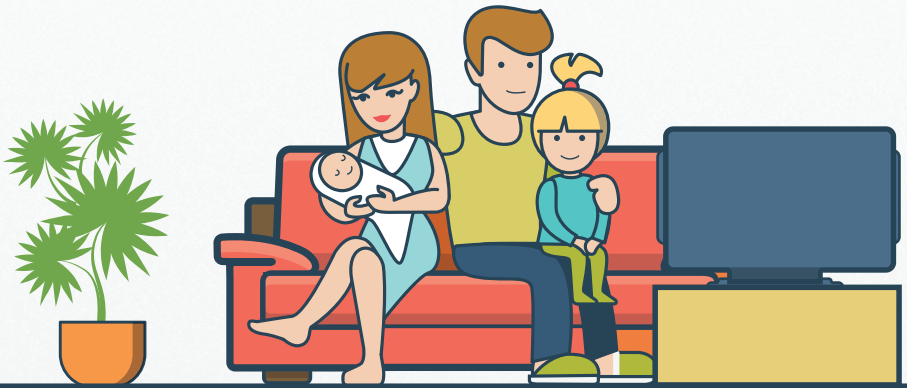


A complete guide to home insurance



Preamble

Your home is important to you. After all, it's probably the most significant purchase you'll make in your life. Naturally, you want peace of mind knowing that your home has protection from life's uncertainties. That's why we created this comprehensive guide to home insurance.

Whether you're a brand-new or a lifelong homeowner, home insurance can be daunting—but it doesn't need to be. Here we've collected all the advice you need to understand common insurance terms, different types of policies, plus the numerous coverages available to homeowners in Canada.

It's everything you need to know to make sure you're getting the best coverage for your home.

This guide also explains the process of getting a quote, personalizing coverage to your needs, and then finally buying a policy. We've also included information on making changes to your policy and reporting claims on losses you may suffer.

We hope you find this guide to be useful. We look forward to providing you with a free home insurance quote either online at www.squareoneinsurance.com or by phone at 1.855.331.6933.

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Why buy home insurance?

Broadly speaking, people buy home insurance for one of two reasons; either because they want it or because they need it.

Peace of mind

“Why would I want to buy home insurance? It’s just throwing money away.”

This kind of refrain is often voiced by those who have never bought (or needed) insurance, and it’s far from the truth. Insurance offers unparalleled peace of mind for a small monetary outlay.

Consider this – you buy your dream home, a detached new build in your perfect neighborhood. It’s a steal, at only \$500,000, but still by far the biggest purchase you’ll ever make, representing years of hard work. If an [unforeseen accident](#) – a fire, for example – destroys the entire property and you don’t have insurance, then you’ll bear sole responsibility for the loss. Your house, and all your possessions will be gone.

Now consider the alternative – you pay a small amount to your insurance provider each month. In return, if there’s a fire (or any one of a number of covered ‘perils’ – we’ll get to that later), then they’ll rebuild your house and repair or replace your damaged property at no cost to you other than your deductible.

Another common reason for wanting insurance is to protect your liability. All homeowner’s policies from Square One protect against personal and/or premises liability. Personal liability protects you against your negligence anywhere in the world. For example, if you’re playing golf on holiday and accidentally hit someone with your ball, then your home insurance policy would respond in the event they decide to seek damages. Premises liability protects you if someone is hurt on your property and decides to sue you.

Liability claims can easily run into the hundreds of thousands of dollars, and without protection, can bankrupt persons who are found to be negligent. So, having liability protection included within your home insurance is a huge benefit, and saves you from the need to purchase a separate liability policy.

External requirements

Aside from peace of mind, there are some situations where you're required to purchase home insurance. Most people can't afford to pay cash for a house and must apply to a mortgage lender (usually a bank) to lend them the funds. However, if your home burns down after only one mortgage payment and you don't have any insurance, then what's to stop you from not paying back your mortgage? The bank has paid out a huge lump sum and the money has now gone up in flames.

The bank has what's known in the industry as an 'insurable interest' in your property. That means that a loss or damage to your property would affect them financially. For this reason, mortgage providers often require you to insure the property before they will release funds. This ensures that the bank's investment is protected, and that they will be reimbursed even if you breach the conditions of the policy. This requirement is satisfied by adding the [Standard Mortgage Clause](#) to your home insurance policy.

So, not only is insurance a good idea and a common requirement of homeowners who carry a mortgage, but it's also a vital part of the economy and society, providing thousands of careers across the country and freeing up funds which encourages entrepreneurship.

Why buy from Square One?

Square One was the first to offer a fully customizable policy in North America. Our customers can choose the coverage, limits and deductibles that suit their needs. Don't own any specialty property? With us, you don't pay to insure it. And the best part? You can get a quote and buy a policy online, all from the comfort of your home.

Square One also has outstanding service and support, but don't take our word for it! With 18,000 [reviews](#) and counting, and an A+ rating from the [Better Business Bureau](#), people clearly love the way we're changing home insurance. And of course, we comply with all regulation and licensing requirements, both provincially and federally, in every territory where we operate.

So, now that you know the basics, let's look at some of the most important terms you'll need to know when insuring your home.

Terms you need to know

In the excitement of buying a new property, purchasing home insurance can sometimes seem like a chore, albeit a necessary one. Many homeowners are confused by the process and the terminology used. You know you need insurance, but where do you start? Here's a break-down of the process.

It all starts when you [get a quote](#). This is traditionally done in an insurance office, but Square One allows you to get a quote online or over the phone. Once you complete the application, it may be sent to our underwriter- the company we provide insurance on behalf of. They'll review your application and (hopefully) give their approval. In some cases, the underwriter will need more information before they're willing to accept the risk.

Once the application is approved, you can then buy and receive the policy to complete the purchase of your new home. With Square One, you can get a quote and buy a policy online within five minutes.

During this process you'll likely come across several insurance terms. As a consumer, understanding these terms gives you the power of knowing exactly what you need. So, here are the most common terms you need to know:

Actual cash value

An actual cash value (ACV) policy estimates the cost to rebuild your home considering depreciation, age and wear and tear. This estimate is the maximum amount you will receive toward the rebuild of your home. With an ACV policy, you may be out of pocket for additional costs above that amount if you suffer a loss. The older your home is, the riskier it is to choose a policy that only provides actual cash value at the time of a loss. Square One offers

a Guaranteed Building Replacement Coverage (GBRC) policy, which provides superior coverage to an actual cash value policy.

Deductible

A deductible is the amount of money you must pay toward a claim before your insurance policy covers the rest. Put another way, it's the portion of the loss that you're responsible for. Deductibles are often referred to as your policy deductibles. In most cases, the standard policy deductible applies to your claim unless there's a specific deductible stated on your policy for that kind of loss. For example, losses such as hail, water back-up, and earthquakes are often subject to [specific deductibles](#).

But don't panic – only one deductible applies per claim. For example, let's say you have a house fire and your home and personal belongings are destroyed. Not only will both need to be replaced, but you'll also need a place to live while your home is being rebuilt. In this example, even though more than one coverage is triggered by the claim, you only pay one deductible.

- **Standard:** This deductible applies to claims or losses that do not have a specific deductible assigned. Square One lets you set your own deductible to something you can realistically afford; often \$500-\$5,000.
- **Hail:** This deductible applies to damage or loss caused by hail. It's typically higher than the standard policy deductible because weather-related risks are more difficult to insure.
- **Inland flood:** This deductible applies to damage that results from overland flooding caused by heavy rain or overflowing rivers and lakes. Square One has access to topographical data that shows those areas most prone to flooding.
- **Earthquake:** This deductible applies to loss or damage resulting from an earthquake. Earthquake deductibles are usually stated as a percentage of your policy coverage, or as a dollar value.

Choose your own deductible

Unlike most insurance providers, Square One allows customers to [choose from several standard policy deductibles](#) to suit their needs. Generally, the higher your deductible, the lower your premium. Customers with a higher deductible are less likely to submit a claim for a low value item, as they are essentially self-insuring against any loss below the value of the deductible. In return, these customers receive a lower premium as an incentive.

Customers with a higher deductible will pay a little more for their premium in exchange for the peace of mind that results from claiming on smaller covered losses.

Deductibles imposed by underwriting

The objective in setting policy prices is to collect the right premium for a given risk. This means that Square One must collect enough premiums to pay losses, but not charge so much that our insurance is overpriced.

