

A first-time homeowner's guide to buying home insurance



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insurance



Preamble

Buying your first home is a big step – and there are probably more pressing things on your mind than your home insurance. That said, it is really important that you speak with a home insurance provider once you have a firm closing date.

As you will learn in this guide, a lender will not release your mortgage funds until they first receive a confirmation of home insurance from you. If you are fortunate enough not to have a mortgage, there are still several good reasons to have insurance protection for your home.

This guide also explains the process of getting a quote and personalizing coverage to your needs. And, it describes to you the steps in buying a policy. Finally, the guide provides information on making changes to your policy and reporting claims on losses you may suffer.

Congratulations on becoming a first-time homeowner! We hope you find this guide to be useful. And, we look forward to providing you with a free home insurance quote either online at squareoneinsurance.ca or by phone at 1.855.331.6933.

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Why buy home insurance?

So, you are about to buy your first home. Congratulations! This is likely to be your most significant lifetime purchase. By now your realtor or mortgage broker may have told you that you will need to purchase insurance for your new investment. And, you will probably have lots of questions. Why do I need insurance? How do I know what I need? What does it cover? And how long will it take? These are some of the questions we will answer in this guide.

Your largest investment

As your most prized and valuable investment, you will want to protect your home against damage from unforeseen events such as fire, water damage, windstorms and theft. If you are like most first time buyers, you will have secured financing to purchase your home. And, since your new home is the security against the amount of the loan, the lender wants to know that the home will be repaired or replaced if loss or damage occurs.

If you are in the fortunate position of not having a mortgage for your first home, then consider this: what would be the cost of not purchasing coverage to protect your home? Could you afford to repair the home should large losses occur, or to rebuild it if total replacement was required? Most people would not be in this position.

Mortgage protection

At minimum, the lender will want to have proof that your new home is insured up to the amount of the mortgage. It is more common now that lenders will insist on "guaranteed replacement" coverage. Guaranteed replacement, in the event of a total loss, will rebuild your home with a new one of the same size, quality of build and with the same features. Some lenders are also starting to require that homes in higher risk areas be insured against earthquake damage.

As part of the closing process, your notary or lawyer will likely request an insurance binder or confirmation of insurance, which proves you have insurance on that property. This document typically includes:

- The location of the home insured.
- The rebuild value of the home as calculated by the insurance provider.
- Whether or not the policy is subject to guaranteed replacement.
- The name and address of the lender.

Peace of mind

What it all boils down to is peace of mind. Peace of mind that your biggest investment will be taken care of should something unforeseen happen to your home. Peace of mind as well, for those with a financial interest in your home, knowing that their interests are also fully protected.

Getting a quote

Buying insurance for your new home with Square One is just a call or a click away. Either way it only takes about 15 minutes. For a more personal experience, contact one of our qualified home insurance agents by calling 1.855.331.6933. If you prefer the online experience, simply navigate to squareoneinsurance.ca and start by entering the address of your new home. You will then be prompted with a few simple questions about you, and a series of questions about your home. All this information will help determine the right price to protect your home.

Your insurance policy is a contract. And under the contract, your home insurance provider agrees to repair or replace your home, as it was just before the loss, subject to certain facts and conditions. As the homeowner, you will want to be sure the information included in your policy is factually correct so there is no gap in coverage should you ever have to make a claim. The questions are intended to get an accurate picture of the home that is being protected.

The most common underwriting questions asked are listed in the sections that follow. In some cases, your answers to the questions will affect whether or not Square One can insure you. In other cases, the answers may affect the rate you are charged or deductibles you are offered.

You and other applicants

You will be asked some basic information about yourself, starting with your name, the best phone number at which to contact you, and your year of birth. We do not need to know the actual day but by asking the year we can then calculate if you are eligible for any age-related discounts. We will also ask for your email address. Since we are a fully electronic company, we do not send your quote or policy documents by mail, but rather by email. This saves paper, time, and money. And, we pass on these savings to you in the form of lower premiums.

Two other questions you will be asked are:

- **Do you currently have an active home (or tenant) insurance policy?**

If you have had previous insurance, your premium may be lower. That is because you may qualify for any claims free discounts included in our pricing.

- **In the past 5 years, has a home insurance provider: (1) cancelled your policy; (2) refused to renew your policy; or, (3) imposed conditions on your policy?**

If any of these situations have occurred, you need to tell us. Perhaps it was simply because they no longer wrote business in the area in which you live, or it could be due to the number of claims you have had. This could have a bearing on whether another company can insure you, and if so, what rate to charge.

