

**A-411**

**3rd Edition, 2021**

**(Updated: January 2025)**

**A411 - T1**

Note that in general, the amount of coverage given under Coverage G is \$1,000. To determine the exact amount of this guarantee, check the Coverage Summary page.

## 5.8.5 Coverage H – Voluntary Compensation for Residence Employees

Like coverages F and G, Coverage H provides coverage even if the insured is not legally liable. This coverage is not classic life insurance or wage insurance. It provides some protection to a residence employee who is injured in the performance of his duties, including a weekly indemnity representing two-thirds of his weekly wage at the date of the accident, up to \$200. Coverage H has five articles:

- Article 1 – Death;
- Article 2 – Temporary Total Disability;
- Article 3 – Permanent Total Disability;
- Article 4 – Permanent Partial Disability;
- Article 5 – Medical Expenses.

### 5.8.5.1 Article 1 – Death

If the victim dies within 26 weeks of the accident, the insurer pays a total of 100 times the weekly indemnity (i.e. two-thirds the weekly wage when the accident occurred), in addition to any benefit under article 2 paid up to the date of death. Funeral expenses are also payable up to \$1,000.

#### ●●● EXAMPLE

A residence employee falls down the stairs at the insured's house as he is vacuuming. He hits his head hard and dies nine weeks after the fall. At the time of the occurrence, he was receiving a weekly wage of \$150. The dependants of the deceased residence employee are compensated based on the following calculation:

- Weekly indemnity:  
 $2/3$  (66%) of weekly salary of \$150 = \$100  
 Total:  $\$100 \times 100 = \cancel{\$1,000}$  **\$10,000**
- They will also be entitled to funeral expenses of up to \$1,000.

Furthermore, since nine weeks went by between the residence employee's fall and his death, during which he suffered from a temporary total disability, an additional indemnity will be paid under Article 2 based on the following calculation:

- Indemnity for temporary total disability:  $9 \text{ weeks} \times \$100 = \$900$

Total amount paid to those wholly dependent on the residence employee:  $\$10,000 + \$1,000 + \$900 = \$11,900$



**A411-T2**

## Question 2

Yasmine's personal property insurance policy renewal has been refused because she has had three thefts over the past year. Her insurer informed her of its decision through her damage insurance broker, Anthony.

Yasmine contacted an agent at the IBC's Insurance Information Centre, who explained what she needs to do to benefit from the Access to Home Insurance mechanism. She must contact at least three other insurers. She contacts Anthony, who has already done this without success. She asks him for the names of the insurers so she can tell the IBC's agent. The agent contacts her former insurer, who is a signatory to the access mechanism. However, Anthony tells her that there may be conditions associated with the renewal of the contract.

What might those conditions be?

- a) Anthony is mistaken: Yasmine's insurer should cover the risk again without any conditions as the IBC's information agent requires, because it is a signatory of the *Agreement respecting the Quebec Home Insurance Forms*.
- b) The insurer may impose such conditions as the exclusion of theft as an insured peril, or require the installation of an alarm system connected to a central station.
- c) Even though it is a signatory of the *Agreement respecting the Quebec Home Insurance Forms* and the Access to Home Insurance mechanism, Yasmine's insurer can refuse to renew the policy by showing that the risk is too high.
- d) The insurer will not insure the risk again, since repeated theft is the only situation in which the IBC does not intervene.

The AMF has decided to remove this self-evaluation exercise.

## Question 3

~~Fabiola's home was broken into. The thieves made off with her stereo system worth \$1,000, her \$500 camera she bought last month and a \$5,000 ring (now worth \$6,500), which her fiancé bought her two years ago. She has a tenants insurance policy Tenants Comprehensive Form (IBC 1507Q), and an Endorsement Miscellaneous Property Comprehensive Coverage (IBC 1550Q) to cover her engagement ring, worth \$5,000 at the time of purchase.~~

~~She contacts Claude, her damage insurance agent, to ask him how the indemnity will be calculated.~~

~~Which is the correct explanation?~~

- ~~a) She will receive \$8,000 broken down as follows: \$5,000 under the IBC 1550Q endorsement and \$3,000 under her tenants insurance.~~
- ~~b) She will only receive \$6,500 and will have to bear the insufficient amount of insurance on the ring. The insurer will pay \$5,000 under the IBC 1550Q endorsement and \$1,500 under her tenants insurance.~~
- ~~c) She will only receive \$2,000 and will have to bear the loss of the ring because for the IBC 1550Q endorsement to apply, it must contain a sufficient amount of insurance.~~
- ~~d) She will receive \$8,500 broken down as follows: \$5,000 under the IBC 1550Q endorsement and \$3,500 under her tenants insurance, since the special limit for jewellery is \$2,000, which she is entitled to.~~

**Answer 3**

~~Fabiola's home was broken into. The thieves made off with her stereo system worth \$1,000, her \$500 camera she bought last month and a \$5,000 ring (now worth \$6,500), which her fiancé bought her two years ago. She has a tenants insurance policy Tenants Comprehensive Form (IBC 1507Q), and an Endorsement Miscellaneous Property Comprehensive Coverage (IBC 1550Q) to cover her engagement ring, worth \$5,000 at the time of purchase.~~

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- ~~d) She will receive \$8,500 broken down as follows: \$5,000 under the IBC 1550Q endorsement and \$3,500 under her tenants insurance, since the special limit for jewellery is \$2,000, which she is entitled to.~~

