Coverage A of the policy. So if a home is insured for \$200,000 and it turns out that it would cost \$400,000 to replace it, because it was only insured for 50% of the replacement value, the insurance company will only pay 50% of the loss or \$200,000. It also applies to partial losses so if your home has \$100,000 worth of damage by fire, since the home is only insured to 50% of the value, the insurance company will pay only 50% of the damages or \$50,000.

5. How can I **save on my home** premium?

The best way to save on your home premium is to carry a higher deductible. A deductible is that portion of a claim that you pay. If you chose to carry a deductible of \$1000 rather than \$500 and your premium is \$700, you would save 15% or \$105 on your premium. If you never have a claim, you will not be affected by the deductible change. On the other hand, you'll save \$105 every year in premium costs. Deductibles range from \$500 to \$5,000.

OUR CLIENTS SAY IT BEST!

"I would like to thank Young & Haggis Insurance for their timely advice and attention to our insurance needs. With regards to Homeowners Insurance, it is wise to be attentive to your property's valuation. I know this all too well, working in the New Home Building Industry where construction costs (and therefore replacement costs) have risen dramatically in the last few years"

Regards, Stephen Murphy, Purchaser, Morrison Homes (long time client of Young & Haggis)

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*Let Our Family Take Care of
Yours*



Check out our website at
www.young-haggis.com for
downloadable forms such as:

- Vehicle Inspection Forms
 - Accident Forms
 - Home Inventory Lists
 - Bill of Sale Forms
 - Monthly Payment Forms
- AND MORE....

Did You Know???

Did you know that we can
send you documents and
pink cards by email??

Drop us a line @
info@young-haggis.com with
your e-mail address.

TIPS FROM OUR CLIENT PROTECTION TEAM

Am I Covered for damage I do to a rental car?

Need a rental car for that trip
you've been planning? Take a
look at your auto policy to see
if you have the SEF 27
"Liability for non owned auto"
coverage. This coverage is
valid anywhere in Canada or
the U.S.A..

Some credit cards say they
provide it but they often place
restrictions on the coverage. If
you are relying on your credit
card, be sure to check to see
what conditions must be met.

Mike Clark

Property In Auto Covered?

Any property that's not perma-
nently attached to your automo-
bile is not covered by your auto-
mobile policy. Coverage for your
personal possessions would be
provided by your Home, Tenant
or Condo policy and is subject to
the deductible on that policy. A
common claim is theft of golf
clubs, laptops, etc. It's a good
idea to insure these items on a
floater. It provides broader cov-
erage and will eliminate the
deductible. Call me if you would
like to know more about float-
ers. Karrie Wright

Students Away From Home

All insurance companies have
different limits for the amount
of contents that are covered
for students away from home.

Please check your policy word-
ings or give us a call to ensure
that the limit provided is ade-
quate.

Hanna Schlenker

WE'RE WILD ABOUT WILDLIFE

FEATURED CHARITY: CANADIAN WILDLIFE FEDERATION

The Canadian Wildlife Federation (CWF) has been protecting Canada's wild species and has dedicated itself to educating Canadians on the importance of balance and harmony of the Earth's ecosystem since 1962. Young & Haggis has chosen CWF as one of the charities we support because it is a cause very near and dear to our hearts. Barry Young, eldest son of founder Jack Young and brother to Rob Young and Barbara Haggis had just completed his Masters degree in wildlife biology and had been appointed as the regional wildlife biologist in Edson, Alberta when he was killed in a plane crash while on a caribou study. He was 28 years old.

While working on his Masters thesis on black bears in Cold Lake, Alberta, Barry was the first man in Canada to attach radio collars to track large animals. He remains a tremendous source of pride and we honor his memory by supporting a charity that addresses the ecological issues and protects the wildlife that Barry was so passionate about.

For more information about the Canadian Wildlife Federation go to www.cwf-fcf.org.