In some cases, our underwriters may impose certain deductibles onto your policy when they feel there is a specific risk at your property. These can be the:

- **Age or condition of the roof.** A roof that is past its life expectancy is more likely to be damaged by weather events and cause water damage to the home. An older roof is also more likely to leak.
- **Type of plumbing system.** Some older types of plumbing such as galvanized steel, lead and clay pipes are more likely to fail due to age and corrosion. Even certain newer styles such as [Poly-Butylene \(Poly-B\)](#) and [KITEC](#) have proven to be less reliable than copper, which is considered the gold-standard.
- **Type of electrical system.** Some older styles of wiring such as [Knob & Tube](#) or [aluminum wiring](#) are responsible for more fire losses and are less desirable.

- **Occupancy of the home.** Ideally, the owner will occupy the property as their principal home. When a home is used as a rental property or is under renovation or construction, there is a higher risk for loss or damage. The least desirable occupancy type is a vacant home. Higher deductibles will be imposed in these situations.

Discounts

Our underwriters set your premium according to the type and frequency of losses they expect to pay out. When you do something to your home that reduces the risk of a loss, you may be rewarded with discounts to your premium. Here are some reasons we might give you a discount:

- **Your insurance history.** Your insurance history plays an important part in calculating your home insurance premium. The longer you've had continuous home insurance, the better.
- **Age-related discounts.** Square One also factors an age-related discount into your premium. There is a proven relationship between youth and the likelihood of making a claim. Sometimes, getting older has its benefits!
- **Claims-related discounts.** Square One checks your claims history during the quote process to make sure you're getting the premium you deserve. The longer you've been claims-free, the lower your premium will be. Canadian insurance providers report their claims to the Home Insurance Tracking System (HITS). Recent claims increase your premium and may affect your ability to get insurance in the future.

Find additional ways to save money on home insurance [here](#).

Exclusions

Exclusions contained in your insurance policy explain specifically what is not covered under the policy. The following lists describe the three main kinds of exclusions found in your policy wordings.

Policy exclusions

- **Fraudulent or criminal acts:** Knowingly misrepresenting some fact on the application for insurance.
- **Failure to act:** Failure to take reasonable measures to prevent further damage when a loss occurs.
- **Acts of intentional negligence:** Failure to repair damage to your home after a claim if a cash settlement was received.
- **Illegal activity:** Distributing illegal substances from your home.

Property and loss of use exclusions

- **General:** Failure to report a change of occupancy of the home to your insurance company when the home is under renovation, construction or has become vacant.
- **Water damage:** Damage due to coastal flooding, ground water, seepage over time, or occurring while a home is vacant.

Liability exclusions

- Damage due to fungi, spores, bacteria, or mould.
- War or acts of terrorism.
- The transmission of electronic data.

Fire protection levels

Homes in urban settings are usually the cheapest to insure.

These settings provide a range of fire protections, equipment, and firefighters. The further from an urban centre you live, the fewer protections, equipment, and personnel there are to reduce the loss

to your home. Square One uses ratings set by the [Fire Underwriters Survey \(FUS\)](#) to assess fire risk.

- **Fire department:** The distance of the fire hall from your home has a significant effect on the fire rating assigned. The closer your home is to the responding fire hall, the better.
- **Trucks and equipment:** The number of trucks and the kind of equipment a fire hall has directly affects the fire department's speed and ability to put out a fire at your home.
- **Water supply:** Available water supply is critical to the fire rating assigned. Homes that have easy access to public fire hydrants get the most preferred rating. Homes that rely on tanker trucks receive a mid-range rating, and homes that have no regulated water supply nearby will receive the least preferred rating.
- **Firefighters:** Homes that are near a fire hall with full-time fire fighters receive the most preferred rating because their response time is the fastest. Homes near fire halls that are staffed by volunteers are assigned a lower rating due to increased response time. Homes without a fire hall within an acceptable range receive the least preferred fire rating.

Guaranteed Building Replacement Coverage (GBRC)

Square One's [Guaranteed Building Replacement Coverage](#) will repair or replace your home for one of similar kind and quality after you suffer damage or a total loss, even if the cost to do so exceeds the limit of your insurance. Here's how it works:

- **Rebuild estimate:** When determining your premium, we'll first establish a dollar value for the cost to rebuild your house. We then ask you how much insurance you want on your home- this is known as your 'limit of insurance'. With some insurance providers, in the event of a total loss, you may find that your limit of insurance does not cover the cost to rebuild your home.

But with Square One's Guaranteed Building Replacement Coverage, we guarantee to rebuild your home even it costs more than the rebuild estimate shown on your policy.

- **By-law coverage:** Your Square One GBRC policy also covers additional costs required to rebuild your home to current bylaw standards that have been introduced since the home was first built. For example, if your home was built before fire sprinklers became mandatory for new homes, then a sprinkler system will be included in your new home at no additional cost to you.
- **Conditions (1):** To qualify for GBRC, the details of your home must be entered accurately on your insurance application to the best of your knowledge and ability.
- **Conditions (2):** To maintain the promise of Guaranteed Building Replacement Coverage, you must notify Square One if doing any renovations or making upgrades to your home. If you experience a loss and your home must be rebuilt, then your new home must be of similar kind and quality, and on the same site, as the previous one.

Did you know?

If the price of lumber in your area rises, then so will the cost to rebuild your home. And, if construction labour is in high demand at the time of the loss, then the cost to rebuild your home is increased. Since labour and materials are the two largest parts of the rebuild estimate, changes to either can affect your premium.

Square One's GBRC gives you the peace of mind that those additional costs are not coming out of your pocket.

Limited depreciation

Limited depreciation is a type of settlement that customers may receive in the event of a covered loss. Think of limited depreciation as the middle ground between an actual cash value policy (which subtracts the value of depreciation from your settlement) and a replacement cost policy (which pays for brand new property). Square One customers who receive a settlement based on limited depreciation are guaranteed at least 50% of the replacement cost of their property.

Perils

In insurance, the term ‘peril’ refers to a cause of loss. So, essentially, perils are what your policy insures against. Every home insurance policy includes the peril of fire. Perils such as hail, water, and theft are also common to most home insurance policies, whether it’s a named perils policy or a comprehensive policy. Many policies offered by Square One include perils like [earthquake and inland flood](#) as part of the core coverage.

Policy conditions

To understand the basics of your policy’s conditions, it’s important to know that your policy is a contract between you and the underwriters; this is the company that agrees to compensate you in the event of a loss. (Square One is not the underwriter, we merely provide insurance on behalf of our underwriters, hence the term ‘insurance provider’.) Like all contracts, your policy has terms, conditions, and exclusions, some of which are listed below:

- **When your policy coverage applies:** Your policy must be active at the time the loss or damage occurred for your claim to be eligible. In other words, insurance will not cover loss or damage that happened before the policy took force.

- **Your duties after a loss:** You must take all reasonable and necessary steps to prevent further damage when a loss happens. For example, if there is a pipe that bursts in your home, then a reasonable homeowner would prevent further damage by shutting off the water valve to the affected area. You must also cooperate with your adjuster to provide any documents, receipts, or proof of ownership that may be necessary to process and complete your claim.
- **Settlement of a loss:** The amount of insurance described in your policy is an amount to cover all property and people insured by your policy; the amounts listed are not per person.
- **Subrogation:** Your home insurance provider has the right to recover damages from responsible third parties for loss or damage to your property.
- **Changes by Square One:** Your home insurance provider has the right to make changes to what is covered, the amounts of coverage, your rates, as well as the terms, conditions and/or exclusions of the policy. You will be given proper notice according to what is required by insurance regulations.
- **Changes by you:** You may make changes to your policy while it is in effect, however those changes must be approved by your home insurance provider.
- **Renewal of your policy:** Your policy will continue unless it is cancelled by you or by your home insurance provider with proper notice.
- **Non-renewal of your policy:** Your home insurance provider may choose not to renew your policy, with proper notice given to you of that decision.
- **Cancellation by you:** You can cancel your policy with your home insurance provider at any time. At that time, your provider requires consent specifically from those named on the insurance. Any premium that is overpaid to your home insurance provider will be returned to you on a pro-rated basis.
- **Cancellation by Square One:** Your policy may be cancelled by your home insurance provider. If this happens, then your home

insurance provider will provide notice of cancellation to you as required by insurance regulations.

