



Considering Your Needs...

Insurance Update from the Ackert Team

Spring 2005

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Broker Disclosure & Our Client

Effective January 1, 2005, all insurance brokers in Ontario are required to fully disclose to our clients the following information:

- The companies we represent
- The commission ranges paid by the companies we represent
- Which companies offer contingent commissions
- Any financial links to our brokerage

Monthly Payments & You

Many of our clients make good use of the option to pay their insurance on the monthly payment plan (pre-authorized withdrawals from your bank account of choice).

However, you must be aware of the severe implications of a payment being returned for non-sufficient funds. With most of the companies we represent, if there are two unsuccessful attempts made on your account in one policy term, the policy will be cancelled for nonpayment of premium.

This is a disastrous situation for you, as many companies will not accept the policy as new business following the cancellation.

Even if reinstatement is available, the monthly payment option is an ancient memory and payment in full for the WHOLE policy term is required. Not only can you not use the monthly payment plan for three years, the nonpayment cancellation counts against you the same as a speeding ticket for the same three years.

Watch your accounts and the withdrawal dates closely, look into overdraft protection at your bank and don't let a payment bounce.

Farms and Tax Implications

New tax laws implemented on January 1, 2005 will remove some items on your **farm** policy from the tax-free exemption. Items insured such as secondary homes, rented dwellings and personal article floaters will now be taxed. For further details, please contact our office.

Oil Tanks and Insurance

Times are changing, and so are the rules and regulations for obtaining insurance if your home or business is heated by fuel oil. Nowadays you will be very hard-pressed to find an insurance company willing to offer coverage for an oil tank that is more than 20 years old. In addition to satisfying the age requirement of the tank, an Oil Distributor's Report may be

required to complete your file and renew your policy.

Your Homeowners Policy and Your Kids

Did you know that your homeowner's policy might automatically extend coverage for both the personal property and the personal liability of your students while attending an education institution?

In some cases, there may be up to \$10,000 for the personal property of each of your dependents living away at school.

This is such an important addition to your policy, as students frequently run into problems with vandalism and theft issues, or fire/smoke damage to their residence.

However, be sure to recommend to your kids that they obtain their own insurance

policy (house insurance if purchasing a home or contents insurance if renting an apartment or condominium) as soon as they are no longer considered a full-time student and dependent.

Refer to your individual policy wording for this definition, and call us for rates, as we would be happy to look after your children's insurance wherever they decide to locate.

Beware of Bicycle Thieves!

Theft of personal contents is a very basic insurable peril in most policies (see your wording for a complete list of coverage on your individual policy) but there are often various limitations to certain items.

Bicycles are commonly limited to either \$500 or \$1000 including their attachments in the case of theft. If your bike is worth more than the limit on your policy, there are always options available to properly protect you.

Call us to inquire into the cost of a bicycle floater (provides all risk coverage up to your specified limit of insurance in return for additional premium) or moving your policy to a company that does not currently have a limit on bikes.

Business Pursuits

Did you know that your homeowners insurance *excludes* coverage for any contents that are used for a business purpose?

For example, someone who works part-time as a mechanic wouldn't have coverage if his shed burned down and took all the tools with it. Or, a piano teacher in the home would not have suitable coverage for the piano if it were used to teach piano lessons.

Most policies have a limit of \$2000 for property related to a business, which would give the piano in this example a maximum of \$2000 coverage. But, as it is "premises" coverage only, a plumber

wouldn't have any coverage for tools at a job site unless insured under a commercial policy. A homeowner's policy does not extend any liability insurance for business pursuits.

Call us today to discuss options and pricing on business insurance. Whether working at home, a job site, or an office, make sure you are properly protected.

Self-contracting Risky, Requires Planning

Being your own general contractor requires planning & has significant risks.

If you are thinking of being your own general contractor while building or renovating your own home, you need to be aware of the risks and planning required.

Some preliminary questions must be asked, such as:

- Am I properly insured?
- Did I notify my insurance agent of the work to be done to my home?
- Do I have the proper permits?
- Did I inform the Ministry of Labour?
- Am I certain that a buddy who got hurt helping me wouldn't sue me?

If you can't answer a firm "yes" to these questions or if you don't think they apply to you, *it's time to think again!*

The Occupational Health and Safety Act and Regulations (OSHA) for construction projects in Ontario states that

"constructor" means a person who undertakes a project for an owner and includes an owner who undertakes all or part of a project by himself or by more than one employer.

The Act also states that "employer" means a person who employs one or more workers or contracts for the services of one or more workers and includes a contractor or subcontractor who performs work or supplies services and a contractor who undertakes with an owner constructor contractor or subcontractor to perform work or supply services.

Now, that's a real mouthful but it can be very important to you the homeowner.

Simply pleading ignorance of the Ministry of Labour rules and regulations is not a viable defense and you will be charged under the Act if found responsible under the definitions of the Act.

Maximum fines for an individual are \$25,000 per count and/or a year in jail.

You should be aware that a Ministry inspector may enter in or upon any workplace at any time without warrant or notice.

So, when acting as your own general contractor, you do have **responsibilities**, you do have risks and you should absolutely **call your insurance broker** before beginning renovations or new construction.

Your broker can give you lots of examples of what can go wrong. Your broker can also explain what coverage you have and what coverage you *should* have.