**→ Justification**

~~Here is the insurance Fabiola has taken out:~~

<b>Coverages</b>	<b>Coverages provided by the personal property insurance policy or endorsements</b>	<b>Insurance limits</b>
Tenants insurance policy	Dwelling contents	\$50,000
Miscellaneous Property endorsement	Engagement ring	\$5,000

~~Below are details of the claim settlement:~~

	<b>Apportioning of insurance amounts</b>	<b>Actual cash value of the loss</b>	<b>Claim for each item covered</b>
Miscellaneous Property endorsement	■ Engagement ring	\$6,500	\$5,000
Tenants insurance	■ Camera	\$500	\$500
	■ Stereo system	\$1,000	\$1,000
	■ Engagement ring	\$6,500	\$0
<b>Indemnity</b>			<b>\$8,000</b>

~~Although the Miscellaneous Property endorsement includes an insufficient insurance limit to cover the loss of the ring for its actual cash value, the tenants personal property insurance will not make up the difference, as the limitation of the amount applicable to jewellery in the event of theft is exceeded by an indemnity of \$5,000.~~

~~See the section *The Agreement of Guiding Principles (Property Insurance)*, in particular Rule 1 – Insurance on Specifically Described or Scheduled Property.~~

#### Answer 4

Hector is a damage insurance broker. Gregory, one of his clients, has just informed him that his house was broken into last night and that the thieves left with personal property belonging to his friend Hubert, who was visiting him. The property included such items as a watch, camera, skis and some clothing. Hubert's loss amounts to approximately \$10,000. Hubert's coverage for personal property located away from the insured premises is \$7,500, i.e. 10% of the amount of insurance he holds on all his property.

Gregory wants to know whether his own insurance policy can indemnify his friend, since he feels responsible for the situation.

Without taking into account the deductible, Hector explains that:

- a) **Hubert will receive \$7,500 from his own insurer; the excess of his loss (\$2,500) will be payable by Gregory's policy, since Gregory has already said that he wants his policy to indemnify his friend.**
- b) Gregory's insurer will indemnify Hubert in full by paying him \$10,000, provided that Gregory is in agreement.
- c) As there are two policies involved, Hubert will not be indemnified due to the overlapping insurance clause in the personal property insurance contracts.
- d) To be indemnified by Gregory's policy, Hubert will have to send him a formal demand letter holding him responsible for the loss, otherwise he will not be entitled to the \$2,500 indemnity, i.e. the excess of the loss covered by his own policy.

#### → Justification

The second paragraph of Rule 5 states that a guest's insurance is primary. Furthermore, insurance policies used in Québec specify that personal property of others is only covered if the insured so wishes.

See the section *Agreement of Guiding Principles (Property Insurance)*, in particular Rule 5 – Invitors and Guests Insurance and Employers and Employees Insurance.

**A411-T3**



## Question 2

### A

Two weeks ago, the neighbourhood where Joachim lives was hit by a violent storm. Large hailstones struck objects and the ground. Joachim noticed damage to the vinyl siding on his house and to his asphalt shingle roof. He contacted his insurance company to submit a claim. He then received a call from the claims adjuster with the damage appraisal.

Damage to vinyl siding	\$8,000
Damage to roof	\$6,000

The claims adjuster also reminded the insured that the roof is 15 years old.

Not factoring in the deductible and using depreciation Table 1.1, how much will Joachim's insurer pay?

- a) \$14,000
- b) \$8,000
- c) \$6,000
- d) \$13,100

### B

During the same storm, Joachim's neighbour, Bernard, also had his roof damaged. While talking to him, Joachim learns that Bernard was paid 100% of the appraisal. No depreciation was applied.

What factors justify this settlement?

9

- a) The cladding is not asphalt shingles or the roof is less than ~~40~~ years old.
- b) Bernard's insurance premium is much higher than Joachim's, and Bernard knows the claims adjuster well.
- c) Bernard agreed to have lower quality material used for the repairs and helped with the work.
- d) Bernard's insurer is better than Joachim's, and the claims adjuster made serious miscalculations.

**B**

During the same storm, Joachim's neighbour, Bernard, also had his roof damaged. While talking to him, Joachim learns that Bernard was paid 100% of the appraisal. No depreciation was applied.

What factors justify this settlement?

9

- a) The cladding is not asphalt shingles or the roof is less than 10 years old.**
- b) Bernard's insurance premium is much higher than Joachim's, and Bernard knows the claims adjuster well.
- c) Bernard agreed to have lower quality material used for the repairs and helped with the work.
- d) Bernard's insurer is better than Joachim's, and the claims adjuster made serious miscalculations.

**→ Justification**

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For the depreciation table to apply, the roof must be made of asphalt shingles. Also, for the first ~~nine~~ years of the roof's life, the insurer applies Option 1 – Repair or Replacement Cost Without Deduction for Depreciation. The answer does not suggest it, but it is possible that the depreciation table in Bernard's personal property insurance policy does not cover the same cladding, the same perils or the same depreciation based on the age of the roof, or there is no table.

- b) The settlement of a loss is based on contract clauses and not on the premium paid by the insured or favouritism.
- c) The contract clauses do not permit the use of lower quality material and, in general, the insured does not help with repairs.
- d) Despite differences between insurers, the settlement of losses is based on contract clauses and not on the insurer's reputation. Also, the claims adjuster is a professional, and insurers have internal audit processes to avoid serious errors.

See Section 1.1.3.2 on Option 2 – Actual Cash Value.