- **Other insurance:** If your policy overlaps with another home insurance policy, then the policy that was in place first will cover the loss or damage claimed. If there is not enough coverage under the first policy, then the second policy will pay until either the loss is paid, or coverage limits are used up. (This condition is only valid if the damage being claimed for is also insured under your policy.)

Policy declaration

Your policy declaration is a summary of the policy details, coverages, and deductibles provided under your policy.

Premium

A premium is what you pay your insurance provider in return for coverage. With Square One, you can pay annually or monthly, with no interest charges. What determines the cost of a premium? The following is an overview of how building, location, underwriting, and individual factors help determine your premium.

Building

The size, features, and construction details of your home are three of the largest factors that affect your insurance premium. The rebuild estimate for your home is based on the information you provide during your application. Details like the type of structure (wood, masonry, log, or mobile home) have a significant effect on your premium since the replacement cost of the structure is the most expensive part of the rebuild estimate.

The rebuild estimate also includes your home's features at the time of the loss. So, the number of bathrooms, attached garages, and

special features (like fireplaces) are all considered when determining this figure. It is also affected by external factors, such as the current cost of labour and materials.

Location

The location of your home has a direct effect upon your home insurance premium. Fire losses are some of the largest losses that Square One pays out. Our underwriter assigns a fire rating to your home based on its location when calculating your premium.

Past losses

Past claims and losses at your location play an important role in calculating your premium. If the losses are more frequent than expected, then you'll pay a higher premium. The insurance industry collects data on the types and frequency of losses in an area.

The types of losses that are tracked are as many as the kinds of damage insured under your Square One policy, and include:

- Fire and smoke
- Hail
- Theft
- Overland flood
- Earthquake
- Liability

Occupancy

Occupancy refers to how your home is used. This has a direct effect on your insurance premium. The following occupancy types are rated from lowest to highest premium:

1. Principle home
2. Principle home with tenants, roomers, or boarders
3. Vacation or seasonal homes
4. Rental home with long-term rentals
5. Rental home with short-term rentals
6. Home under construction
7. Vacant home

Reasons behind the ranking: Owner-occupied homes have frequent activity and are usually well maintained. Homes that are rented are more of a risk to insure because the owner is not always there to monitor and maintain the home. A home that is under construction is not occupied at all, but there is regular activity at the location. Homes that are vacant are at the highest risk for losses due to the absence of anyone at the location and the potentially longer distance of the owner from the home.

Underwriting

Square One asks the following questions on an insurance application to determine the probability of different kinds of damage to your home:

- **What is the age and condition of the roof?** An old or deteriorated roof presents a larger risk of water entering the home and causing damage. To learn more about roofs and roof types, [click here](#).
- **Are there eaves troughs and downspouts installed on the home's roof?** Improper [water drainage from the roof](#) can result

in water pooling around the foundation of your home and cause seepage into the basement.

- **Is there any deterioration on the outside of your home?** Water can penetrate and cause damage when there are openings on the outside finishes of your home. Missing siding, deteriorating windowsills, and deteriorating bricks are common examples of this kind of deterioration.
- **What is the age and condition of the hot water tank in your home?** The older the hot water tank, the more likely it will fail and cause significant water damage. For this reason, insurance providers are starting to encourage homeowners to install [on-demand hot water systems](#) when replacing their tanks.
- **What type of plumbing is used in your home?** Outdated, faulty and risk-prone types of plumbing are a major source of water damage in homes. Copper, galvanized steel, cast iron, Poly-Butylene (Poly-B), and KITEC plumbing systems all have different levels of risk for [causing water losses](#).
- **Is there a backwater valve or [sump pump](#) in the basement of your home?** Water back-up into your home can be devastating. Having preventative measures in place, like a sump pump, can reduce your premium.
- **What type of foundation does your home have?** The [type and age of your foundation](#) may affect the premium you pay. Problems with your home foundation can lead to water penetration and even structural damage. Here are some of the most common foundation types:
 - **Stone:** Homes in the late-1800s and early-1900s are more likely to have fieldstone or limestone foundations. Some of these foundation types are more vulnerable to seepage and structural deterioration.
 - **Masonry:** Masonry or block foundations came into use around the 1930s. While these foundations are more robust than stone, they are still prone to seepage and structural concerns due to the many joints in the block work.

- **Concrete:** Concrete foundations have become the standard since around the 1950s. Concrete is less porous and more structurally sound than brick. It's also less likely to develop cracks which cause seepage and structural concerns.
- **What kind of electrical system does your home have?** The type of electrical wiring in your home may impact your premium. Fire damage, including the total loss of your home, is more likely if you have old or outdated wiring systems such as knob-and-tube or aluminum. [Undersized electrical panels](#) also cause fire losses due to overloading. If these systems are present, the your home insurance provider may increase your premium or impose a special deductible.
- **Are there any liability hazards present?** Any obvious risks at your home may cause an increase in your premium. When accepting the application for insurance, our underwriters will do an inspection with electronic image tools like Google Street view. The underwriters are looking for any liability hazards that may be present, such as:
 - **Physical hazards** such as missing railings on stairs and decks or steps that present a risk of injury.
 - **Structures in the yard** that are in disrepair may present a hazard of falling and injuring someone who's visiting your property.
 - **Certain breeds of dog** are associated with increased liability losses.

Individual rating factors

In addition to the details of your home itself, Square One also considers the person being insured. Individual factors such as how long you have had active insurance, your age, recent claims, or losses, and even your credit score can affect the amount you pay for home insurance.

- **Continuous insurance:** The length of time you have held continuous insurance is an important part of calculating your home insurance premium. The longer you have been continuously insured, the lower your premium will be.
- **Previous claims or losses:** Any previous claims or losses under your name or at previous homes owned by you will be a part of your insurance history. The more recent these claims, the higher your premium will be.
- **Credit check:** Square One also does a [soft credit check](#) as part of your application, but don't worry, this does not affect your credit rating. It's simply an inquiry of your credit rating to make sure we are offering you the best premium and payment options possible.
- **Previous cancellations:** Previous cancellations of a policy under your name affect the premium you pay now and may even affect your ability to obtain insurance.

Reinsurance

A common customer concern relates to the financial stability of insurance companies. Reinsurance is one of the regulatory requirements placed upon providers to ensure that customers never lose their homes, even in the event of a catastrophic disaster such as a wildfire that [bankrupts an insurance company](#). Essentially, reinsurance is insurance for your insurance provider.

Each provider contributes to a shared fund that's designed to pay out if the provider is unable to cover the cost of your loss.

Renewal

Your policy is continuous until cancelled either by you or by Square One. Your policy premium is fixed for 12 months, however it will be reviewed and automatically updated each year on your anniversary date, unless Square One is notified by you in writing or by phone. This means that, if the premium continues to be paid, then your coverage is valid, and your home is protected.

Eleven months into the current policy term, you'll receive an email from Square One advising you if there have been any changes to your policy premium, coverage, or deductibles for the next policy year. These 30 days give you time to review your coverage to ensure it still meets your needs.

On the anniversary date, there may be special conditions placed on your policy for the next year. From time to time, underwriting updates the insurance application to gather new information about your home. This information can affect your deductibles and your premium for the next year.

For example, you may have purchased your policy before the application asked whether there is knob and tube wiring in your home. Because of this new information, your policy will be adjusted based on the new information. Any change to your policy conditions, deductibles, or premium will apply on the renewal date.

Underwriter

Insurance underwriting companies decide whether to provide insurance, and under what terms. The underwriter reviews and evaluates the insurance application to determine what coverage can be offered and at what premium.

Types of insurance policies

Before we look at the types of homeowner's policies offered by Square One, let's take a quick look at the three types of home insurance policies available in Canada today; named perils, broad-form and comprehensive.

Named perils

A basic (or, to use the industry term, 'named perils') policy protects you against a specific list of 'perils'. Though it sounds terrifying, 'peril' is simply a term used to describe a cause of loss. For example, fire, water damage and theft are all specific perils. A basic policy includes a list of perils that the policy protects against.