Your home's location

Having the correct address for your home is critical. For established neighborhoods, this is pretty easy. But for new areas under development there may be some uncertainty as to what your proper address is. Our system connects with Canada Post to verify the address of your location. If it is not found, you may need to consult your realtor or developer to confirm the location's address as it is registered with land titles.

At Square One, we focus on insuring homes in fully fire protected areas. By this we mean that there must be a fire hydrant within 300 meters of your home and a responding fire hall within 8 kilometers.

In addition to your current address, you will also be asked for your previous address. As part of the quotation, the system will automatically check, by using your name and previous address, to see if you have had any prior claims. This may affect your rates or deductibles. In some cases, your claims history may affect whether or not we can offer coverage at all.

Your home's use

When insuring your home, it is important you describe when and how your home will be occupied. Questions that will be asked include:

- **Is this your primary residence, or is it a rental or vacation property?**

How the home is used will affect the premium and policy deductibles. It is important to state the correct occupancy to ensure there are no gaps in coverage at the time of a loss.

- **Is the home under construction? Or, is it unoccupied and undergoing major renovations?**

If so, you will need to tell us who is doing the work. And, you will need to confirm that all contractors and trades are licensed and carry both workers' compensation and commercial general liability coverage.

- **Is the home intended to be vacant?**

Homes that are vacant present a different kind of risk to the insurance company. Coverage may or may not be offered on vacant homes. When it is offered, there are almost always some coverage exclusions during the vacancy.

- **Do you share any part of your home with roomers or boarders?**

A roomer or boarder is someone who rents a room in your home, and shares other parts of the home with you. None of their belongings are covered in your home policy. They would need to obtain their own tenants policy.

- **Is there a rental suite in the home?**

If so, you will need to confirm that you have a rental agreement in place with your tenant. And, we will want to ensure there are separate entrances for each family living in your home.

- **Do you participate in home sharing programs, like home exchanges or short-term rentals?**

If so, you are allowing strangers into your home. As such, insurance providers may consider this a slightly higher risk. There may be some adjustments made to your policy to accommodate this.

- **Does anyone conduct a business from the home?**

If you are operating any sort of business from your home, you may need extra protection. You'll need to tell us if the business involves the application of heat, the use of any specialized tools, or whether you have any employees, among other things. Depending on the type of business, you could be at an increased risk of a loss. For instance, there is a higher fire risk if you use a welder in your garage.

Your home's construction and features

With Square One, you get guaranteed replacement coverage on your home. Guaranteed replacement coverage means that we will guarantee to repair or rebuild your home as it was before the loss or damage, with the same size, quality, and features even if the cost is higher than your policy limit. To offer this guarantee, there are some conditions you need to meet. But to start, we need an accurate description of your home as it is today to determine the cost to rebuild it.

Please understand that rebuild value is not the same as the price you may have paid for your home. The rebuild value is simply what we estimate it would cost us to replace your home with one of the same size and quality on the same piece of land. Because the cost of materials and price of labor vary depending on region, the cost to rebuild a home of similar size and description can differ dramatically by area. Also, when rebuilding your home, we will not have access to volume discounts and time value discounts that the builder may have received on the initial build.

The first set of questions that you'll be asked about your home includes:

- Year built
- Construction type (wood frame, brick or concrete)
- Type of roof (asphalt, wood, tile or other)
- Number of floors
- Size of main living areas
- Size of basement areas (finished and unfinished)
- Number of bathrooms
- Number of fireplaces (gas or wood burning)
- Size of decks or patios

- Size of attached garages or carports
- Type of swimming pool
- Detached structures (garage, sheds, gazebos or carriage houses)

The second set of questions gathers information about your home's features, which may affect the risk of loss or damage. Questions include:

- Does the home's exterior show signs of: (1) rotting wood; (2) peeling paint; or, (3) deteriorating bricks, siding and stucco?

If your home is in need of repair, we may want to discuss your plans, before we can provide a policy.

- If the home is older, is it a designated heritage property?

If you own a designated heritage property, you have special insurance needs and we can meet those needs.

- Does the home have functioning gutters and downspouts?

