

FAQs

What does my insurance cover?

Virtually every home insurance policy covers damage caused by fire, even if the fire began on a neighbouring property, as long as the fire was not started intentionally by the insured.

Damage to vehicles from fire is usually covered if comprehensive or all perils auto insurance has been purchased. This coverage is not mandatory, so check your policy.

What will this event cost?

Even though there is speculation about the high level of claims that will result from this incident, it is important to note that it is too early for us to be able to estimate the damage until we have actual numbers from insurers. We do believe, however, that losses will be more than for the Slave Lake fire.

I don't know who my insurer is. How can I find out?

If you provide IBC with your name, address and contact information, we can send that to insurance companies and brokers. They'll search their files to see if you have a policy with them. Once your insurer finds your policy, they will contact you. You'll just need to sign a consent form to acknowledge that you've given IBC your personal information and that we will not share it or keep it for any other purpose.

What are "additional living expenses"?

For residents who were forced to leave their homes because of a mandatory evacuation order issued by civil authorities, most homeowner's and tenant's insurance policies provide coverage for reasonable additional living expenses for a specified period of time or up to a maximum dollar amount. This may also include "fair rental value," which covers a landlord's lost rental income if tenants cannot occupy a property due to insured damage.

You should speak with your insurance representative, who is at the ready to clarify the details of your policies, to get answers specific to your coverage.

Will I be covered for the spoiled food in my fridge and freezer?

Typically, a homeowner's policy offers a specified coverage limit for freezer food, but not coverage for refrigerated food.

Will a landlord's policy cover uninsured tenants?

No. A landlord insures only the building and appliances. The personal property of tenants is theirs to insure on their own.

I thought “acts of God” were excluded from insurance policies?

Contrary to popular belief, there is no such thing as an act of God exclusion in any property insurance policy in Canada. In fact, insurers routinely pay for damage resulting from natural disasters, including windstorms, rain, hail or wildfire.

I’ve heard my claim may be denied if I don’t file right away. Is this true?

No. The bottom line is that this is not true. There is misinformation circulating that if you don't get your claim in immediately, you are not going to be covered. Obviously it is important to get the claims process started early, but you will absolutely be covered.

Always keep receipts and contact your insurer as soon as you can. The additional living expenses (such as accommodation, food, laundry) for which you are covered start from the date of evacuation.

How do I file a claim?

If you know who your broker is, contact them. Otherwise, call your insurance company.

What do I do now?

1. Make sure to keep receipts for all of your living expenses since the evacuation notice. You can claim reimbursement for these.
2. When you speak to your insurance representative, ask them what living expenses you're entitled to reimbursement for, and for what period of time.
3. If possible, assemble any documentation related to your property and belongings (proofs of purchase, photos, receipts and warranties) to share with your insurer.
4. You'll be assigned an adjuster, who will work with you to assess the extent of any damage.

What happens when I file a claim?

Once you have reported a loss, you will be assigned a claims adjuster. This could take some time, given the sheer number of claims. Rest assured that you will be contacted. Making sure your insurance representative has your email address and cellphone number will help them reach you.

The claims adjuster will investigate the circumstances of the loss, examine the documents you provide and explain the claims process. Take notes during these conversations and don't be afraid to ask questions.

Your insurance company will ask you to complete a Proof of Loss form to list the property and/or items that have been damaged or destroyed, along with the corresponding value or cost of the damage or loss. You must sign and swear that the statements you make on the Proof of Loss are true.

Ask your insurance representative or claims adjuster to clarify anything you are unsure about.

Can I do some of my own cleanup?

When cleaning up after fire damage, you should not enter your home until emergency officials say it is safe to do so. Don't turn on any electrical switches until the electrical system has been checked.

Once authorities say it is safe to begin cleanup efforts, you must take all the proper precautions to protect yourself. Your adjuster may advise that you use a professional cleaning service, depending on the extent of the damage.

What should I be concerned about?

In a rapidly changing environment, there will be misinformation. Always get in touch with your insurance representative if you have concerns, or check with IBC's Consumer Information Centre. Beware of people with dishonest intentions. These people will often use a disaster or tragedy to take advantage of others. Don't agree to any repair work until you have spoken with your insurance adjuster.

How much will I be covered for?