The advantage of a named perils policy is that premiums are often the most affordable. However, the downsides- mainly relating to minimal protection- often cause homeowners to seek additional coverage. For example, if the policy doesn't explicitly state that you're covered for vandalism, then you're not. A typical named perils policy offers coverage for loss or damage resulting from:

- Fire
- Windstorm
- Aircraft or vehicle impact
- Hail
- Theft
- Smoke

While the price of a basic policy may seem attractive, it's important to know that in the event of a claim, the burden to prove that the loss is covered rests upon you, the insured. For this reason, Square One does not issue any named perils policies.

Comprehensive

All policies sold by Square One are comprehensive (or all-risk). This type of policy protects against everything except for a list of exclusions which must be contained within the policy documents. Comprehensive coverage represents the best level of protection currently available, and thanks to Square One's online platform and low overheads, policies start from only \$12/month.

It's important to read your comprehensive policy thoroughly to be aware of the exclusions. It's also important to know that there may be optional coverages with this type of policy. For example, Square One doesn't include jewellery or specialty property coverage as standard. The reason for this is that many people don't own a large quantity of these items, so it makes little sense to charge everyone a premium for something most don't need to insure.

We removed these coverages from our standard policy and included them as add-ons. You can customize your policy to meet their specific needs, and we pass the savings on to you.

So, which type of coverage is best for you? Well, unfortunately, you may not have a choice in the matter. Most people can't afford to buy a home outright and must secure a loan from a mortgage provider- usually a bank. Banks often require that you purchase comprehensive coverage on your property before they are willing to release funds.

Learn more about the [exclusions in your insurance policy here](#).

Broad form

Broad form policies bridge the gap between a basic and a comprehensive policy. They provide comprehensive coverage on the most valuable aspects of your policy (your house) and provide named perils coverage on your personal property. As such, they

may be slightly cheaper to purchase than a comprehensive policy, but the protection offered is also inferior.

Replacement cost vs actual cash value

Two terms that you may come across when researching home insurance are ‘replacement cost coverage’ and ‘actual cash value’. But what do they mean?

Both terms identify the way in which your claim will be handled. Say your laptop is stolen from your car. You’re devastated, as it’s a top-of-the-range model that cost you \$1,000 two years ago. Your home insurance provider agrees that this loss is covered under your policy, but how much will you receive? The answer depends on whether you have replacement cost or actual cash value coverage.

Replacement cost coverage is essentially what it sounds. So, in this case, you’d receive the amount of money that it costs to replace your laptop with a brand new one. The laptop should be the same brand and be of similar kind and quality to the one that was stolen. In our example, assuming the manufacturer hasn’t increased the price, you’d receive a settlement of \$1,000 minus your deductible. In other words, with replacement cost coverage there is no charge for depreciation.

Actual cash value on the other hand, deducts the value of depreciation from your claim to reflect the value of your property at the time of loss. The formula for actual cash value looks like this:

$$\text{Replacement cost} - \text{depreciation} = \text{actual cash value}$$

So, to continue our example, let’s determine how much you would receive if your coverage provided for actual cash value (often abbreviated to ACV). The first step would be to determine the replacement cost, which we’re assuming is \$1,000. Then, your insurance provider will determine the depreciation.

Depreciation refers to a decline in value over the given life of a product. In this case, your laptop is two years old. It might have a lifespan of 5 years, meaning it loses one fifth (or 20%) of its value every year. In our example, this would mean the laptop depreciates \$200 per year, and it's 2 years old at the time of the loss, leaving us with the following equation:

$$\text{Replacement cost (\$1,000)} - \text{depreciation (\$400)} = \text{actual cash value (\$600)}$$

Based on this method, the settlement you would receive is \$600 minus any applicable deductible on your policy.

With Square One, replacement coverage applies to all property that can be replaced in the open market today. However, if it isn't possible to replace an item, or the item appreciates in value, then you have the option of purchasing coverage on a market value basis, which is often better than actual cash value.

At this point, you may be wondering how the lifespan of your property, and thus the amount of depreciation, is determined. Each insurance provider has their own means of identifying depreciation, varying from subjective assessments conducted by an adjuster to depreciation charts based on tax accounting figures. Life expectancy is most often determined through a combination of manufacturers' specifications and common sense.

To give you an idea of how it works, here's a typical break-down of depreciation on three items you might claim for:

- **Portable household items:** These usually depreciate 10% per year until they hit around 20-25% of their replacement cost (75-80% depreciation). However, for items that are considerably worn, poorly maintained or obsolete, insurance providers may consider the item as having no monetary value at all.
- **Clothes:** Life expectancy for clothes is predicated on style. As styles change so quickly, and clothes are often discarded or

considered out of style within 3-5 years, depreciation on clothes is higher than for other household items – often 20-25% per year.

- **Your home:** As even a small difference in the valuation of your home could have a huge impact on your financial wellbeing, Square One usually arranges for an appraiser or quantity surveyor to determine the amount that your home has depreciated. Remember though, with our Guaranteed Building Replacement Coverage, you won't need to worry about depreciation.

Each insurance provider uses different calculations, so depreciation figures may vary. For more information on Square One's claims process, skip ahead to the [claims section](#).

Types of homeowner's insurance

Home insurance falls into three broad categories; [homeowners insurance](#), [condo insurance](#) and [tenant insurance](#). Both condo and tenant insurance address specific needs. However, there are a variety of living situations to which homeowner's insurance is applicable, each with specific coverages and exclusions. So, how do you know what type of policy you need?

Before your insurance provider agrees to provide coverage, you'll need to fill in an application that highlights your insurance history and the details of your property. From this, the insurance provider should be able to tell what type of insurance you need, but there are some situations where you'll need to contact them with details of changes to your home's status.

Detached house

A detached house is a residential property that rests on its own land and shares no walls with any neighbouring property. Most often, these properties have a freehold title, meaning there is no shared (or common) ownership. Picture a regular house and you'll likely have the right idea.

[Detached homes are common](#) across North America which should make it relatively straightforward to categorise your insurance policy type. As far as homeowner's insurance goes, detached house policies are often considered the base from which other policies are measured.

That said, owning a detached house presents certain risks. For example, there are legal requirements placed upon you to keep your sidewalks clear of snow in winter. Your home may also contain more physical hazards than a condo, such as steps leading to a porch, or [railings on a deck](#). For this reason, Square One

includes personal and/or premises liability coverage in all homeowner's policies.

Owners of detached homes are also likely to own a lot of personal property. If you have a family, then you'll know only too well how the contents of a garage can accumulate with worrying ease. Square One allows you to customize your coverage; no more paying to insure items you don't own.

There aren't many pitfalls to consider with a detached home, but make sure you consider the occupancy type. If the property in question is your second home or one that you only use occasionally (like a log cabin or vacation property), then there may be certain requirements placed upon you or the property.

As with any type of insurance, this is based on the risk presented. By their nature, owners frequent their second home or vacation property less often, so if something does go wrong, then it's possible that no-one could spot the damage for months.

At Square One, we accept a wide range of [secondary and seasonal homes](#), including different types of occupancy, construction and foundation types. For second homes, the following coverages are mandatory:

- Building coverage
- Personal property coverage
- Premises liability

Your insurance provider may also ask you who lives in the property – whether it's just you on an occasional basis, or if your family lives there permanently. If you plan on renting the house to others and living there occasionally, then you'll need a [landlord's policy](#).

Duplex or semi-detached house

A duplex or semi-detached house is a property comprised of two single-family units. These can either be stacked vertically or horizontally. Like a townhouse, there are some situations where the title of a duplex classifies the ownership as a condominium. As such, these properties will be eligible for [Square One's Condo Owner's Protection](#).

To qualify for a homeowner's policy with Square One, the property must have a freehold title. When this is the case, each owner must hold an insurance policy for their half of the duplex.

Heritage home

A heritage home is an older property that has been deemed significant or valuable to the community at large. This doesn't apply to all older homes; properties must hold a heritage designation.

[Insuring a heritage home](#) often presents a lot of challenges, however they aren't a bad risk. The common perception is that heritage homes are expensive to insure. While this can sometimes be the case, the premium (in fact, all home insurance premiums) is derived principally from two factors; the usage of the home and the cost to rebuild.

There can be strict rules around the materials and techniques that must be used to rebuild a heritage home, and this has the effect of increasing the cost to rebuild the home. Square One, like many insurance providers, assigns one of two categorizations to heritage homes depending on the extent to which it must be rebuilt to the original standard.