Water damage is one of the major types of loss in Canada. One easy way to prevent water damage to your home is to ensure your gutters and downspouts are cleaned regularly, and are directed away from your home's foundation. If your home does not have gutters and downspouts, the roof should have overhangs of 24 inches or more.

- When was the roof on the home last replaced?

The risk of ice, snow or water damage increases as your home's roof ages. Different roof types have different life expectancies, which could range from 10 to 80 years. The most common roof types are shown below. If your roof is nearing its life expectancy, it may be time to look at replacing it. If the roof is older, you will be asked about its condition.



Asphalt shingle



Clay, concrete or stone tile



Composite panel/shingle



Green roof infrastructure



Metal panel/tile



Rubber membrane



Tar + gravel build-up



Wood shake/shingle

- Has there ever been any ice damming on the home's roof?

An ice dam is a thick band of ice that can form around the edges of your roof and can prevent water from properly draining from your roof. The water that backs up behind the dam can leak into the home, and cause damage to the roof, walls, ceilings, insulation, etc.

Ice damming can be caused by improper insulation in your attic. This can occur if the attic has been converted to finished living space. Homes should have at least 12 inches (38 R-value) of insulation in the home's attic or between the home's ceiling and its roof.

- Is the home built on a continuous concrete foundation?

Newer homes are built on continuous concrete foundations, but if you live in an older home, it may have a brick or stone foundation. These types of foundations require more maintenance than their concrete counterparts. So, you will be asked questions about waterproofing and previous water damage if the foundation is not concrete.

- Is the home's basement a walkout (accessible from the outside)? Are there window wells around any basement windows?

All basement exterior doors and/or window wells should have proper drainage to prevent water pooling, and leaking into the home.

- What type of wiring does the home have?



Copper: Copper has one of the highest electrical conductivity rates amongst metals. That is why it is the standard type of wiring used in modern homes.



Aluminum wiring: Homes built between 1966 and 1974 often have aluminum wiring. If so, you will need to remove the outlet or switch cover to see if you can find the "CO/ALR" marking. This marking indicates that the connectors are suited to the wiring.



Knob and tube: Homes built until the 1960s may have knob and tube wiring. The name comes from the insulator knobs used to keep the wires isolated from objects and the ceramic tubes used to line holes through wooden floor joists. Because knob and tube wiring has no ground wire, it is not well suited for today's high electrical usage.

- Does the home have at least 100 AMP electrical service?

Newer homes tend to have 100 or 200 AMP service. Some older homes may only have 60 AMP service. Homes with less than 100 AMP service are not well suited for today's high electrical usage.

- What type of electrical panel does the home have?



Circuit breakers: If your home has this type of panel, you will see a main switch that controls power to the entire house. You will also see individual breakers that are responsible for providing the electricity to various parts of your home. If a circuit is overloaded, the breaker will trip and shut off the power, preventing overheating and fires.



Fuses: If you do live in a house still controlled by "fuses", you will not see any levers, but instead you will have screw-in fuses. If a fuse is overloaded, it must be replaced. You must be careful to replace fuses with ones of equal capacity otherwise the risk of overheating and fire increases. You may have difficulty getting insurance, or you may have to pay a higher rate, if your home has fuses.

- What type of plumbing does your home have?



Copper: Most homes have copper plumbing. In fact, up until the mid-1970s, virtually all hot and cold-water distribution plumbing was copper. This type of plumbing requires very little maintenance since joint fittings do not usually break down or pull apart.



PEX: Since the late-1990s, cross-linked polyethylene (PEX) pipes have become very common because it is easy to install and more affordable than copper. Usually, red tubing indicates hot water supply lines and blue tubing indicates cold water supply lines.



KITEC: The KITEC plumbing system was a type of PEX system sold in Canada between 1995 and 2007. It consists of blue and orange flexible piping and brass fittings. There are two common problems with this type of plumbing.

First, the orange pipes are not certified for water hotter than 180 degrees Fahrenheit, but hot water tanks can run hotter than this. Second, the brass fittings tend to corrode, causing blockages and leaks.

Many insurance providers will refuse to insure your home with this type of plumbing. You may be able to get coverage from Square One, but certain conditions may be imposed.



Poly-B: Homes built between the late-1970s and the late-1980s, may have Polybutylene (Poly-B) plumbing. Many insurance providers view this as a hazard, and will refuse to insure your home. We realize it can represent a higher risk, but we may insure your home.