Your coverage depends on what you have in your policy. Check with your insurance representative. Typically, a homeowner's policy offers replacement cost coverage up to the limit on the policy or, if a policy is for guaranteed replacement cost coverage, the insurer pays whatever it costs to repair or replace your property even if it exceeds the policy limits, if the home is rebuilt. Most policies contain a "same site" requirement that the home must be rebuilt where it was.

What if I don't rebuild on the same site?

Typically, if the home is not rebuilt on the site where it was before the loss, your policy would cover you for your home's actual cash value (depreciated value).

What about the value of the land?

Your policy insures your home, other structures and personal property, such as furniture and electronics (plus any extensions and personal liability). It does not insure the land. If you decide to take a cash settlement, you still own the land and would have to sell it if you no longer want it.

How do they calculate my claim?

The amount of home insurance is based on the replacement cost of the home and not on its market value. If you have replacement cost coverage, the insurer will pay to replace the dwelling up to the limit on the policy. If you have guaranteed replacement cost coverage, the insurer will pay whatever it costs to rebuild, even if it exceeds the policy limits.

What if I have a mortgage and want to take a cash settlement?

If there is a mortgage lender listed on the policy, the lender is entitled to the any outstanding mortgage amount. Lenders are well protected under the Standard Mortgage Clause.

So if the policy had a limit of \$450,000 and there was an outstanding mortgage debt of \$450,000, the bank would get the \$450,000. If the property was insured for only \$375,000 and \$450,000 was owed on the mortgage, the bank would get the \$375,000 and the homeowner would still owe the \$75,000 balance of the mortgage to the bank. Of course, the land is still the homeowner's to sell.

Further information about insurance and mortgages

- Insurance is there to help people recover from the unexpected. It is not meant to cover mortgage payments after a loss or an outstanding mortgage on a home.
- Home insurance is designed to cover the costs associated with rebuilding a home and the costs of contents.
- Homeowners whose dwellings have been destroyed by fire still owe the outstanding balance on their mortgage to their lender.
 - Any claims payment will be made jointly in name of the insured(s) and the mortgage lender.
- If the homeowner chooses to rebuild the home on the same site, the limit of insurance or full replacement cost applies. Any outstanding mortgage would continue to be in place and the homeowner would be effectively returned to the same financial position that they were in prior to the catastrophe.
- Insurance is intended to put you back in the position you were in prior to the loss. Alternatively, home insurance policies can offer cash settlements. There are financial implications associated with accepting a cash settlement. Policyholders considering cash settlements should weigh the financial aspects carefully and make the best choice for them.

Cash Settlements

- In the event of a catastrophic event, like the wildfires that destroyed homes in Fort McMurray, an insured homeowner has the option of:
 - Rebuilding the home on site, or
 - Taking the depreciated ACV of the home and rebuilding elsewhere.
- There are several factors to consider when choosing whether or not to accept a cash settlement:
 - The full replacement cost of the home versus its depreciated actual cash value;
 - The outstanding value of a mortgage, if any, on the property; and
 - The market value of the home and land.
- If the homeowner chooses to take the ACV of the home, and rebuild or invest those funds elsewhere, the homeowner also needs to consider the value of any outstanding mortgage amount.

If there is an outstanding mortgage on the property, then lenders, such as your financial institution, are protected under the Standard Mortgage Clause. If there is a mortgage lender listed on a home insurance policy, they are entitled to the outstanding mortgage amount.

- In those rare situations where the property was insured for less than the outstanding mortgage balance, you would still owe the balance. Of course, the land where the home stood still belongs to you and can be sold to help pay off any outstanding mortgage amount.
- The decision by an insured homeowner to take the ACV of the home instead of rebuilding on the same site is a personal financial decision.

Replacement Coverage

- Typically, a homeowner's policy covers replacement cost.
- This offers coverage up to the limit on the policy, or if a policy specifies "guaranteed replacement cost," the insurer pays whatever it costs even if it exceeds the policy limits, if the home is rebuilt.
 - Keep in mind that most, but not all, policies contain a "same site" requirement that the home must be rebuilt on the site where it was before.

Buildings and Land

- The insured value of the home does not take into account the value of the land.
- Homeowner's coverage is based on replacement cost, and the limits of insurance do not fluctuate with market value.
 - Even if the market value of the home has dropped, the policy limit remains the same.