

## **CANADIAN RELOCATION SYSTEMS**

### **INSURANCE COVERAGE FOR YOUR HOUSEHOLD GOODS WHEN MOVING**

This is a difficult subject and we suggest you print it out and read it several times in order to understand it.

On a personal note last time we moved we had 12000lbs and took replacement value insurance for about \$ 780.00. Our damage costs came to approximately \$ 2350.00 so we thought it was worth the cost.

Check with your insurance broker/company to find out if your current household insurance provides any coverage.

Insurance for your goods is referred to as cargo (or transit) protection. Moving companies carry many forms of insurance coverage, one of them being cargo insurance. What movers offer you is an option to be compensated for any loss or damage to your goods while in transit with them. They are not selling you insurance. They are selling a coverage and accepting a degree of liability in return for a premium paid. Even sales representatives confuse the fact. Only insurance companies sell insurance. The movers ask you if you want to be protected under their policy or not and to what degree.

Damage and lost items do occur on moves. A moving company is required, by law ( Canada ) to accept some degree of liability when traveling the roads This basic, standard protection is 60 cents per pound per article) . For example, if damage or loss occurs to an item weighing 50 pounds occurs, then the carriers (movers) liability is \$ 0.60 x 50 lbs = \$ 30.00. Fine for items that are cheap, but heavy, but not well for a \$ 500.00 lamp weighing 30 pounds!

Here comes the first gray area of "insurance". Take a figurine weighing 10 pounds. It is packed in a box weighing 50 pounds. You did the packing of the box. Different companies have different weighs of interpreting the application of \$0.60 per pound. Some will give you the rate on the damaged item only, while some will apply the rate to the cartons weight ( 50 lbs in this case) . Then, there are some who will not give you a thing because you did the packing. Read any contracts and ask the moving company this question. Quite often, if you do the packing, you nullify any insurance compensation from the movers. It is a fair practice. A mover and it's insurance company can not insure contents of boxes that they have never seen. They also don't know if the contents were packed properly. As a result, if you pack it, you take the risk.

Now, this option, often referred to as "basic" or "no insurance" should cost you nothing. As well, since you get very little in protection. However, this may be enough if you can arrange your own coverage through your own household insurance. Ask your own company or broker. You may find you don't need any extra coverage through the movers.

In general, there is only one other kind of coverage, replacement coverage. However, there may be other kinds offered in between the basic coverage and the replacement. One such possibility is called 'Added Value Protection. Here the

company charges a premium and increases the coverage from \$ 0.60 per pound to a greater value, say \$ 2.00 per pound ( may vary).

Another offer may be Market Value or Depreciated Value coverage. This option should be compared against the cost of replacement value. Here, the market value of the damaged item is considered for compensation. Determining the market value of a piece of furniture yourself can be difficult. As a matter of fact, most insurance companies offering cargo protection movers deal only with replacement costs these days. Watch out for the mover that tries to tell you that replacement coverage does not exist. It does and there should not be an excessive premium for it.

What you will pay for transit protection.

As mentioned earlier, there are four possible amounts of coverage.

- Basic \$ 0.60 per pound (minimum)
- Added Value
- Market or Depreciated Value
- Replacement Value
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- Basic coverage should cost you nothing. Nobody charges for this. It is included and is the minimum as required by law.
- Added Value will cost more, but it varies depending on the increase in value. A typical charge is \$ 1.25 per \$ 1000 of declared value for coverage of \$ 2.00 per pound.
- Market Value coverage is going out of style. Typically, it would cost around \$ 1. to \$ 3.00 less per \$ 1000 of declared value than replacement coverage. That would put it in the \$ 4.00 to \$ 6.00 per \$1000 declared value range. You declare an amount of coverage. In the event of total loss of all your goods, you get back the total declared amount. In the case of damage to an individual piece, you would get back a maximum of the market value for that piece.
- Replacement Value will fluctuate, as did market value coverage. Typical rates would be \$ 7.00 to \$ 9.00 per \$ 1000 of declared value.