Galvanized steel: Prior to 1960, galvanized steel pipes were installed in many homes. These pipes have an average life expectancy of 40 to 50 years. Over time, they begin to rust or corrode from the inside out, resulting in reduced pressure and restricted flow. This presents an increased risk of leaks or ruptures and the potential for flood damage.

- Does your home have a hot water tank? If so, how old is it?



Hot water tank: For homes with hot water tanks, we will want to know the age and condition of the tank. If you are not sure how old your tank is, you may be able to find out by checking the serial number. The first 4 digits indicate the month and year.



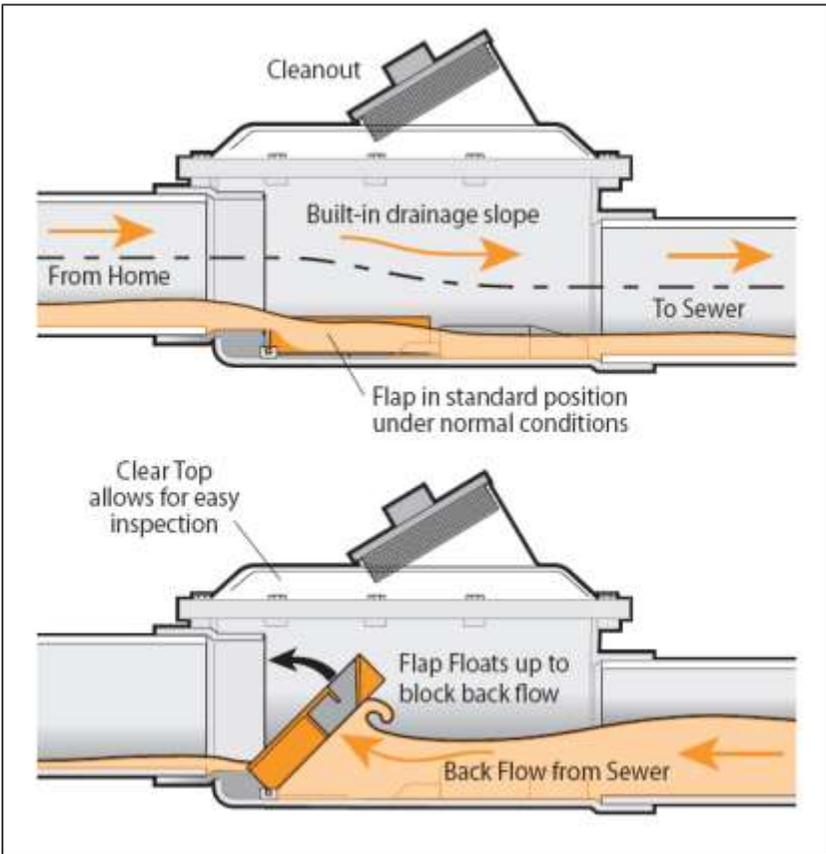
Tankless: If your home has a tankless water heater, this type of information will not be necessary. Just indicate "tankless".

- Does the home have a sump pump?

A sump pump removes water that has accumulated in a water-collecting sump basin. Sump pumps are important in preventing water damage in homes with basements. If your home has a sump pump, we will need to know how old it is and if it has auxiliary power, like a backup battery or generator.

- Has a backwater valve been installed in the home?

A backwater valve prevents sewage in an overloaded municipal sewer line from backing up into your basement. The valve automatically closes if sewage backs up. If one has been installed, you will see a lower premium on your home insurance policy. In some case, you may face a higher deductible for sewer losses until a valve is installed.



- Does the home have any Crane toilets that were part of the original construction?

Crane toilets manufactured between 1980 and 1991 have been known to crack and cause considerable water damage to the homes in which they were installed. It is highly recommended that you replace any Crane toilets manufactured during this time period.

- Does the home have a working alarm system that is activated regularly?

Having a working intrusion alarm could help to prevent break-ins. This could mean lower insurance rates for you.

Personalizing your protection

Before reviewing your coverage and deductible options, it is important to know that Square One offers a comprehensive protection. This means it insures against all types of loss except for what is specifically excluded. The most common exclusions are war, terrorism and overland flooding.

