

PERSONAL FINANCE

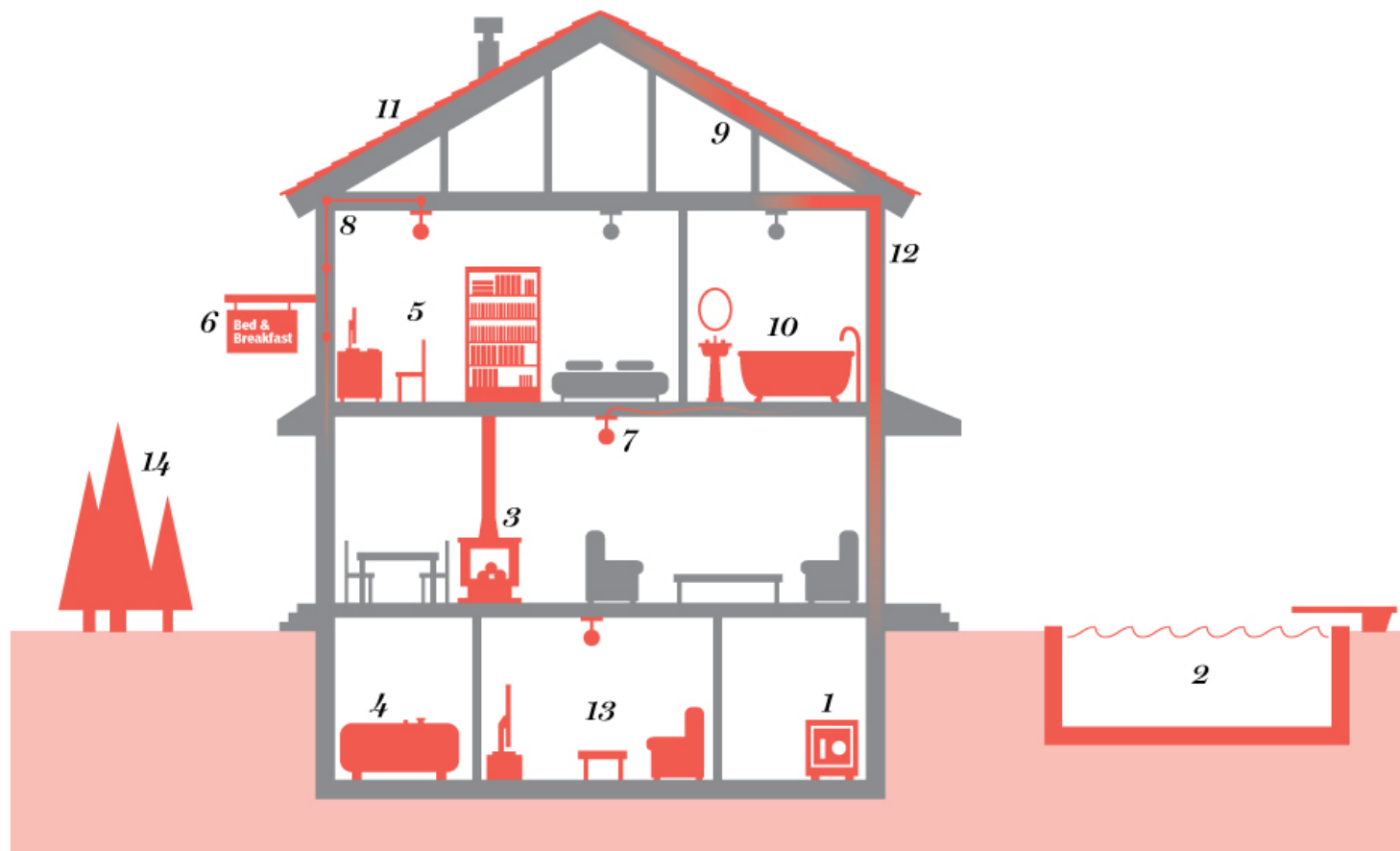
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Beware: These 14 home features will raise your insurance



DAVIDE MASTRACCI | May 22, 2015 1:46 PM ET
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SOURCE: INSUREYE INC.

