

## Understanding Your Insurance

Insurance can be complex. Whether insuring your home, condo, apartment, cottage, automobiles, watercraft, or business, the policy you purchase is an important component of your financial security. While it is always recommended that you contact your Broker for assistance, it will take only a few moments to at least familiarize yourself with your own insurance policies and the key features of coverage they provide. There are several resources available to help you, including the new “**Know Your Policy**” campaign by the Insurance Bureau of Canada

To learn more about the Insurance Bureau of Canada’s campaign:

[Know Your Policy](#)

The following is a brief guideline to get you started.

### How To Read Your Insurance Policy

When reading your policy, there are four primary sections:

#### Policy Declarations

*Typically found in the first few pages of your policy document*

- Defines /describes what is being insured by the policy
- Lists the coverages purchased
- Shows the limits of insurance and deductibles
- Displays the premium due
- Lists others who have interest in the policy, (mortgagees, lenders, etc.)
- An inventory of wordings and endorsements which alter the policy

#### Policy Conditions

*Requirements the Insured must fulfill to maintain coverage*

- There are Statutory Conditions with which both the Insurer and Insured must comply
- Insurance is a legal contract between the Insurer and the insured
- If the Insured breaches a policy condition, coverage may be voided by the Insurer

#### Insuring Agreements – Coverages applicable

*Found in the policy wordings, typically immediately following the declaration pages*

- Specifies what losses are covered – the wordings will indicate if coverage is all risks or named perils
- Defines with more detail what is insured, and the additional extensions of coverage provided
- Confirms the basis of settlement and defines your duties after a loss

#### Exclusions and Special Limits

*All policy wordings contain exclusions and special limits – read them carefully*

- Specifies what losses are not covered because they are excluded by the wordings
- Exclusions remove cover from certain types of property or against certain causes of loss
- Some property may be subject to special limits, such as jewellery, artwork, etc.

# Understand Your Coverage

## What is a Peril?

- “Perils” are causes of loss. For example: “Fire, Lightning, Theft, Sewer Backup” on a Property policy; “Collision, and Comprehensive” on an auto policy. The policy wording defines what perils are insured by the policy.

## All Risks vs. Named Perils

- Named Perils coverage, sometimes called “Fire & Extended Coverages”, lists a specific set of perils for which the policy will respond with coverage. There may be several perils listed, or only a few.
- “All Risk” or “All Perils” policies are defined by their exclusions. Rather than listing specific perils they insure against, these policies list their exclusions. If not excluded, the loss is covered. This is the broadest type of policy coverage.

## Important Terms

- **Deductible** – The portion of an insured loss for which the policyholder is responsible.
- **Actual Cash Value** – When settling a claim on ACV basis, depreciation of the damaged object (age, wear & tear, etc.) is applied.

- **Accident Benefits** – The Ontario Auto insurance policy provides Standard Accident Benefits available if you and your passengers experience injuries in an auto accident. There are important, optional increased benefits available for purchase that you should review with your Broker.
- **Limit of Insurance** – The total amount the insurance policy will pay in a covered loss.
- **Liability Insurance** – The portion of your policy covering claims of injury or damage to the property of others caused by your alleged negligent actions.
- **Replacement Cost** – When settling a claim, damaged property is replaced with similar property of like kind and quality without applying depreciation
- **Dwelling Limit** - “Coverage A” should be sufficient to completely rebuild your home in the event of a loss, including the removal of debris. You should review this limit with a construction contractor if you are uncertain if the limit will be sufficient.
- **Detached Structures** – “Coverage B” is the limit available to cover structures on the described insured premises, other than the principal dwelling. These might include a pool house, a cabin, boathouse, shed, or dock.
- **Unit Improvements & Betterments** – The limit of coverage for those improvements to a condominium unit in excess of the “Standard Unit Definition” found in the bylaws of the condo corporation.



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## CottageFirst Insurance

Cottages are unique and personal. CottageFirst Insurance was designed specifically to meet the needs of cottage owners. CottageFirst provides one of the broadest forms of coverage available for cottage properties. Your cottage structures will be insured on an “All Risks” form, while an extensive list of Named Perils protects your belongings at the cottage. Intended to be a complete solution for cottagers, through the CottageFirst program we also offer comprehensive coverages for your home, watercraft, automobile, valuable collections, and high limits for personal umbrella liability policies. Each package is arranged to complement your own specific insurance requirements. If your Cottage, Lake or Road Association is a member of FOCA, the Federation of Ontario Cottagers’ Associations, you are already eligible to access CottageFirst and to request a quote to take advantage of its exclusive discounted pricing and coverage enhancements.

Our team of brokers are ready to answer your insurance questions!

**To speak with our team about reviewing your insurance needs or to learn more about CottageFirst, visit our website or call us: [www.cottagefirst.com](http://www.cottagefirst.com) or 1-844-223-3178 (CADE 1ST)**