

CHANGES TO RENTED DWELLING - REPLACEMENT COST

- Effective September 1, 2023 new business and renewals
- Clear, easy to read language
- Name of wording changed to **RENTED DWELLING POLICY - REPLACEMENT COST**
- Form number remains the same 5122M

• SECTION I – PROPERTY COVERAGE

- **Coverage C – Landlord’s Belongings** (PREVIOUSLY Personal Property)
 - \$5,000 limit included (NEW)
 - Higher limits available for additional premium
- **Coverage D – Extra expenses after a loss**
 - Fair Rental Value (AMENDED)
 - \$5,000 limit included (NEW)
 - Higher limits available under Rental Income Coverage for additional premium
 - Prohibited Access (AMENDED)
 - If access to your rented house is prohibited by civil authority caused by an insured event (REMOVED “as a direct result of damage to neighbouring premises”)
- **Exclusions section**
 - DELETED (as this is a named perils only wording)
- **Conditions of your coverage – Major Renovation** ADDED (NEW)
 - There is no coverage under this policy during a major renovation if loss or damage is caused by:
 - Vandalism;
 - Malicious Acts;
 - Glass breakage; or
 - Water damage

By major renovation, we mean the structural integrity of the house will be altered during the construction process by building an addition or extension, or the occupants will be residing elsewhere while the house is under construction
- **Included additional coverages**
 - Uninsured personal property of others (DELETED, no coverage)
 - Personal property away from premises (DELETED, no coverage)
 - Personal property temporarily removed to any other location you own is not insured nor is your property insured while stored in a warehouse (DELETED, no coverage)
 - Additional Living Expenses (DELETED, no coverage)
- **Policy deductible**
 - Multiple deductibles applying to the same loss ADDED (NEW)
 - In a single policy, if more than one deductible applies to an insured event only the highest of such deductibles will be required to be applied to the loss.
- **Special limits for coverages A and B – Rented house and detached structures**
 - By-laws limit \$50,000 ADDED (NEW)
 - Trees, plants, shrubs or lawns limit \$5,000 ADDED (NEW)
- **Basis of claims payment coverages A and B – Rented house and detached structures**
 - WHOLE SECTION REPLACED WITH FOLLOWING:
We will pay for insured loss or damage to your rented house and detached structures based on:
 - A replacement cost basis; or
 - An actual cash value basis, if you decide not to repair or replace the damaged or destroyed property.**Replacement cost basis**
This basis of settlement will be the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, without any deduction for depreciation.

In addition this also includes the additional cost for part of your house (excluding outdoor swimming pools and service lines) to be torn apart to repair the damage.

To qualify for a replacement cost basis of payment:

- You agree to insure the house to 100% of its replacement cost, agreed to or determined by us.
- If replacement is not made on the same site, any increased cost caused by replacement at new premises is not covered.
- We will not pay more than the amount of the actual cost for repair or replacement, which is not limited by our calculated replacement cost unless a dollar limit is shown on your Policy Declarations Page(s).
- Repair or replacement must be made within 1 year from the date of the loss (unless otherwise agreed to).
- With respect to log or stone construction, or houses with a Heritage designation, we reserve the right to substitute with comparable materials.

If you do not elect to exercise Replacement Cost Basis of Claim Payment or if any applicable condition above is breached, Actual Cash Value basis of claim settlement will apply.

Actual cash value basis

This basis of settlement will be the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation.

In determining the proper deduction for depreciation, we will consider:

- The condition of the property immediately before the loss or damage;
- The use of the property;
- Its resale value; and
- Its normal life expectancy.

- **Basis of claims payment coverages C – Landlord's belongings**

- **WHOLE SECTION REPLACED WITH FOLLOWING:**

For all landlord's belongings, we will pay for insured loss or damage to your landlord's belongings, based on:

- A replacement cost basis; or
- An actual cash value basis, if you decide not to repair or replace the damaged or destroyed property. Additionally, landlord's belongings of the following category types will also be settled on an actual cash value basis:
 - Articles that cannot be replaced with new articles because of their inherent nature, including antiques, fine arts, paintings and statuary;
 - Articles for which their age or history substantially contributes to their value, such as memorabilia, souvenirs, and collector items;
 - Property that has not been maintained in good or workable condition;
 - Property that is no longer used for its original purpose or is obsolete.

Replacement cost basis

This basis of settlement will be the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, without any deduction for depreciation.

We will settle on the basis of replacement cost only if the property lost or damaged is repaired or replaced as soon as reasonably possible, but in no case more than 1 year after the date of the loss or damage.

Otherwise, we will pay on the basis of actual cash value.

Actual cash value basis

This basis of settlement will be the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation.

In determining the proper deduction for depreciation, we will consider:

- The condition of the property immediately before the loss or damage;
- The use of the property and its obsolescence;
- Its resale value; and
- Its normal life expectancy.

Loss of part of a set or pair of belongings

In the case of loss or damage to any article(s), which are part of a set, the measure of loss of or damage to such article(s) will be a reasonable and fair proportion of the total value of the set, but in no event will loss or damage be construed to be mean the total loss of the set.

Loss of parts of belongings

In the case of loss or damage to any part of the insured property, consisting, when complete for use, of several parts, we will not pay for more than the insured value of the part lost or damaged, including the cost of installation.

• **SECTION II – LIABILITY COVERAGE**

- Coverage E – Personal Liability
 - Following verbiage ADDED (NEW)
If the location described on the policy declaration pages is not occupied as your principal dwelling, Coverage E - Personal Liability will be limited to liability arising out of your ownership, use, or occupancy of the premises. By principal dwelling, we mean the home address the Named Insured registers with the Canada Revenue Agency.
- Coverage G – No fault property damage
 - \$500 limit (PREVIOUSLY \$250)

• **SECTION III – GENERAL CONDITIONS**

- Termination - Declaration of Emergency ADDED (NEW)
 - We will extend the expiry date of this policy if access to your residence described on the Policy Declaration Page(s) is prohibited by civil authority. This extension will apply until the prohibited access to your residence is no longer in effect plus an additional 30 days, but in no event shall the total term of this extension exceed 120 days from the expiry date of this policy.