NATIONAL POST

Pools, finished basements and shingled roofs are a few of the 14 home elements that can increase your home insurance costs.

Some of the costliest items, according to Alexey Saltykov, co-founder and CEO of InsurEye Inc., a Canadian insurance-services company, are the old home elements that haven't been upgraded: oil-based heating, wooden stoves, knob and tube wiring, and aluminum wiring.

"Some insurers will not insure you at all, some will require an inspection, and some will classify you as high-risk," Saltykov said.

And then there are costs for using your home as a business that you might not even have considered.

Most elements are "pretty intuitive," according to Saltykov. Yet homeowners love to add some of the newer elements, or perceive them as adding value to their home.

Let's assume an average cost to rebuild value, or building limit, of \$300,000. A finished basement leads to 20 per cent more in insurance payments, due to potential flooding, according to the president and CEO of Square One Insurance Services Inc., Daniel Mirkovic.

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And a pool “increases the estimated cost to rebuild your home by about \$5,000, or six per cent. That will drive the classification of a home into a higher building limit,” while adding about \$30 a year in personal and premises liability premiums, Mirkovic said.

Mirkovic says wood shake or shingle roofing can push insurance up over 10 per cent in some cases, if the home is in an area prone to hail or wind. Further, “If your home’s roof is nearing (or has passed) the end of its expected useful life, you may pay as much as 10 per cent more on your home insurance.”

Stone or metal roofs are the best options to reduce insurance costs, according to Saltykov, because they are more durable.

And gardens? According to Mirkovic, traditional pre-packaged policies include coverage for landscaping, fences and gardening equipment, allow you to apply up to five per cent of your building limit towards trees, shrubs, etc. “In our [\$300,000] example, this would provide up to \$6,000 of coverage for landscaping.” These policies, however, will not pay more than \$1,000 for any one tree.

Saltykov says home improvements such as home alarms, upgrading wiring and plumbing, and fire-monitoring systems, will bring premiums back down again.

Here are 14 elements, some old, some new, for your consideration.

1. **Expensive items:** Jewellery, art, musical instruments, wine collections, high-end watches, sporting equipment and bicycles – lead to extra premiums, or “riders,” for coverage. Keep track.
2. **Swimming pools:** Pools obviously represent higher liability because of the potential for drowning, liability goes up when not protected by a fence.
3. **Fireplace/woodstove:** Wood stoves are a source of fire and smoke damage. Insurers will look for additional premiums and/or require a home inspection first.
4. **Oil-based heating:** You’ll have trouble getting insurance if you still have an oil-based heating system since these result in environmental hazards and can cause fire. Insurers prefer electric heat or forced-air gas furnaces.
5. **Business property:** Double the trouble: both your personal contents and business property could be lost or damaged, stolen or vandalized.
6. **Home being a part of your business:** Bed and breakfasts, daycare, and customers or suppliers visiting your home: will all send you back to the policy drawing board.
7. **Aluminum wiring:** A type of wiring used in houses up to 1970, insurers don’t like it because of its potential to overheat and cause fires. Policies for houses with aluminum wiring will be either more expensive or harder to get.
8. **Knob and tube wiring:** This very old wiring – not well-suited to today’s high energy consumption levels – requires connectors that use knobs to keep the wires isolated. Insulating tubes guide wires through walls. You’ll either have to get the house rewired or pay an additional premium.

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more expensive insurance or sometimes not at all until

10. **Galvanized or lead pipes:** Galvaniz impact on water pressure and water qt

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more likely to build up corrosion, resulting in a negative esthetics or copper pipes.

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: of vulnerability to weather hazards, which are on the rise.

12. **Building frame:** Wood frame homes

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e. Insurers like concrete or brick homes.

13. **Basement:** Finished basements drive flooding.

