



Insurance and Wildfires

Frequently Asked Questions



1 What does my insurance cover?

All standard homeowner's and tenant's insurance policies cover damage caused by fire. They also include mass evacuation coverages to help with the cost of alternative accommodations and living expenses for people who are prohibited from returning home due to a mandatory evacuation order or because their home is unlivable as a result of insured damage.

Comprehensive or "all perils" auto insurance policies cover your vehicle for fire damage. While most drivers have this coverage, it is not mandatory, so make sure to check your policy.

2 How do I file a claim?

If you know who your insurance representative is, contact them as soon as it is safe to do so. Otherwise, call your insurance company. If you need any assistance, contact IBC's Consumer Information Centre at **1-844-2ask-IBC** (1-844-227-5422) or email **AskIBCWest@ibc.ca**.

3 What happens when I file a claim?

When you report a loss to your insurance representative, you will be assigned a claims adjuster. It could take some time for the claims adjuster to contact you, given the number of claims in Alberta. But rest assured that you will be contacted. Making sure that your insurance representative has your correct email address and cellphone number will help the claims adjuster reach you.

The claims adjuster will investigate the circumstances of the loss, examine the documents you provide and explain the claims process. Take notes during these conversations, including whom you spoke with and what date, and speak up if you have questions.



Your insurance company will ask you to complete a “Proof of Loss” form to list the property and/or items that have been damaged or destroyed and the value or cost of the damaged or lost items. You will be asked to sign and swear that the statements you make on this form are true.

If you have any concerns or are uncertain about any aspect of your policy or claim, don’t hesitate to ask your insurance representative or claims adjuster. They are there to help.

4

The Alberta government announced funding for people impacted by the wildfire. Does this impact my insurance claim?

The Alberta government announced in May 2023 that any Albertan who has been evacuated under mandatory order for seven days total or more can apply for a one-time emergency evacuation payment for assistance.

Eligible evacuees will receive \$1,250 per adult and an additional \$500 per dependent child under 18 years. This means an evacuated family of four could receive up to \$3,500.

This one-time funding from the government will not impact your insurance claim and should not be deducted from any payment from your insurance policy.

5

Can I claim for the one-time government evacuee financial assistance and additional living expenses from my insurance policy?

Yes. The one-time government financial assistance payment is in addition to your insurance policy claim. You do not have to choose one or the other. If you are eligible for the government evacuee one time payment, you can apply. This will not impact your insurance coverage, or limits for your insurance claim. These payments are separate.

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Do I have to pay my insurance deductible and who do I have to pay this to?

An insurance policy is a contract that has terms, conditions, limits and commonly a deductible. A deductible typically applies to a claim, but in some circumstances, it may not apply to certain portions of coverage. A deductible is usually paid to a contractor, who is completing the repairs to your property, or your deductible would be deducted from any payment that is being provided to you. You do not have to send a cheque to your insurance company directly for your deductible. Check with your adjuster if or when your deductible applies.

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Will my premiums go up as a result of this wildfire?

As much as prior claims can impact future premiums, the insurance industry is well capitalized for these events. A single wildfire event typically does not automatically impact premiums. There are external factors that are putting pressure on premiums however, like inflation, interest rates, supply chain disruptions and skilled labor shortages. The insurance industry works hard to ensure premiums remain stable. Remember that you can customize your insurance policy to fit your needs and speak to your insurance representative about options that are available.



8 What are additional living expenses (ALE)?

Most homeowner's, condominium unit owner and tenant's insurance policies cover the cost of alternative accommodations and living expenses for people who are prohibited from returning home due to a mandatory evacuation order or because their home is unlivable as a result of insured damage; in this case, fire or related damage.

9 What does ALE cover?

ALE covers additional living costs over and above your normal expenses. For example, if your temporary accommodations didn't have laundry facilities and you had to use a laundromat, those laundromat expenses should qualify. ALE does not cover all of your living expenses while you are displaced; it covers your increased cost of living as a result of being displaced.

ALE starts from the date of evacuation. There could be a limit to this coverage, so check with your insurance provider for more details.

10 What triggers ALE?

Each situation is unique, but there are several categories of claims that fall under ALE and several that may not.

Typically, ALE can be triggered when policyholders:

- **Are prohibited access to their home by order for mass evacuation by a civil authority:** Coverage would start on the date of evacuation and typically extend for a period of 14 or 30 days, but policyholders should check their own policies for applicable time limits and coverage details.
- **Are prohibited access as a direct result of damage to neighbouring premises:** This covers people whose homes may not be damaged but who cannot return because of damage to homes nearby. Insurers will review coverage on a case-by-case basis.
- **Have their home damaged by an insured peril – in this case wildfire damage:** This covers people whose homes are unlivable because of damage by the insured peril. This coverage can begin after coverage for prohibited access (evacuation order) ends. This coverage typically lasts for the reasonable time required to repair or rebuild your home.