Homes that require exterior approval only must be rebuilt to the original appearance, but the interior can be fitted with modern

finishes. For this type of home, there is usually a moderate increase in premium over a modern detached home.

However, for homes that require both interior and external approval (i.e. those that must be rebuilt to the same standard inside and out), the cost of rebuilding, and therefore the cost of your premium, will rise again.

When filling out your application for a heritage home, your insurance provider will likely ask you questions about the home's systems to determine the risk it presents, as building codes and materials evolve over time. With heritage homes, Square One is most concerned about the integrity of your foundation and the type of wiring used. Copper is considered the gold standard today, but many older properties use knob-and-tube wiring, which can present a fire hazard if not maintained properly.

A common issue with insuring a heritage home is simple bureaucracy. You see, most insurance providers require changes to be made to the property before they will issue coverage—upgrading to copper wiring, for example. To make the changes, you'll need access to the property. For most, this requires getting a mortgage from a bank, who usually require a home to be insured before they'll release funds, leaving you running in circles between the two institutions.

Realizing that this is not feasible in every case – especially if you're just purchasing a home – Square One can often provide a grace period of 30 days to allow you a chance to complete the purchase, obtain access to the home and make some renovations, while safe in the knowledge your property is protected.

Finally, it's crucial that you make your insurance provider aware of the [heritage designation](#) of your home. So, if this question doesn't automatically arise, then be sure to contact your provider at your earliest convenience.

Landlord

Homeowners who receive income through renting their property (whether in whole or in part) should consider purchasing landlord's insurance. While not a legal requirement, landlord's insurance offers peace of mind by protecting your building, your liability, and your property. In some cases, you'll even be able to recover lost income if your tenant is forced to evacuate.

The rules for landlord's insurance fall into two categories; long-term rentals and short-term rentals. Both policies cover the physical building and 'landlord's property'. This is defined as property owned by you but for the use of your tenant, such as washing machines, dishwashers, and fridges.

So, what are the differences between a long-term and short-term policy? And how do you know which is right for you?

Long-term rental

If your tenant signs a lease for 6 months or longer, then Square One considers this a long-term rental. This type of tenancy is generally regarded as less risky than short-term rentals, and this is reflected in the premium. Square One's landlord policy covers the building, the landlord's property, and your premises liability.

[Rental income coverage](#) also protects your lost earnings if your tenant is forced to move out of the property due to a covered loss. (This is a major advantage of purchasing a landlord's policy.)

When completing your application, your home insurance provider will ask you specific questions relating to the management of the property. Common questions include:

- Who is managing the property? Are you going to use a property management company? Or are you planning to handle the process yourself?

- If you're managing the property yourself, then how far away from the property do you live? The closer a landlord lives to a property, the easier it will be to fix issues and periodically check on the state of the building.
- Are your tenants required to hold their own insurance? This requirement shows your insurance provider how you deal with risks. It can also be a great way to determine which potential tenants are serious. To learn more about requiring tenants' insurance, [click here](#).

Short-term rental

Many home insurance providers will refuse coverage to owners seeking to rent their home on a short-term basis through services such as Airbnb. The frequency with which guests (who are unfamiliar with the property) enter and exit the building, and the associated risk of a liability claim is greater than a long-term rental.

Square One, however, understands the convenience associated with [short-term rentals](#). For customers renting for less than 6 months, we provide the same great coverage as long-term rental insurance with only a few stipulations:

- Rental income coverage is available, but it is limited to the lesser of:
 - The amount of income you made from the property for the same period last year; or
 - The projected income based on your average income earned from the property in the last 6 months.
- Both your premium and your deductible will increase if you have more than 10 short-term rentals per year.

We'll also ask you the same questions as if you were planning on renting your home on a long-term basis to determine the management of the property. It's important to be honest during the initial application phase, as deliberately lying on your insurance

application can void your policy and result in your entire claim being denied.

Please note: Short-term rental services may provide a degree of protection. Be sure to check the conditions offered by the provider. However, a Square One landlord's policy can make a huge difference to your loss if the platform is unable to respond.

Laneway homes

A laneway home (also known as a carriage or coach house) is a detached building that sits on the premises of another property that has been converted to (or constructed as) a complete, self-contained, miniature home. These homes gain their name from location in the back yards of detached homes, which open onto the back lane between streets.

Square One can [insure laneway homes](#) in two different ways; either as a detached structure on the primary residence, or as a separate policy of its own. Here are the advantages and disadvantages of each option:

Advantages under the primary residence policy

- Lower premium.
- Single policy deductible for losses affecting both the laneway home and the main residence.

Disadvantages under the primary residence policy

- Guaranteed Building Replacement Coverage not available; the laneway home is covered on a replacement cost basis only.
- Claims at the laneway home affect the claims-free discount of the main residence.

Advantages under a separate policy

- Laneway home covered under Guaranteed Building Replacement Coverage.
- Claims at the laneway home will not affect the claims-free discount of the main residence.

Disadvantages under a separate policy

- Slightly higher premium.
- Losses that affect both the main residence and the laneway home will be subject to two deductibles.

As a rule, insuring a laneway property under its own policy makes most sense when the property is more expensive (\$100,000+) or for customers who like the peace of mind associated with Guaranteed Building Replacement Coverage. The standard coverage for laneway homes which insures the property as a detached structure under the main residence is most appropriate for low-value properties or owners who do not require Guaranteed Building Replacement Coverage.

Log homes

As the name suggests, a log home is a property constructed of interlocking logs. While some may see log homes as inherently at risk of fire, Square One's [coverage for log homes](#) is broadly like the standard policy for a detached house, with only one significant difference. When customers experience a partial loss, logs or timbers will only be replaced if they are structurally compromised. This means that logs which experience cosmetic damage will not be replaced but will be repaired using standard repair and resurfacing techniques.

In the event the entire house is lost, Square One provides coverage on the same guaranteed replacement cost basis as standard construction types.

There are, however, certain situations that make insuring a log home more difficult. For example, if your home was self-built, then we require a professional building inspection before we issue a policy. This ensures the home is structurally sound and in good condition.

[Log home roof design](#) should also feature overhangs of at least 24 inches to prevent rainwater from damaging the logs. And, the foundation itself must not be made of wood, as this can transfer water to the load-bearing logs.

Homes under renovation or construction

Although similar in premise, homes under renovation are considered separate from those under construction.

Smaller changes to your home, like installing a new bathroom or fitting new windows, are considered renovations. Owners can usually remain living in the home while the work is being done. Your insurance provider may simply make a note of the planned improvements and continue coverage as normal. Once work is complete, you may see a decrease in your premium if the renovations include replacing things like old plumbing or roofing.

Larger projects, where the home is rebuilt from the foundation up, are considered construction rather than renovation. Square One considers this the same as building a new home from scratch. You can't usually live on the property as there will be contractors coming and going frequently. This presents a higher risk to both the property and your liability. As such, we require your contractors carry both Worker's Compensation Coverage and Commercial General Liability Coverage.

At the end of the project, we'll be in touch to follow up on your progress. Square One also offers [optional coverage for delay expenses](#), which cover additional expenses you may incur if the completion of the build is delayed due to an insured loss. For example, if you're forced to move into a temporary rental because the project suffers a fire partway through. This coverage is available for both homes under construction and renovation.

Before the project begins, be sure to update the value of your home to ensure the entire property is covered in the event of a loss. For homes under construction, Square One requires the home to be insured to its completed value. This prevents the need to update your policy every time a part of the home is completed.

Townhouse

A townhouse can be defined as a row of single-family dwellings where each of the sidewalls is shared (or common) with another dwelling, except in the case of end units, which may only have one common wall.

Townhouses are often confused with condos, and for good reason; the terms themselves are quite misleading. A townhouse is a type of construction, whereas a condo is any property where there is common ownership in the form of a condo (or strata) corporation. For this reason, true townhouses are quite rare these days, as most townhouses are registered as condos.

As such, condo-townhouse owners are usually eligible for [Square One's Condo Owner's Protection](#), which provides the following great benefits:

- Assessments made by your condo corporation against you.
- Replacement of improvements made to your home.
- Personal property.
- Condo concierge services.

If the title of your property classifies it as a townhouse and not a condo, then there is no common ownership of property (like connecting walls) and therefore there can be no master policy that ensures the entire structure. As such, each “freehold” owner is responsible for the maintenance and repair of their section of the building.