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mage if a pipe bursts or sewage backs up, or there's

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14. **Garden and Trees:** No risk here! But in most cases you do have to pay extra if you want this type of coverage, if you've spent a lot of money and are worried about losing this beauty to weather, vandalism, etc.

Illustration by National Post Graphics

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**Gardiner Westbound** · 17 days ago

Insurance is the only business where the consumer purchases and pays for a product in good faith, then the insurer decides if it will give it to him. Government turns a blind eye to it. Competition is illusory. A handful of large insurers own many smaller companies and brokerages. Flannel-mouthed insurance salesmen are quick to give glib assurances and take customers' money then, faced with making a payout, the insurer rockets to the exits. They have a bully business model, picking on weak policyholders and demanding their lunch money. Most run away, financially and psychologically unable to go up against their own insurer.

I paid for an "All Perils" home insurance policy for two decades on my friendly independent broker's recommendation. He assured me I was covered for all but the most unlikely loss. An early, heavy, wet, snowfall, before the trees had shed their leaves, brought a tree down. My friendly broker promptly dispatched an adjuster. He looked at the downed tree, then produced a 32 page booklet of exceptions to my policy that I'd never seen before. Guess what? Trees brought down by an early, heavy, wet, snowfall were excluded! My friendly broker, who had made BMW money from me, was unhelpful. Said I should have asked him about coverage for a tree brought down by an early, heavy, wet, snowfall when I bought the policy. Had the colossal gall to offer me an extra cost rider to cover such an eventuality should it recur. Told him he could stuff it where the sun don't shine!

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**oldsodbuster** → Gardiner Westbound · 17 days ago

Insurance, A licence to steal!!

9 ^ | ▾ · Share >

**ThatBCGuy** → Gardiner Westbound · 17 days ago

I have many business and home insurance policies and brokers drive me nuts. They ask you random questions when it's renewal time and those answers often remove things from your policy. I noticed once that my broker was increasing my content insurance every year, when I questioned them on it they said well you are buying new things every year and prices are going up. I have gotten to the point where I tell them everything is exactly the same as last year and keep repeating that until they say, "Oh, so nothing has changed?"....I have yet to see an insurance program that simply lists all the hazards you are covered for and adds or subtracts from your premium as you select items....but that would make the broker useless, although I'm not sure who they are useful to now.

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**Gronski, CD** → Gardiner Westbound · 17 days ago

As you beat his/her teeth out of their face, ask them if this is covered as well.....

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**avatar16** → Gardiner Westbound · 16 days ago

Read the policy next time. Even All Risk policies have exclusions. It's not a trick - pretty much all the policies are the same. They're right there in black ink. And I doubt there was "32 pages" of exclusions. The whole policy booklet might have been 32 pages.

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**peeter mans** → Gardiner Westbound · 17 days ago

Excellent points...

^ | ▾ · Share >

**wilroy35** · 16 days ago

My "wooden stove" catches fire every time I light it.

7 ^ | ▾ · Share >

**Bruce** · 17 days ago

They mention a wood frame is less desirable than brick or concrete, well I live in an area prone to earthquakes, and a wood frame house is much safer than brick. Look what happened in Nepal, all bricks. No wood.

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**The Spartan** · 16 days ago

In Ontario be very careful if you are going to warmer climes during the winter if you have a basement. The insurance companies now call winter the "heating season" so depending on temperatures the start/end dates can be a bit open-ended. With my company you can

only be away 4 days yourself! or you must:

(1) Above those number of days you must have someone enter and check you house EVERY DAY, to ensure that no pipes have burst so that you have a swimming pool in the basement, when you get home, if pipes burst due to cold if your furnace goes down! Not sure his you prove visitations unless your alarm system records a daily in/out if you are away. No alarm what happens? A lie detector test for the person who claims to have come in daily? OR

(2) If you do not do (1) then according to my broker, you must shut off your water supply at the house main valve then drain all you taps and toilets and set your water heater in holiday mode. This is in case the pipes freeze and burst so it minimizes damage.

