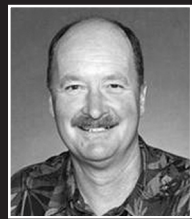


SIMPLY INSURANCE



Ross Keegan

WHAT HAPPENS IF MY HOUSE BURNS DOWN?

You are a homeowner and have proper insurance coverage on your home. Your home catches fire and burns. Imagine the trauma of watching your single biggest investment go up in flames. It can be devastating to stand helplessly by and watch your home be destroyed. What happens once the fire is extinguished? Where do I go? What do I do? What follows is a likely sequence of events following a fire. **Remember that every insurance company is independent and every company will handle the same situation a bit differently.**

Be sure to notify your insurance broker immediately. They will report the claim to the insurance company. Once the fire is extinguished, the area should be secured by fire or police until an insurance adjuster arrives on the scene. Many things will need to be determined after the fire, primarily the cause of the fire and the extent of the fire and smoke damage. This behind the scenes work could take several weeks or more to complete. The adjuster assigned to your claim will be your primary contact during the process. Your insurance broker does not participate directly in the claims settlement. They must remain out of the process, but will be able to assist if things are delayed, or if you need clarification as the settlement proceeds. Remember that **insurance claims are settled between the individual insured and the insurance company...the company adjuster assigned to your claim will facilitate this.**

Your first question will likely be "where am I going to live?" The additional living expense coverage on your homeowners policy will respond to pay for the rental of suitable accommodations while your claim is ongoing and your home repaired or rebuilt. Additional living expenses are those expenses above and beyond what it normally costs you to live in your home. You will have to go out to find a suitable home or apartment and advise your adjuster that you have found something.

Once the adjuster has completed his preliminary evaluation and has met with fire specialists, engineers, contractors, and others, he can then advise if the home can be repaired or if it needs to be replaced. Much has been done behind the scenes, although it may appear as if nothing is going on. Remember that it could take up to **ONE YEAR** to rebuild a home completely lost in a fire, so this needs to be in the back of your mind as the process continues.

Let's now assume that your home was deemed a "total loss" and that it needs to be rebuilt. It is now time to obtain estimates for the rebuilding of your home. Insurance coverage is in place to put you back in the position you were in immediately before the loss. You cannot profit from insurance. The company will do their best to rebuild what you had before the loss and will work with you to accommodate any special features that existed in your home. Remember that all of this happens **ONLY** if you had sufficient, proper coverage on your home. Consideration will be given for the replacement of building materials and finishes which are of like kind and quality to your original home. Their goal is to replace what you had as closely as possible before the fire. The company will obtain estimates and you should consider obtaining your own estimate as well for comparison. You will then meet to discuss the estimates and the contractors who have quoted with a goal of choosing a contractor and accepting a quotation.

What about your home's contents? Some may have been saved and cleaned. Many may need to be replaced. If the entire home is destroyed, you will need to replace all of your contents. You will be responsible for putting together a list of all of your contents ... something called a **Proof of Loss**. It is a condition of your policy that you must establish your claim and the value of the damaged items. This is a long, painstaking process. It can also be very frustrating at times. Nobody is prepared for the fire, and trying to remember everything you had in the house can be very stressful. Many people videotape or photograph the interior of their home and keep the information offsite in case of a fire. This proves extremely valuable in cases such as this.

Once the offer to rebuild has been agreed upon, you will receive a cheque from the company for the actual cash value of the home. You can take this cheque to the bank and they will apply this to any outstanding mortgage and will then likely set up a new mortgage for you for the new construction. Once your home has been rebuilt, the company will pay you any additional monies owed to you. They have held back a portion of the rebuilding settlement until you actually rebuild the home. Most of the companies operate this way. Some companies and some coverage options do not specify that the home has to be rebuilt, and will settle differently with you. To keep this less complicated, we'll stick with what the majority of companies will do.

You will also receive a settlement for your contents based on your proof of loss. The company will pay the approximate actual cash value (ACV) of those contents. (ACV = replacement cost less depreciation) If you decide to replace them, the insurer will pay the replacement cost value of the item. (Again, most policies have replacement cost coverage on the contents) Remember, the company will not pay for something that you did not have... **the proof of loss is a serious legal document. It is a statutory declaration and you will be held to it.**

As stated earlier, a fire is a terrifying, stressful ordeal. Emotions run high and individuals handle the stress differently. Insurance companies have been settling fire losses for many years. They have all of the technical expertise available to assist them in getting your life back together as quickly as possible following the devastating loss. They try at all times to be fair and equitable. All settlements and payments must be well documented and supported. The process takes time. The company is your advocate following a fire. They take pride in rebuilding homes and lives following fire losses. They must do their background work which may take time, but the finished product will be something to be proud of. Trust that your insurance company is on your side, working with you and for you to put you back in the position you were in immediately before the loss.

** It is wise to check the limits and coverage on your home from time to time. It is also wise to consider documenting your contents from time to time and keeping this documentation off site to simplify the proof of loss process following a fire.

Ross Keegan is Broker/Manager at McKie & Farrar and Gair Insurance in Simcoe. He is a Registered Insurance Broker as well as a Canadian Accredited Insurance Broker and has been with the firm for 9 years. Ross, along with our team of brokers, is pleased to assist groups and organizations in our community.

"Community-Minded Brokers Minding the Community"

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