



ENHANCED Water Damage Package

BROKER FAQ

1. When will the Enhanced Water Damage Package be available?

The Enhanced Water Damage Package will be available for new business and endorsements effective February 8, 2016, and for renewals, April 8, 2016.

2. What is the Enhanced Water Damage Package?

The Enhanced Water Damage Package is an offering from Intact Insurance and Novex Insurance, which is an expansion of the existing Water Escape/Back-up coverage currently offered to your Homeowners customers (including Secondary & Seasonal Homeowner Broad form). New coverage will be included as part of the Enhanced Water Damage Package.

3. What is included in the Enhanced Water Damage Package?

The Enhanced Water Damage Package includes Sewer Back-Up (formerly known as Water Escape/Back-up), \$1,000 towards loss mitigation measures at the time of a Sewer Back-up loss, and Water & Sewer Line coverage. Overland Water coverage will be provided to eligible customers, and optional Ground Water coverage will also be available to those with Overland Water coverage.

4. Is \$1,000 for loss mitigation over and above the coverage amount, or is it included in the coverage limit?

\$1,000 is for a mitigation device, either a backwater valve installed on the main line of the dwelling or a sump pump with a back-up system. This is an additional \$1,000 over and above the amount of the loss.

5. If a customer already has a sump pump but it failed, could they use the \$1,000 to replace an existing pump?

Yes, the \$1,000 toward a loss mitigation measure could be used to replace a faulty sump pump with a new sump pump and back-up power system, or if the customer did not have a back-up power system, they could use the \$1,000 towards upgrading to a sump pump with a back-up power system.

6. Does loss mitigation have to be done immediately following the loss, or does the customer have up to the limitation period to take advantage of this feature?

Yes, the limitation period applies. Ideally, they would install the device when repairing the damage.

7. Out of the two options that qualify for the \$1,000, how does a customer know what the best option is for a mitigation device?

We recommend that your customers consult with a qualified plumber to determine that best option for mitigating future losses.

8. How has Intact Insurance/Novex Insurance determined eligibility for Overland Water coverage?

Using information from a variety of sources, we have mapped the exposure to increased surface water or overland water losses into different territories: low, medium and high-risk. Approximately 90% of customers will be eligible for Overland Water coverage.

9. How will the Enhanced Water Damage Package be launched for current customers?

As of February 8, 2016, we will apply the liberalization clause in our policy wordings and all Intact Insurance and Novex Insurance customers who currently have Water Escape/Back-up coverage will automatically get the benefits of our new coverage. These customers will receive the revised Sewer Back-Up and new Water & Sewer Lines coverage. Customers residing in low and medium-risk Overland Water territories will also have Overland Water included with the option to purchase Ground Water coverage immediately. Customers will benefit from the new product offerings prior to their renewal without any premium increases.

Upon renewal, customers will renew with the Enhanced Water Damage Package which will appear on their renewal declaration pages. Similarly, any customer who purchases Water Escape/Back-up prior to their renewal after February 8, 2016 will receive all the benefits of the Enhanced Water Damage package while paying for just the Sewer Back-up portion until their next renewal.

10. How much Overland Water coverage will qualifying customers renew with?

Coverage limits for Overland Water are defined by the territory a customer resides in. Customers living in low-risk territories will automatically renew at the same level of coverage they currently have under their Water Escape/Back-up coverage, up to their policy limits. Customers living in medium-risk territories will renew with \$10,000 coverage with the opportunity to purchase additional coverage. Customers living in high-risk territories will not receive Overland Water coverage.

11. Will customers be able to choose how much Overland Water coverage they want?

Customers in both low and medium-risk Overland Water territories will be able to select the amount of coverage that is right for them, up to the limit of their Sewer Back-up coverage.

12. Can brokers increase Overland Water by portfolio to match the Sewer Back-Up limit per Overland Water zone for a specific value in eligible zones?

Brokers can increase the Overland Water coverage in eligible zones by portfolio. The amount of coverage must be specific citing the territory and coverage amount. For example, increase all territory 2 risks to \$30,000.

13. Under Ground Water, we're covering damage from water through a sudden and accidental foundation crack. Does this mean we're going to repair the foundation crack too?