Did you catch all of that \$ X.00 per \$ 1000 declared? It is tricky. Ok, this is it is applied. As an example, let's say you are moving. Your moving consultant will ask you ( among other things) ,"How much cargo protection do you want"?. Well, after considering all you have to move, you come up with \$ 50,000 worth of goods. The consultant has also told you that all your goods weigh approximately 12,000 pounds. You look at your options.

**Basic: Coverage** \$0.60per pound x 12,000 pounds = \$ 7,200.

**Cost = 0 Maximum coverage = \$ 7,200**

**Added Value:** Coverage @ \$ 2.00 per pound x 12,000 pounds = \$ 24,000

**Cost = S \$ 1.25 per \$ 1000 declared value = \$ 62.50**

**Market Value:** Coverage against total loss is your declared value = \$ 50,000  
Coverage against loss or damage on individual piece is market Repairs covered up to cost of market value

**Cost = \$ 5.00 per \$ 1000 declared = \$ 250.00**

**Replacement Value:** Coverage against total loss is your declared value = \$ 50,000  
Coverage on individual loss or damage is replacement value

Repairs covered up to replacement value

**Cost = \$ 7.50 per \$ 1000 declared = \$ 375.00**

So you can see that the cost to get cargo protection in place for your move can get a bit pricey. Not only that, but each kind of policy will have some sort of deductible to go along with it. Some won't, but some can be as high as \$ 250. For example, you may pay a premium of \$ 300 for cargo protection and then face a \$ 250.00 deductible on top of it.

What is never insured

There are things that are not insured, even if you pay for coverage example would be jewelry. Best to pack them up and take Other items not normally insured are coins, stamps, documents, no insuring items of sentimental value. A photograph will up to the cost of the film, for example. The same goes for software of data is not covered, so back up your disks before moving!

Generally, the interior workings of appliance, televisions, stereos, etc. are not covered by the mover unless the mover does some obvious physical damage to the piece. If the item was handled properly and something does not work after the move, it's your responsibility. If there is obvious damage the item, there is a 99 percent chance the internal damage was a result of the rough handling and the movers will pay ( up to your protection selection) for the repair.

Again, contents of boxes are not covered under cargo protection policies unless the mover ( or an agent of the mover) has packed and unpacked the cartons. Usually, the mover will cover goods ( up to the coverage you selected) for clear mishandling of the carton. If there is obvious damage to the exterior, generally the mover will compensate you.

Sets of furniture and appliances are not covered. That is, if you have a matching couch, love seat and chair and the chair gets ripped, the mover is only liable to repair or replace ( up to your coverage selection) the one piece and does not have to touch the matching pieces, even though may not match after, repair, recovering or replacement of the one piece.

### **Extraordinary Value**

You will have to declare items of extraordinary value. For example, if the movers are taking your car, they will need a value for the car. You may have a painting or a sculpture worth a fair amount. The idea is, that despite all the cargo cover there will be a limit on the amount the insurance company will pay out on one given item. Ask your moving consultant what the limit is. If you have any item in your place that

exceeds that value, then you must tell the mover. The item(s) of extraordinary value will be noted on the bill of lading and you will be covered

### **Dangerous Goods**

Do not pack an item classified as dangerous goods. If any

damage resulted from a dangerous good, your insurance would be void. You would not even get \$ 0.60 per pound. Ask your moving consultant where your local disposal site is.

Generally speaking, each moving company will charge you a premium for cargo protection. When you move locally, the rates and methods of accessing rates will vary from company to company. Some may charge you a flat rate, some will charge based on how long the move takes (hourly) and some include it in their rates. No matter which way you get charged, you should be asking some important questions.

- 1) What is the total coverage you get?
- 2) What is the limit per individual item?
- 3) What is the deductible?
- 4) Is the coverage market value or replacement value?
- 5) Ask who the company uses for furniture repairs. This will provide an idea of the quality of repair you can expect if you have damage on your move.

### **Storage Insurance**

Generally, if your goods will be stored in a warehouse for an extended period of time, you will need separate insurance for this. This can be arranged through the storage facility, your mover or your own insurance company. Storage facilities generally charge between \$ 1.00 and \$ 2.50 per \$ 1000 of declared value per month of storage. The same rules about dangerous goods and items of extraordinary value apply here as well.

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