11 My insurer says I can go home, but I don't think it's safe. Can I still get ALE?

When the evacuation order is lifted, the coverage of prohibited access ends. If your home is not damaged, and the governing authority has given an "all clear to return" and you choose not to return, you will not be eligible for ongoing ALE. If there are extenuating circumstances, policyholders should contact their insurer.

12 What is a reasonable length of time to wait for insurance companies to reimburse living expenses?

Reimbursement periods vary from insurer to insurer; however, insurance companies understand that families need to be able to pay their expenses. Some may even advance funds for these additional living expenses. You must still keep all of your receipts and speak with your adjuster about the timing and frequency of reimbursement.



13 Can I keep my fridge and freezer?

Yes, you can keep your fridge and freezer, and continue to use them if they're safe to use. Some fridges and freezers may have sustained damage from a prolonged power outage, and the food may have spoiled. Check with your insurance representative if you have questions about using these appliances.

If you need to dispose of your fridge or freezer and have homeowner's or tenant's insurance, start by following these two guidelines:

1. Call your insurance representative before disposing of your fridge or freezer to notify the rep and check your coverage.
2. If you need assistance with disposing your fridge or freezer, check with your insurance representative. They may be able to recommend a service provider to assist you. Ensure that the appliance is removed carefully to avoid damaging your home.
3. Your refrigerator, freezer and their contents may be covered for damage related to food spoilage caused by an accidental power interruption. Typically, in this situation, your freezer and its contents are insured for a specified amount. Check your policy.

Before disposing of food from your freezer, make a list and take photos of the contents for insurance purposes.

14 Will a landlord's policy cover uninsured tenants?

No. A landlord insures only the building and in some cases the appliances. The personal property of tenants is theirs to insure on their own.

15 Are "acts of God" excluded from insurance policies?

Contrary to popular belief, there is no such thing as an "act of God" exclusion in any property insurance policy in Canada. Insurers often pay for damage resulting from natural disasters, including windstorms, rain, hail and wildfires.

16 I've heard that my claim may be denied if I don't file it right away. Is this true?

No. The main reason for getting the claims process started as soon as you can is so you can be reimbursed as soon as possible.

Generally, claims related to the damage of personal insured property that is insured must be reported within two years from becoming aware of the damage or loss. For business property claims, owners should speak with their insurance representative.

17 If a fire was caused by humans or started intentionally, does my insurance still cover the damage?

Yes, your home and business insurance policy will cover damage from fire, regardless of the source or cause of the fire, unless you caused the fire intentionally.



18 Can I do some of my own cleanup?

After fire damage, you should not enter your home until emergency officials say it is safe to do so. Don't turn on any electrical switches until the electrical system has been checked by a professional.

Once authorities say it's safe to begin cleanup, take all of the proper precautions to protect yourself. Your adjuster may advise that you to use a professional cleaning service if the damage is extensive.

19 How much will I be covered for?

Your coverage depends on your policy. Check with your insurance representative.

Typically, a homeowner's policy offers replacement cost coverage up to the limit specified in the policy. Or, if a policy is for guaranteed replacement cost coverage, the insurer pays whatever it costs to repair or replace your dwelling and other structures, even if it exceeds the policy limits. Most policies contain a "same site" requirement for guaranteed replacement cost coverage that requires that the home must be rebuilt where it was.

20 Is the removal of fire retardant covered?

Residents who return home following evacuations, or anyone with an insured home or business, may find that their property has been affected by fire retardant used in wildfire suppression.

Most homeowner's and business insurance policies will cover the costs related to the removal of fire retardant from the exterior of buildings. Please contact your insurance company representative to determine the exact nature of your coverage.

21 What if I don't rebuild on the same site?

Typically, if the home is not rebuilt on the site where it was before the loss, your policy would cover you for your home's actual cash value (depreciated value). Check your policy for details.

22 Does insurance cover the value of the land?

Your policy insures your home, other structures and personal property, such as furniture and electronics (plus any extensions and your personal liability). It does not insure the land. If you decide to take a cash settlement, you still own the land.

23 What if I have a mortgage and want to take a cash settlement?

If there is a mortgage lender listed on your policy, such as a bank, the lender is entitled to the outstanding mortgage amount for the home. Lenders are protected under a Standard Mortgage Clause in your policy.

If, for example, the home is totally destroyed and the policy has a \$450,000 limit and there was an outstanding mortgage debt of \$450,000, the bank would get the \$450,000. But if the property was insured for only \$350,000 and \$450,000 was owed on the mortgage, the bank would get the \$350,000 and the homeowner would owe the \$100,000 balance of the mortgage to the bank. Of course, the land is still the homeowner's to sell.