No, we only insure the resulting damage. Damage to foundations is specifically excluded.

14. Under Water and Sewer Lines coverage, why are there exclusions for lines that run under a body of water?

Water or sewer lines that run under a body of water are excluded due to the difficulty in accessing the lines, as well as the increased cost associated with putting things back the way they were once the lines are replaced.

15. Is freezing of the water service line or sewer line that causes a rupture, covered under Water and Sewer Lines?

This is not excluded from the coverage.

16. Is the water and sewer line that runs to a lake for potable water covered under Water and Sewer Lines? The exclusion covers off running through or under a body of water, but is the portion that runs to the lake covered? We have some HOM risks up north where the potable water source is the lake.

We would treat this as the public water supply system for these residents.

17. Does Water and Sewer Lines cover damage caused by tree roots?

If the tree roots have caused a collapse, break or tear in the line, then there would be coverage to repair or replace the damaged line. The cost of removing tree roots that are causing a blockage in the line would be at the expense of the homeowner and not covered by this product.

18. Will there be any changes to the existing Water Escape/Back-up coverage endorsement?

We have not made any changes to the eligibility, limits or rates for the Water Escape/Back-up endorsement. However, we have made some changes to the endorsement wordings to clarify the true intent of the coverage and better align with the new IBC wordings. We have also changed its name from Water Escape/Back-up to Sewer Back-Up.

19. What deductible will apply to the Enhanced Water Damage Package?

The coverage provided by the Enhanced Water Damage Package will be subject to the same water damage deductible that the customer has selected. The default Water Damage deductible is \$2,000.

20. How will Intact Insurance and Novex Insurance advise customers of the upcoming changes to their coverage?

Intact and Novex will include key messaging on the "Communication Page" of the new policy documents customers receive, along with endorsement wordings advising customers of their change in coverage. Various supporting marketing materials, including customer brochure, updated content on Intact.ca and Insurance is Evolving, will be available for brokers to utilize.

21. Can I remove Overland Water from the Enhanced Water Damage package?

The coverage is sold as a package to make the product easier for the customer to understand through linking similar coverages together. It also helps to limit potential E&O exposure. Qualified customers who receive Overland Water as part of the new package will not be able to remove the coverage. Customers have the option to 'buy-down' on coverage to a limit of \$10,000, if they want to reduce their premium.

22. How will the Enhanced Water Damage package appear on the Declaration Page?

Customers will see one premium for the Enhanced Water Damage package on their declaration page for applicable coverage (incl. Sewer Back-up, Water & Sewer Line and Overland Water coverage). The optional Ground Water coverage will print with its own premium if purchased by the customer.

23. Will Guaranteed Replacement Cost and Single Amount continue to apply?

Yes, we have not removed these important claims settlement options for your customers.

24. Does the 168 hour clause include Ground Water coverage as well?

Yes, the 168 hour clause will also apply if the customer has purchased Ground Water coverage. The 168 hour clause applies to all coverages within the Enhanced Water Damage Package, including optional Ground Water.

25. What does it mean for your customers, now that the heating season exclusion has been removed from the policy wordings?

Currently, if your customer goes away for more than four days during the heating season, they are obligated to take one of the following actions in order to retain water damage coverage as a result of frozen pipes:

- ensure someone has been checking their home daily,
- shut off their water supply and drain pipes or,
- have their plumbing system monitored by a 24-hour alarm station.

Going forward, your customers will have greater peace of mind as they won't need to worry about these actions in order to retain coverage. However, we still strongly encourage you to advise your customers to take the appropriate precautions to protect their homes and their possessions at all times. This has also been removed from Tenants and Condos as well.

26. When coverage is liberalized prior to renewal, due to the liberalization clause, what wording should apply?

Prior to the policy renewal, both the Water Escape/Back-Up and the Enhanced Water Damage Package wording shall apply and coverage should be determined based on what benefits the customer.

27. What marketing and communications material is available to brokers in support of the new package?

There are various pieces available to help you educate and sell the new package to your customers. In addition to marketing collateral, we used digital mediums including an educational video series, web copy and articles for you to utilize on your website, Insurance is Evolving and Intact.ca. The microsite has a list of resources and support available to you.

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