

# Peace of Mind

The right home  
insurance may  
save you headaches  
down the road

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By Mike Miguez

George Ginter was attending a sporting event when his car was broken into and everything from sports equipment to his wife's wedding ring was stolen.

In addition to dents on the hood, the front windshield was smashed and a mess made in the car's interior, enough to make the vehicle a write-off.

Mr. Ginter was thankful the damage was covered under his home insurance policy.

"Absolutely. Otherwise the wedding ring and all our baseball equipment would have been replaced at my cost to the tune of \$2,500," he says.

"There was no hassle with the insurance company. They took care of us."

Like most people, you may never need to file a home insurance claim. However, to play it safe and for peace of mind, home insurance is something you really cannot afford to go without.

"There's one good reason for buying insurance and that's simply because you can't afford to pay the claims," says Irwin Kumka, chairman of the Insurance Brokers Association of Manitoba.

"Insurance provides a mechanism whereby the risks we can't afford to take are then transferred to an insurance company in exchange for the premium we pay them."

Mr. Kumka recommends homeowners look at two factors when purchasing home insurance.

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One is an insurance broker they are comfortable with, who is patient and will take time to help them make an informed decision as to what fits their needs.

The second is looking for a range of products.

“The easiest thing to do is give you a price and pat you on the head while sending you on your way,” Mr. Kumka says. “You need to find someone who is asking lots of questions.

“If I don’t know what you’ve got, how can I possibly offer advice on how to insure something I don’t know about. It’s probably not a bad idea to ask for references.”

There are two main types of home insurance policies available – basic or broad form and comprehensive form.

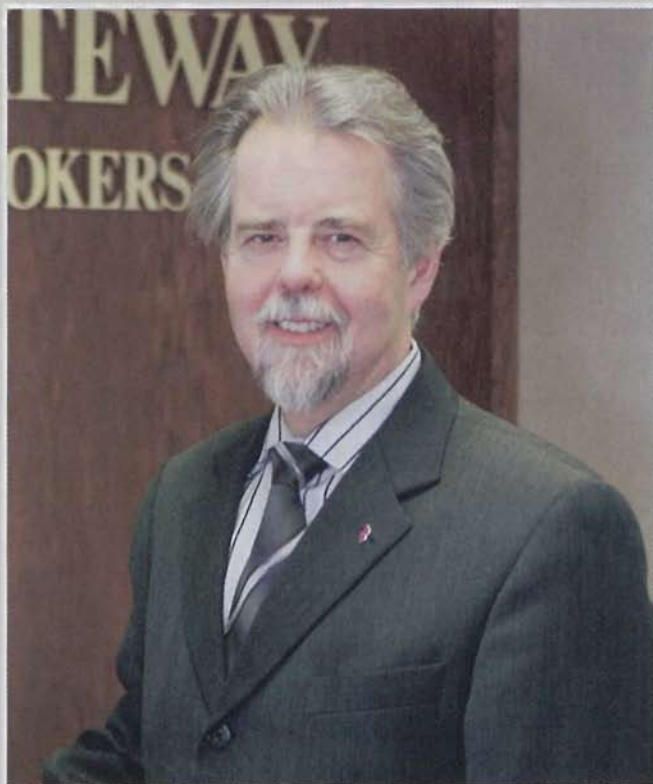
Both policies have the same all risk coverage as it relates to the building. The basic difference between the two relates to the coverage on contents.

Under a superior comprehensive policy, you also get the all risk coverage on contents which means, for example, damage caused by accidental breakage, mysterious disappearance and in some cases pet damage will be covered.

Mr. Kumka points to the lost piece of jewelry which is not covered under a broad form policy as the classic example.

The biggest single factor in determining the cost of home insurance is simply the size and composition of your house – and its contents. The larger the house and the more contents, the more it will cost to replace.

“One of the most unfortunate things that can happen to a homeowner is finding out the hard way they did not have



IRWIN KUMKA, CHAIRMAN OF THE INSURANCE BROKERS ASSOCIATION OF MANITOBA, SAYS SOME HOMEOWNERS FIND OUT THE HARD WAY THEIR INSURANCE IS INSUFFICIENT.

enough insurance on their contents when they are hit with a really serious fire," says Mr. Kumka, who is also a partner with Ryan Gateway Insurance Brokers.

"People tend to think about their contents as a stove and a fridge, washer and dryer. What they forget about is the four season's worth of clothes they have and all the little knick knacks we tend to acquire over our lives."

In addition to size and contents, other factors used to determine the cost of home insurance can include:

- **Where you live** – The cost of home insurance varies from neighbourhood to neighbourhood. For example, if you live in an area where homes are left unoccupied during the day, your neighbourhood may have more break-ins.

- **How far your home is from a source of water** (e.g., fire hydrant, fire station) – This will influence the cost of your home insurance. The sooner a fire can be put out, the lower the cost of restoring your home.

- **Heating** – There is far less risk with forced-air gas furnaces or electric heat.

- **Electrical** – There are several factors concerning electricity. Do you have breakers or fuses? Breakers pose less risk than fuses. What is the "amp" flow of electricity coming into your house? A lower amp can lead to overloading and fire. What kind of wiring you have. Some older types of wiring can increase the chance of fire.

Insurance companies generally prefer homes where the plumbing has been upgraded to copper or plastic. Galvanized or lead piping usually means the plumbing is older.

Wood stoves are a common source of house fires and carbon monoxide poisoning. Consider this before buying a home with a wood-burning stove, or before installing one.

Other factors include age of the roof, is there a security/fire alarm, is there a swimming pool, have there been any significant alterations to the structure and whether you'll be operating a business out of your home.

"A homeowner's policy is referred to as a personal policy," Mr. Kumka explains. "It provides for the ownership and activities that would normally be found in a home.

"If a person decides to operate a business out of their home it can void the policy. If you report to the insurance company, depending on the nature of what you are doing, some of those risks can be covered and others can't be.

"The key is to keep your broker informed about what you are doing in the house. There's lots of home-based businesses that are perfectly acceptable and easily insured."

Regardless of where you live or what type of home you live in, there are steps you can take to control the cost of insurance.

"The single most important thing you can do is get a monitored burglar alarm system installed in your home, dead bolts on the doors, and burglar bars on all basement windows," Mr. Kumka advises.

It also helps to build a claims-free track record. And don't forget to ask about discounts. Some insurers provide discounts for seniors. You can also lower your premium by increasing your deductible.