Where other providers require you to specifically add and pay extra for critical protection you need, we include it automatically. For example, your Square One home insurance policy automatically includes protection for:

- Broad water damage
- Sewer backup damage
- Windstorm and hail damage
- Earthquake damage

Core coverage

The most common house insurance covers are listed below. For each cover, we will help you determine what limit of insurance is right for you. Unlike our competitors, you are not forced to buy unneeded protection.

Building

Protects the main structure of your house as well as attached garages, swimming pools, and hot tubs. With our policy, you are covered even if it costs more to rebuild your house than it is insured for. We also offer unlimited protection against cost increases from bylaw changes – most other insurance policies limit this to as little as \$10,000.

Personal property

Protects all the "moveable" property you own, except some types of specialty property for which you can buy additional coverage. Personal property includes appliances, clothing, electronics, household goods, and

furniture. Download a [home inventory checklist](#) from Square One's website to help determine the limit of insurance needed.

Additional living expenses

Protects against increases in living expenses you incur because your house can not be lived in, such as the cost to stay in a hotel temporarily. This could be as a result of damage to your house from an insured loss, or an order to evacuate your house due to a sudden and accidental event.

Personal and premises liability

Protects you against amounts you are legally responsible to pay because you unintentionally injure someone else or damage their property. Most homeowners find that \$1 million is sufficient for them, but if you have a unique risk, such as a pool in your yard, or frequent visitors to your home, you may want to consider increased liability coverage.

Specialty property coverage

Traditional policies provide too much protection for china, silverware, and furs, and not enough for cameras, computers, and cell phones. At Square One, electronics are insured as personal property, without pesky sub-limits. As for specialty property, you can choose what to insure and you do so on a blanket basis. That means if you own 3 pieces of jewellery, each worth \$5,000, you can simply select a \$15,000 limit for jewellery and watches. Choose from the following categories of specialty property:

- Bicycles and sporting equipment
- Business property
- China, silverware and furs
- Fine art, collectibles and oriental rugs
- Jewellery and watches
- Musical instruments
- Watercraft

Optional coverage

You may also want to add the following optional covers to your Square One house insurance policy:

Detached structures

Protects any other structures within your property lines, like detached garages, sheds, gazebos, and carriage homes.

Landscaping, fences, and gardening equipment

Protects all trees, shrubs, lawns, fences, retaining walls, rockeries, and almost anything else that improves the curb appeal of your house. Also protects lawnmowers, trimmers, snow blowers, and other gardening equipment.

Landlord's property

Protects any property you own that is located in a rented portion of your house. Of course, this is only necessary if you have a rental suite in your house or the home is a rental property.

Rental income

Protects against the loss of rental income you face because your home can not be lived in due to an insured loss.

Identity theft and financial loss

Protects against financial losses you suffer, and expenses you incur, because your identity was stolen.

Legal protection

Provides unlimited access to a legal advice helpline and in some cases covers legal expenses you incur.

Policy deductibles

A deductible is the portion of an insured loss that you must pay before your home insurance policy will respond. Selecting a higher deductible is one of the easiest ways to reduce your premium. Plus, by not claiming the small stuff, you will protect your claims free discount. This discount could easily total 20% or more. So, consider taking a \$1,000 or \$2,500 deductible and pocket the savings.

Earthquake deductible

Depending on where the home is located, you may get to choose from a few different earthquake deductible options. The options are based on a percentage of the total limit of property coverage under your house insurance policy.

Sewer backup deductible

Depending where the home is located, a sewer backup deductible may apply. This deductible may range from \$2,500 to \$25,000. For homes in higher risk areas, the installation of a backwater valve may reduce this deductible amount.

Wind and hail deductible

Depending where the home is located, a wind and hail deductible may apply. This deductible may be \$2,500 or \$5,000.

Crime deductible

If the home is a rental house, or if you share part of your primary home with others, there will be a separate deductible for crime losses. The amount of the deductible depends on the type of rental arrangement.

Standard policy deductible

This deductible applies to all types of losses unless otherwise noted above. Depending on eligibility, standard deductible options range from \$500 to \$5,000. Most people select a \$1,000 or \$2,500 standard deductible.

Buying your policy

Once you have received your quote, you may need time to review it. Whether you began your quote with an agent by phone or on our website, a copy of the quote will be sent to the email address you provided. Not only is this more convenient, it is also more environmentally friendly. And the savings of not having to print and mail documents are passed on to you in the form of lower premiums.

If you decide to purchase from Square One, simply call 1.855.331.6933 or click on the link within your quote email. The final steps of the purchase process follow.

