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## Home insurance policy not all that reassuring

### You may be surprised by what isn't covered

When their son had an accident in his motorized go-kart, a southwestern Ontario couple found out the hard way what was, and was not, covered in their home insurance policy.

Their expensive experience provides a timely lesson for all homeowners: Don't take for granted that every possible risk is covered by home insurance.

Gary and Margaret Moore live on a country property in Ilderton, near London, with their sons Andrew, who was 8 in 1992, and Daniel, who was 5. They acquired a go-kart from a friend.

Shortly after he acquired the go-kart, Gary Moore added a five-horsepower engine from a lawnmower or rototiller, and also installed a gas pedal. The speed was limited to 11 km/h.

On Aug. 1, 1992, Dorothy Ricketts was visiting the Moores when Andrew lost control of the go-kart and struck her, causing serious injury to her ankle. She sued the Moores, who in turn sued their insurer, State Farm Insurance.

The insurance company took the position that the policy did not cover the loss claimed, and refused to pay damages. The issue before the court was simply whether Ricketts' claim was covered.

The Moores had a "homeowner's extra policy," which covered them for "legal liability arising out of your personal actions anywhere in the world." An exclusion to this coverage said there was no insurance for ownership, use or operation of "motorized land vehicles," with the exception of lawnmowers, snow blowers, garden-type tractors or "implements."

When the case got to a pre-trial hearing, the judge ruled the accident was covered by the State Farm policy. Although the go-kart did appear to fall within the meaning of a motorized land vehicle, he found it was more like a child's toy and therefore fit within the definition of "implement." As such, he ruled the insurance company had to pay.

State Farm appealed and, last October, a three-judge panel ruled the company did not have to pay. Writing for the Court of Appeal, Justice Allan Austin agreed with the original judge that the go-kart was, in fact, a motorized land vehicle. But the appeal judges decided it was not an implement, and therefore it was not covered.

The Moores got stuck with the costs of the two court hearings, and they have to face Ricketts' claim without insurance coverage.

When I read the court decision last week, I began to wonder what else is not covered under the typical homeowner's policy. I contacted insurance broker Brij Goberdhan, who has done a layman's analysis of insurance coverage and exclusions, and I learned some important things.

Home insurance provides two types of coverage: liability and property damage.

Liability is a common part of a home policy, and covers such things as an injury on an icy driveway or walk. Typically, however, there is no liability coverage for communicable diseases, punitive damages awarded by a court, professional services rendered in the home (such as medical or legal services), worker's compensation, war, nuclear incidents or pollution. Neither is there coverage for liability relating to watercraft, motorized vehicles (like a go-kart), trailers attached to a motorized vehicle, or aircraft which should all be insured separately.

Under the property damage heading, a long list of risks is not covered by a typical home insurance policy unless separate insurance coverage is purchased, if it's available at all.

At the top of the list is misrepresentation to the insurance company, or use of the premises for purposes other than those disclosed in the application. Never lie to an insurance company on an application form. You may get the policy or a cheaper premium, but trying to collect on a claim will be a wasted effort.

Don't try to claim replacement costs for burned counterfeit currency, the marijuana crop in the basement or the illegal satellite TV dish property that is illegally acquired, stored or moved is not covered. Nor are damages from intentional or criminal acts of the insured.

Extra coverage must be purchased for earthquake damage, business property or sewer backup. (I was fortunate to have the sewer backup coverage, which recently paid for new basement carpeting in my house.)

As well, jewellery, furs, coins, stamps, bicycles, watercraft, and camera equipment all have smaller limits, which insurers pay in some circumstances and not others. Insurance companies typically won't pay for property damage due to war, nuclear incidents, pollution, floods, rust, mould, wear and tear, cracking, settlement, expansion, buckling or shifting.

Property damage caused by burst pipes resulting from winter freezing can run into the tens or hundreds of thousands of dollars. If a house is going to be empty for more than 96 consecutive hours, it's advisable to shut off the water supply or arrange for a daily visitor to check the building in order to guarantee coverage.

Vacancy permits are a must when a property is going to be vacant for more than 30 days. Special coverage should also be arranged during construction or renovation.

Bylaw coverage is also advisable when the property is a legal non-conforming use and could not be reconstructed under current bylaws in the event of a total loss.

Even if you have something better to do, sit down and read your home insurance policy. It may scare you, but you'll be glad you did.