In these cases, it’s possible to purchase a policy like that of a detached home. However, these situations are extremely rare, so be sure to check for the classification of ownership.

(To find this, check the title or ownership on the property listing. If you see the terms ‘communal’ or ‘shared’ in the home’s advertising, then this is usually a giveaway that the ownership is categorized as a condo. If you’re still unsure, then ask your realtor.)

Vacant homes

Technically, any type of property -detached house, condo, etc.- can be considered vacant. For our purposes, we’ll consider vacant detached houses.

A home is considered vacant when the occupants have left the home with no intention of returning. This can also be the case for a brand-new property that occupants don’t move into within 7 days. Most insurance providers exclude certain coverages, such as glass breakage, vandalism, and water damage.

Also, if your home is vacant for more than 30 days, then you’ll generally forfeit your coverage unless you’ve informed your insurance provider and they accept the risk. In these cases, there is often an increase in premium, and some providers require you to pay a monthly fee for a vacancy permit.

That’s the bad news. The good news is that Square One provides excellent [coverage for vacant homes](#). Water damage is excluded,

but glass and vandalism coverage remain, with only a slight increase in deductibles.

All vacant home policies are subject to a minimum \$5,000 standard deductible, and no personal liability coverage is provided.

Final thoughts...

With most insurance providers it can be tricky to know what type of homeowner's insurance policy to buy, especially if you're not sure which category your property falls under. Is your home a condo or a townhouse? Should you ask for a homeowner's policy for your log home? Do you need a separate policy for your laneway home?

Square One's online application form asks a series of questions designed to find out exactly what kind of policy you need. The system then informs our agents of any additional information that we require. Or, if you prefer to talk to us over the phone, then our licensed insurance agents will be able to help.

What's covered?

To find out exactly what's covered under your policy, check your policy declaration. This page describes coverages and deductibles in specific detail as it pertains to the following elements:

Rebuild estimate

Square One provides guaranteed replacement of your home due to total loss or damage. The rebuild estimate shown is an important part of how your premium is calculated. With a Guaranteed Building Replacement Coverage policy, this rebuild estimate is not a limit. Square One will complete the rebuild of your home if your home is accurately described on the application.

Personal property

This figure represents the total amount you can claim for the replacement of all the [contents within your home](#), such as furnishings, appliances, clothing, and electronics.

Specialty property

The types of property indicated here are not included in your personal property amount. Coverage must be selected at additional cost. The advantage of splitting these [property coverages](#) from your personal property is that if you don't own these items then you don't have to pay to insure them.

Landlord's property

A policy for a homeowner that is renting their home will see this item as 'landlord property' on their policy declaration.

Additional living expenses (ALE)

Being displaced from your home during a repair or rebuild can have a significant impact on how you live. Whether you are moved temporarily to a hotel, or in a longer-term loss, to a temporary rental, your normal activities of daily living are interrupted.

This coverage pays for the additional expenses you incur above your normal living costs if you're temporarily displaced from your home due to a covered loss. During a short-term displacement, [ALE reimburses the expenses you incur](#) above your normal cost of living, such as additional food costs and the cost of hotel accommodation. In a longer-term loss (if your home needs to be rebuilt, for example), renting temporary accommodation comprises the largest part of your additional living expenses.

Not all hotels or rental properties allow pets on their property, so consider the cost of boarding pets when selecting a limit for ALE. Immediately after a loss you will likely stay in a local hotel. However, if there are few rooms available because it's a busy time of year or there is an event happening where you live, then your hotel room may be outside your home area.

In a longer-term loss there may be fewer rental options available because vacancy rates are high or there are not that many places to rent in your area. When choosing your limit for ALE, consider the extra transportation costs that may be incurred if the distance to work or schools is now greater than it was before.

Rental income

If your home is rented out to others, then you may choose this optional coverage to compensate you for rental income that is lost when your home is not occupied by your tenant due to damage that is being repaired or replaced by your Square One policy. This

coverage does not apply for any gaps between times your home is not occupied by tenants for any other reason.

Personal liability

This coverage applies when your personal actions cause accidental injury to another person or if you damage the property of others and are found legally responsible.

Premises liability

This coverage applies when someone is injured on your property and you are found legally responsible.

Identity theft

This policy option covers reasonable expenses incurred by you due to [illegal access to your identity](#) or credit, unauthorized use of your bank or credit cards, and other fraudulent actions related to the theft of your personal information. Most banks assist with the recovery of the direct costs but may not help you with the indirect costs, like the cost of a lawyer and your time off work to resolve the situation.

Legal protection (personal)

Choosing this optional coverage provides unlimited [access to a legal support line](#) to get help with legal matters related to your employment, property and personal taxes. An additional option under this coverage provides for legal costs incurred related to your defense or pursuit of a matter related to a contract. Commercial contract matters are not covered under this option.

Landlord legal protection

This coverage gives you unlimited access to legal assistance for a home that you own and rent out to others. It includes help with tenant disputes, enforcement of the tenant agreement and legal defence costs that result from the tenancy of the rented premises.

Occupancy

Insuring your home for the correct occupancy is essential for your policy to be valid. A primary residence that is owner-occupied requires a different kind of coverage than a home that is rented out or used as a vacation property. If your home's use is not correctly stated on your insurance policy, then your coverage could be void at the time of a loss.

Rebuild cost

The largest portion of your premium covers the cost to rebuild your home. A requirement for Square One's Guaranteed Building Replacement Coverage is that your policy must contain accurate information about your home's size, features, and construction details. For this reason, it is important to contact Square One before making any renovations or additions to your home.

Personal property

Your policy provides for the full replacement of the property you own inside and around your home. Many homeowners don't know how much to insure their personal property for. A very broad estimate is approximately \$10,000 per room in your home. For a more accurate figure, complete this [home inventory worksheet](#).

Specialty property

Square One allows you to select coverage for special types of property, such as bicycles, sporting equipment, fine arts, and jewellery. If you don't own those kinds of property, then you can save on your home insurance premium.

Rental income coverage

Rental income coverage protects you against the loss of income that occurs when your tenant is forced to move out after a covered loss. When deciding on this optional coverage, consider how your financial situation would be affected if the rental property had to be rebuilt after a total loss.

Liability

Your policy declaration lists two kinds of liability:

- **Personal liability** covers if you cause accidental injury to another person or their property anywhere in the world.
- **Premises liability** covers if you are found legally responsible for the injury of another person because of the ownership of your home. A common example is the postman that slips on your sidewalk while on your property.

Square One recommends that homeowners choose least \$1 million for both personal and premises liability. If there are features of your home that may cause injury, such as a pool, trampoline, or hot tub, then it may be worth increasing that limit further still.

Getting a quote

Part one: Location

The first part of your quote with Square One asks where your home is located. Homes are usually categorized as either urban, semi-rural, or rural. The location of your home directly affects the cost of your insurance because available fire services and response times vary between these areas. Square One rates your home for fire risk using the fire protection levels (below) provided by Fire Underwriters Survey. Homes in urban centers are rated most favorably.

- **Fully protected areas (lowest fire risk):** Fire hydrants within 300 metres; a range of fire trucks and equipment; and full-time firefighters.
- **Semi-protected areas (medium fire risk):** No access to fire hydrants; varied firefighting equipment; and volunteer firefighters.
- **Unprotected areas (highest fire risk):** Homes are not within 3km of fire hydrants or a fire hall.

Using the correct address for your home is critical. Of course, in most cases it's not hard to figure out your correct address. In newly developed or rural areas, there could be some confusion. Square One's online system uses Canada Post's database to verify addresses. If we can't determine your address this way, then you may need to speak with your realtor or developer to confirm the location's address as it is registered with land titles.

Part two: Occupancy and use of home

The use of your home directly impacts your premium. A vacation home faces different risks than a primary home or a rental home. We'll ask you about the home's occupancy and how it's used.

Specifically, we'll ask if anyone conducts a business from the home. Most home-based businesses require extra protection, and many pose too great a risk for a home insurance policy. It's important to disclose details about the business, like what sorts of equipment are stored in the home, if there are any employees, and how often clients or customers visit the home. Each of these factors may affect premiums (or disqualify the home completely, in some cases).