Review coverage limits and options

Make sure you have included coverage for all the basic property and specialty items you may own, and add any optional covers you need.

Confirm policy deductibles

Consider the higher savings on your policy when you choose higher deductible amounts.

Enter policy start date

It is important that the policy start date be the same as the closing date when you are purchasing a home, since you are responsible for loss or damage to your home right away, even if you are not moving in on that day. If you are not going to occupy the home immediately, you must be sure to disclose that in the quote process.

Enter name and address of lender

The bank or institution that provided funds for your mortgage has a financial interest in your home and needs to appear on the insurance.

Most of the time, larger lenders will have an address for their central lending office. Smaller and private lenders often require the address where you secured the loan to appear on the insurance.

Enter payment information

With Square One you can pay monthly or annually from your bank account or credit card. You can use your Visa, MasterCard or American Express credit cards. You can also use Visa Debit. For payments from bank accounts, you will need to provide the transit number, institution number, and the full account number. These numbers can be found on the bottom of a cheque or on a pre-authorized debit (PAD) form from your bank.

Review policy documents

Once you complete the purchase, you will receive your policy documents by email almost immediately. The main document consists of:

- **Policy declaration:** This describes covers and deductibles chosen, premium details, and your application with answers provided to the underwriting questions.
- **Policy wordings:** This includes a customized description of your coverage and exclusions.

You may also receive a confirmation of insurance (if you have a mortgage on your home) and pre-authorized debit agreement (if you are paying from your bank account).

Getting help after you buy

Looking for a copy of your policy? Need to make a change? Or, perhaps you have suffered a loss and need to report a claim. Information on all these tasks follows.

Retrieving policy documents

If you have misplaced your Square One home insurance policy, you can always get the most up-to-date copy by visiting squareoneinsurance.ca and logging in to your online account. Or if you prefer, call 1.855.331.6933 or email customer.support@squareoneinsurance.ca and we will email you another copy.

Updating payment information

With Square One, you can update your payment frequency or method at any time. You can either call 1.855.331.6933 or log in to your online account by visiting squareoneinsurance.ca.

Making policy changes

Things in your life are constantly changing. It is really important to discuss these changes with your insurance provider promptly. Please notify us immediately if there are any changes to your home or its use. For example, you must notify us if your home is undergoing renovations or it is temporarily vacant. If you fail to notify us of changes, your policy may become void and your right to recover under it may be forfeited.

To make changes to your policy, you may first want to log in to your online account by visiting squareoneinsurance.ca. That is because you can make a wide range of changes on your own, 24 hours a day. Or, call 1.855.331.6933 or email customer.support@squareoneinsurance.ca and one of our licensed agents will assist you.

Reporting claims

Square One provides emergency claims assistance 24 hours a day, 7 days a week. Call 1.855.331.6933 and press option 2 when prompted. Or report your claim online by visiting squareoneinsurance.ca and logging in to your online account.

Once your claim is reported, an adjuster will reach you by phone to verify the loss and determine if your claim requires a site visit. Some claims can be adjusted over the phone, but others require an experienced adjuster to inspect the loss or damage and determine what policy coverage may apply. If you are in an emergency situation, our best practice is to have an adjuster reach you within two hours.

To learn more about the claims process, and to find answer to common claims-related questions, visit squareoneinsurance.ca/support.

Where to find answers

Often first-time homeowners are not sure how or where to find answers to the questions asked as part of the home insurance quotation. Many of the answers can be found via:

- Your realtor
- The existing homeowner
- A pre-sale home inspection report

Some answers may not be found until you take occupancy. In these cases, you can usually get a home insurance policy, but it may be subject to a slightly higher rate or deductible to account for what is unknown. When you take occupancy and inspect these items for yourself, simply call to update your policy. In some situations, systems or features of your home may require updating or replacement to continue coverage at all.

As a new homeowner, it is suggested that you become familiar with basic home maintenance. Not only will this protect your investment, but it may also uncover potential concerns before they become a claim. While there are many good websites about home maintenance, we recommend you start with ours. Visit squareoneinsurance.ca/support to read a range of articles, including our "[Getting to know your home](#)" series.

Congratulations once again on becoming a first-time homeowner! We look forward to becoming your home insurance provider in the very near future. If you have any questions, please do not hesitate to contact us at:

1.855.331.6933
squareoneinsurance.ca