(3) If you don't do either of the above your claim is voided and you get to enjoy your new inhouse swimming pool!

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Viperhound • 16 days ago

What I would like to know is how do the insurance companies compile their data - postal codes?, zodiac signs?, house numbers? They won't tell you what they base their rates on- so you have no idea if their rational for their rates it real or or imaginary.

Most of the discounts - such as alarm systems are hardly worth it (I live in an average home) - you will pay considerably more for the install and monitoring than they give back. Further- most thieves won't break into a home with a dog - as they don't know what the dog will do if they confront it. Yet they will break into a home with an alarm as they know either how to disable it or are fast enough to clear out before the cops come. The insurance companies turn around though and and tell you that your dog is a liability. Pretzel logic.

My only suggestion is that you shop around every 2-3 years, as insurance companies know people are lazy and don't compare. If the rates are cheaper and give comparable coverage- I am switching and I never tell them who I went to (they can probably get that info themselves - but I figure they can do their own homework. If there is nothing in it for me- then I am not interested in telling them anything).

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GHW • 16 days ago

The use of the term "wooden stove" in the body of the article is pretty funny--a wooden stove would certainly add risk to your property!

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real • 16 days ago

All the comments here highlight why we don't want to be dealing with insurance companies for health care. All fine and dandy until you need some serious treatment.

^ | v • Share ›



fabuloso → real • 16 days ago

my comment was about some debatable claims made in the article.

Naturally, the post was deleted by the censor. Insurance co's are very delicate flowers.

^ | v • Share ›



Daryl M • 16 days ago

In my experience insurance companies fight hard for your business but when it comes time to make a claim (especially an expensive one) they fight ten times HARDER to deny you a payout.

Insurance contracts are like the EULA for software; they are so full of legalese and in such tiny fine print there are not many people that take the time to read them. Even if you take the time slog through it you may not actually comprehend it.

^ | v • Share ›



JGC • 16 days ago

We changed from an asphalt shingle roof to a metal roof last year, to address a long-standing problem with ice damming. Expensive up-front, but now no icing or water damage, no hauling out the ladder in January and March to remove heavy snow and chip the ice off the roof, no more roof worries for the next 40 or 50 years...

I was sure this would save us a bundle on our home insurance, but in the end, it only shaved \$5 off our annual payment to Intact. They told me it was only because it was now classified as a "new" roof, not because they give any special premium for metal over shingle.

^ | v • Share ›



somebodyshort • 16 days ago

Insurance is 100% commission. Your broker is going to push the product that gives him the highest commission.

^ | v • Share ›



Steakman911 • 16 days ago



Part of the issue with insurance claims are the people entrusted by the Insurance company to do the quote and co-ordinate the work.

I had a water spill from my fridge 2 yrs ago...the hose behind the fridge sprung a leak..it ran for about 24 hours. I found it, shut off the water, pulled the fridge out, noticed the ceramic tile was soaked in a 4' X 4' area...removed said tiles and once clean allowed the OSB to dry. Same day Adjuster/Estimator comes by takes a good look - OSB still drying. Tells me my whole main floor will have to be ripped up, le; remove all cabinetry, take er down to the joists. hmmm..sounds pretty intensive with them talking constantly about the need to prevent mould etc.

Well yea, but mould takes time to happen...it sure as hell does not happen in a dry climate within 48 hours.

Anyway..within 4said 8 hours, the floor is completely dry, I go downstairs to the basement,(had done so earlier as well), saw zero evidence of any water that might have come through the floor.

2 days later Estimator comes back and tells me the total cost that would be billed to the insurance company is a little over \$10,750.

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A promotional banner for Mercedes-Benz. On the left is a silver Mercedes-Benz logo (a three-pointed star in a circle) mounted on a stand. The background is dark grey. The text 'Pre-Owned One Day Sale in Markham - Sunday, June 14' is written in a white serif font. On the right is the Mercedes-Benz logo again, followed by the text 'Mercedes-Benz' and 'The best or nothing.' in a smaller white font.

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