Whether or not your home hosts any business activities, we'll ask you about the occupancy of the home. Each type of occupancy carries different risks, and accordingly carries different premiums. It's critical to have the correct occupancy listed on your home insurance policy.

The following types of occupancy are listed from least to most risky. The higher the risk, the higher your premium will be.

Primary residence

Your primary residence is where you spend most of your time when at home. As such, you'll be able to quickly respond to maintenance issues as they arise. The premium for a primary residence is therefore lower than for other occupancy categories.

Primary residence with tenants

When you share your home with others that are not related to you, there is a higher probability of physical damage and loss due to theft. If your primary home includes tenants of any kind – whether those tenants are roomers in your part of the home, or tenants in a rental suite – then your premium will be higher, and underwriting

may impose higher deductibles to compensate for the increased risk.

Second homes

A second (or vacation) home is a home occupied by you and your family, but you don't live there on a full-time basis. You will pay a slightly higher premium to insure your second home compared to your primary home because you are not there as often.

Long-term rental

Long-term rentals can make it difficult for landlords to check the condition of their property on a regular basis. Damage may go unnoticed or unrepaired. Landlords also have less control over who may enter the residence.

Short-term rental

If your home is rented to short-term tenants, then the premium will be higher than if your home was rented to long-term tenants. Square One defines short-term rentals as occupancies of 6 months or less. Your premium may also increase if you rent your home on a short-term basis more than 10 times per year.

Homes under construction

Square One can insure a home that you are building for future use as your primary home or as a rental property. A policy that insures the home under construction will include the value of your finished home as there is no practical way to track the progress of value during the build.

Vacant homes

A vacant home poses the highest risk for an insurance provider, and the premium reflects that. When a home is not attended, damage can go unnoticed for longer periods of time, which increases the total damage to your home. A vacant home is also

more at risk of trespassers entering the property and causing damage. The longer a home is vacant, the more likely it will suffer damage. For this reason, Square One only offers insurance on vacant homes for a limited time.

Please note: If the occupancy of your home is stated incorrectly, then your policy may be void. You will bear sole responsibility for the costs associated with rebuilding your home. A home incorrectly insured is in nobody's best interest.

Part three: Home details

Information collected about the size, features, and construction details of your home form an important part of providing the coverage you need at a fair price. These details are essential to the rebuild of your home if you experienced a total loss.

The information we'll need about your home includes:

- Year built
- Construction type (wood frame, brick, concrete, etc.)
- Type of roof (asphalt, wood, tile, etc.)
- Number of floors
- Size of main living areas
- Size of basement areas
- Number of bathrooms
- Number of fireplaces
- Size of decks or patios
- Size of attached garages or carports
- Type and size of swimming pools, or detached structures (garages, sheds, gazebos, carriage homes, etc.)

Based on this information, we'll calculate the rebuild value of your home. Keep in mind that rebuild value is not the same as the market value; the rebuild value may be far less than you paid when

you purchased your home. Rebuild value represents the cost to rebuild on the same plot of land, so land value isn't considered.

To qualify for Guaranteed Building Replacement, you need to insure your home for at least the value we've calculated as the rebuild cost. You can also increase this limit if your home has a lot of expensive, custom finishes that may not be captured by the application questions (like marble countertops or wood flooring).

Part four: Underwriting questions

Square One's underwriters need to know about the following aspects of your property to build your quote:

- **Roof:** The age and type of your roof determines the likelihood of damage that could allow water into your home. We'll also ask when it was last replaced.
- **Hot water tank:** The age of your hot water tank determines the probability of the tank bursting and causing substantial water damage.
- **Plumbing:** The type of plumbing system in your home determines the risk of water damage.
- **Electrical:** The type of electrical system in your home helps determine the risk of fire at your property. We'll ask about the electrical panel and the wiring.
- **Drainage:** Details about the roof drainage, sewer, and perimeter drainage systems of your home help determine the potential of water seepage and sewer back-up.

Part five: Personal information

Square One collects personal information such as your legal name, date of birth, and address to give you the discounts you deserve.

A continuous history of insurance may provide preferred rates. We'll ask if you have a current home insurance policy to help determine if you qualify for any claims-free discounts.

We'll also ask if, in the past 5 years, you've had a home insurance provider cancel a policy, refuse to renew a policy, or impose conditions on a policy. It's important to answer these questions honestly, as they can affect your rate (or, in extreme cases, determine if you're eligible for coverage at all). Of course, if you had a policy cancelled for reasons beyond your control (like your previous insurer ending their business in your area), it won't be an issue while applying for a new policy.

Personal information collected by Square One is only used for the purpose of determining your premium and administering your policy if you choose to purchase.

Part six: Coverage and deductibles

Listed below are the core coverages, optional coverages, and deductible options provided by Square One:

Core coverages	Description
Rebuild estimate	The rebuild estimate on your policy is based on your answers to questions posed in the application.
Personal property	With Square One, you can choose how much personal property coverage you want above the minimum amount provided.
Additional living expenses	Square One allows you to customize the amount of ALE coverage you receive.
Personal and premises liability	Square One suggests \$1 Million liability as a homeowner. However, you can choose higher or lower amounts.

Optional coverages	Description
Detached structures	Protects any structures within your property lines that aren't connected to the main building (sheds, gazebos, carriage homes, etc.)
Landscaping, fences, and gardening equipment	Protects all trees, shrubs, lawns, fences, retaining walls, and almost anything else that improves the curb appeal of your home. Also protects lawnmowers, trimmers, snow blowers, and other gardening equipment.
Specialty property	Choose the amount you need in each category, starting at the \$2,500 minimum.
Identity theft	This coverage provides the indirect expenses related to restoring your personal and financial information if you are victim of identity theft.
Legal protection	Choose this coverage to have unlimited access to a legal support hotline.

Deductibles	Description
Standard	This deductible will be applied to any claim you make under your policy. Your choices range from \$500 to \$5,000, or up to \$10,000 if your home is vacant or under construction.
Glass	Square One allows you to choose a \$0 glass deductible for a slightly higher monthly premium. A glass claim made against the policy will not count as a claim.
Inland flood	If your home is located where there is a higher than average risk for inland floods, then a specific deductible for inland flood losses will be applied to your policy.
Earthquake	Every Square One policy includes coverage for earthquake damage . These deductibles are usually 5-10% of your total policy coverage. In areas more prone to earthquakes, you can choose a higher deductible for a lower premium.

Buying a policy

When to buy

You will need to buy your home insurance before you see your lawyer to sign the final purchase documents.

The bank or institution you have secured your mortgage with wants the assurance that their financial interest in the property will be considered should something happen to your home. Before the closing day, your lawyer will ask you for an “insurance binder.” Square One calls this document a “confirmation of insurance,” but it is the same thing.

The confirmation of insurance document shows that the home you are purchasing is insured. Most financial institutions will insist that your policy includes the guaranteed replacement of your home. Some are now also requiring that earthquake be a covered loss under the policy as a condition.

When renewing your homeowners’ insurance, it’s important that you review the confirmation of insurance to confirm that the bank or institution listed is the correct one. Many financial institutions audit the mortgages they hold from time to time to confirm that the home they have a financial interest in is still insured.

How to buy

You may purchase a Square One insurance policy either via the Square One website or over the phone with the help of one of our knowledgeable agents.

- **Online:** The majority (90%) of Square One clients begin the purchase process online by getting a quote at squareoneinsurance.com. In fact, most customers can complete

a quote and purchase online without even needing to pick up the phone. Once your payment is received, you'll get an email almost immediately containing your new Square One policy documents. From time to time, there are additional questions that our underwriters need answering before they are willing to accept the risk. In this case, you will be asked to call us by phone and speak with an agent at your convenience. Once the application is reviewed and meets all the underwriting requirements, you may complete your policy purchase.

- **By phone:** Some of our clients prefer to buy over the phone with the help of one of our highly qualified sales agents. Buying your policy by phone gives you the opportunity to have your questions answered while completing your quote. First-time buyers often prefer this option as our agents are happy to walk you through the process from start to finish.

How to pay

Square One processes your policy payments electronically, whether you are purchasing online or over the phone.

Visa, MasterCard, and American Express are the credit cards currently accepted by Square One. Visa or MasterCard debit cards draw funds from your bank account and are verified by Visa or MasterCard. These type of debit cards are becoming more popular and are accepted by Square One for payment of your policy. [Pre-authorized withdrawal \(PAD\)](#) is a third method to pay once the initial down payment to purchase your policy has been received.