- The intent of insurance is to help people recover from the unexpected property losses. It is not intended to cover mortgage payments after a loss or to cover an outstanding mortgage on a home.



- Home insurance is designed to cover the costs associated with rebuilding a home and the costs of replacing its contents.
- Homeowners whose dwellings have been destroyed by fire will still owe their lender the outstanding balance on their mortgage.
- The insurer will make the claims payment jointly in the name(s) of the insured(s) and the mortgage lender.
- If the homeowner chooses to rebuild the home on the same site, the limit of insurance or full replacement cost applies. Any outstanding mortgage would continue to be in place, and the homeowner would be effectively returned to the same financial position that they were in prior to the catastrophe.

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Can you explain how cash settlements work?

Insurance is intended to put you back in the position you were in prior to the loss. Alternatively, home insurance policies can provide cash settlements. There are financial implications associated with accepting a cash settlement. Policyholders considering cash settlements should weigh the financial aspects carefully to make the best choice.

In the event of a catastrophic event, such as a wildfire that destroys their home, an insured homeowner has the option of:

- Rebuilding the home on the same site, or
- Taking the depreciated actual cash value (ACV) of the home which they might use to build or buy a home elsewhere.

There are several factors to consider when choosing whether or not to accept a cash settlement, such as:

- The full replacement cost of the home versus its depreciated ACV;
- The outstanding value of a mortgage on the property, if any; and
- The market value of the home and land.

If the homeowner chooses to take the ACV of the home and rebuild or invest those funds elsewhere, the homeowner also needs to consider the amount of any outstanding mortgage.

- If there is an outstanding mortgage on the property, then lenders, such as your financial institution, are protected under the Standard Mortgage Clause. If there is a mortgage lender listed on a home insurance policy, the mortgage lender is entitled to recover from the insurer up to the outstanding mortgage amount.
- In a situation where a property was insured for less than the outstanding mortgage balance, the homeowner would still owe the balance. Of course, the land where the home stood still belongs to the homeowner and can be sold to help pay off the outstanding mortgage.

The decision by an insured homeowner to take the ACV of the home instead of rebuilding on the same site is a personal financial decision. Speak to your insurance representative to ensure you understand the settlement you have selected.



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Does a Provincial State of Emergency mean no one in the province can obtain a new insurance policy?

No. If a “State of Emergency” is declared by the province, only areas that are under imminent threat are commonly subject to temporary restrictions or limitations on the sale of new insurance coverage.

It is important to note that renewals of insurance policies are not affected by the wildfires.

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What do I do if I want to, or am in the process of, purchasing a new home in an area under imminent threat?

- Consider adding a conditional ‘subject to property insurance’ clause in the offer
- See if you can delay the possession date, until the threat passes and coverage can be placed on the policy
- Shop around. Different insurers have different limitations and/or restrictions for properties in threatened areas
- Ask your broker or agent what options may be available to secure insurance for the home
- Ask if you can add the new home to your existing policy instead of trying to secure a new insurance policy with a different provider.

If you are in the process of selling a home, do not cancel coverage until the closing or possession date.

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Is property insurance readily available in Alberta?

Yes. Home and business property insurance is widely available in Alberta. There are about 145 property and casualty insurance companies licensed in Alberta, providing a wide variety of insurance products and options.

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Is property insurance available for dwellings and recreational properties that have limited access or water access only?

Yes. Such coverage is available through most home insurers, as well as specialty insurers. This includes coverage for fires.

One thing to keep in mind is that when setting premiums for property coverage, insurers consider the availability of and distance from public fire protection such as fire services and firefighting water sources. More remote properties are generally more costly to insure.

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If I have wildfire damage to my home, who chooses the contractor to complete any necessary repairs?

Many insurers have established relationships with fire and smoke remediation contractors and can vouch for their reliability and the quality of their work. Many insurers also guarantee the work of service providers they recommend. However, you are not obligated to use a company recommended by your insurer. You can use the service provider of your choice for the necessary repairs to your property.



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If I am evacuated and my home is vandalised or broken into, do I still have coverage?

Yes. Your home or tenant insurance policy continues to be in force, even while you are temporarily evacuated. Even insurance renewals commonly take place during a major wildfire event. Most home and tenant insurance policies cover damage from vandalism or theft, so rest assured your insurance company will assist you if you return home and find damage to your property.

Insurance Bureau of Canada (IBC) is here to answer any insurance-related questions you have.

For more information, visit **ibc.ca**, phone **1-844-2ask-IBC** (1-844-227-5422) or email **AskIBCWest@ibc.ca**. You can also follow IBC at **@insurancebureau** on Facebook, Twitter and Instagram.

If you do not know who your insurer is, please contact your insurance representative or IBC.

If you do not have insurance and need assistance please contact the Canadian Red Cross at **1-800-863-6582** or online at **redcross.ca** or at any of the resilience/reception centres.