Payment terms are either monthly, after the initial down payment is received, or annually. Many of our clients choose to pay monthly since Square One does not apply any interest or fees. Special payment terms may be imposed by Square One if:

- Your credit history is poor.
- You have a history of payment failures with Square One.

- You have past policies that were cancelled for non-payment.

Your policy documents

Square One is a fully electronic company providing all your documents and conducting policy maintenance by email. The savings achieved by not producing and sending paper documents are passed down to you in the form of lower premiums.

When you receive your policy documents, it's important that you review them to make sure that the information is correct. Correcting errors sooner rather than later will benefit the claims process, should you need to make a claim. Also, be sure to confirm that the coverage you have chosen is showing correctly on your policy. And finally, review your policy wordings for a description of your coverage including terms, conditions, and exclusions.

Your policy document is a shared contract between you and Square One, your insurance provider. Square One commits to represent the policy correctly and to help you make informed decisions about your home insurance. Square One also is responsible to administer your policy and represent you when you make a claim under your policy.

As a homeowner, you must let us know if there are any changes to your home such as renovations, changes in occupancy and especially if your home becomes vacant. If your home is represented incorrectly on the policy, then your claim for loss or damage may be void.

Your Square One online account

Your online account allows you to manage your policy instantly, from the comfort of your own home. With your Square One account you can do many things with your policy that would otherwise require you to contact us by phone. The information and services accessible via your Square One account are described below:

- **Account information:** View and change your contact information, home address and mailing address.
- **Policies + quotes:** View your existing policies or quotes; start a new quote; download your policy; make changes to your policy; and upload documents/photos to Square One.
- **Billing information:** Change your method of payment; change your payment frequency (monthly or annually); review your payment history; and request an account statement.
- **Claims:** Report a claim and view your existing claims.
- **Tell your friends:** View the details of Square One's referral program.
- **Contact Square One:** View your options for contacting us and send a message or ask a question over live chat.

Of course, if you'd rather contact us via phone, then simply call 1.855.331.6933 and one of our licensed insurance agents will be happy to help.

Maintaining a policy

So, you've bought a policy and it's time to relax. Well, sort of. While it's great knowing that your home is protected, there are several situations where you're required to act to maintain the validity of your policy. It's also a good idea to learn about cancelling or renewing your policy before you need to do so.

Policy changes

There are 4 situations where you'll need to contact Square One to update the details of your policy:

Material changes

A material change can be defined as a significant and continuing change in your circumstances that may cause an increase (or decrease) in the risk associated with insuring your property. Here are a few examples of situations where you'll need to get in touch:

- If you're renovating your home, and the total value of the changes is more than \$25,000: We'll change the value of your home on your policy to reflect the changes you're planning to make. That way, if your house burns down, then the upgrades will be covered.
- If there is a change in occupancy in your home: For example, if you decide to rent out your basement suite to a tenant, or if the home becomes vacant.
- If you decide to tear down your home and construct a new one at the same location.

Proof of value

At Square One, we let you choose the coverage that suits your needs. Optional coverage is available for specialty property, such as jewellery, watches, fine arts, and collectibles. If you select

coverage for specialty property, then you must list each item on your policy before you submit a claim. If you don't, then the amount you receive for your lost or damaged property will be limited to \$3,000-\$6,000 depending on the item.

3. Leaving your home in winter: There's an exclusion in your homeowner's policy relating to water damage that occurs if [pipes burst after they become frozen during the winter](#). To avoid this, if you know you're going to be leaving your home for more than 7 days, then you need to act. Either decide to ensure your heating stays on; drain the pipes; or arrange for a friend or family member to check on your home.

While this might seem stringent, a burst pipe can do a lot of damage- in fact [45% of all home insurance claims are water claims](#). But unlike some insurance providers, Square One still protects you if your pipe bursts while you're away from home receiving emergency medical treatment.

Pay your premiums

It almost goes without saying... but let's say it anyway. Your insurance isn't valid if you don't pay for it!

It's also important that you're honest when filling out the initial application for insurance. Your insurance provider can't give you the coverage you need if you lie about what those needs are. Sure, misrepresenting the occupancy of your home might save you a few bucks a month, but in the event of a claim, willful fraud could result in your entire claim being denied- not just the part of the loss affected by the lie.

We know that buying insurance can sometimes seem tedious. But try to remember that every question on the form is there for a reason. If it has been asked, then it matters to your insurance provider.

Finally, it's important to inform your insurance provider if you're moving – [something that 80% of Canadians don't do](#). Square One makes the process easy. You can transfer your coverage to your new property with only a few clicks of your online account (or over the phone if you'd prefer). That way, you can continue earning loyalty discounts, your personal property is covered while in transit to the new address, and there's no gap in your coverage.

Renewal

Your Square One policy is continuous until cancelled, either by you or by Square One. However, customers should be aware that policies will be automatically reviewed each year, on the policy's anniversary date. Again, the reason for this is to ensure that there are no gaps in your coverage that leave you unprotected. We do, however, give you plenty of notice of our intention to do this.

We'll send you a notice 30 days before the end of your policy year with a personalized summary of any changes to your policy. If we don't hear from you, then those changes will automatically take force on your anniversary date, and your updated premium will be charged.

It's common to see a slight increase or decrease in policy premiums each year. Your home insurance premiums are based on several external factors, including the rate of inflation and the number of claims across the industry and in your residential area. If these factors change over the course of a year, then they will be reflected in the following year's premium.

Insurance providers must pay the cost of these claims using their only source of income, your premiums. As such, your premium may rise after a period of many claims (such as a wildfire), or your premium may fall after a period of fewer claims, or as you build up claims-free history.

Cancellation

All home insurance policies sold in Canada are cancellable, both by the insured and the insurance provider. Or, in other words, both you and your insurance provider can cancel the policy at any time. While we don't recommend going without insurance, we recognize that there may come a time where you simply no longer require insurance – if you're moving in with your family, for example.

In these circumstances, Square One makes it easy to cancel a policy. Simply log in to your online account or call one of our licensed insurance agents on [1.855.783.5772](tel:18557835772). Your cancellation takes effect as soon as you confirm, for the date you specify, and the remainder of your premium is then returned to you after the date your policy cancels.

Your insurance provider also has the option to cancel the contract of insurance. While this is uncommon, this may occur due to non-payment of premiums or for underwriting reasons. Providers also have the option to refuse coverage when material changes (such as those listed above) have been made which increase the risk. If your insurance provider cancels the policy, then they will provide you with advance notice of cancellation.

Note: Square One applies a \$50 minimum retained premium to all policies. This means that the first \$50 of premiums paid is non-refundable if you cancel your policy. For example, if your premium is \$25/month and you cancel your policy after one month, then the remaining \$25 will still be payable. If, in the same example, you cancel after two months, then there will be no fee. Most customers who wish to cancel have already paid \$50 in premiums, therefore there is no fee associated with cancellation.

Making a claim

Even if you never experience a loss, it's a good idea to know what to do if the worst happens, especially as there are certain requirements placed upon you during the [claims process](#).

Most importantly, you'll need to report the claim in a timely manner. It would be almost impossible for your insurance provider to accurately assess your claim if you report it 6 months after the loss. You must also allow your insurance company access to the property to determine the cause of the loss. And if your claim is for personal property, then your insurance provider may also require proof of ownership. Your insurance provider has the right to inspect damaged property – even personal property like clothes and furniture – so to the extent that it is reasonable and safe to do so, ensure that the damaged property is available for your adjuster to inspect.

This measure is designed to prevent the very small percentage of fraudulent claims that occur when people try to receive payment for property they never actually owned, or that was never damaged in the first place.

The claims process

If your claim involves a crime, then the first step in the process is to contact the police. If your claim is an emergency (like a fire), then contact the emergency services and then take any reasonable measures to prevent further damage to your property. Do not put yourself in harm's way.

Once your property is secure, the police will issue a report. Make sure you hold onto this as your adjuster will require a copy. When the immediate risk has passed, contact your insurance provider as soon as possible, so the loss is still fresh in your mind.

Square One's claims service is available 24 hours a day at [1.855.783.5772](tel:18557835772), or you can report your claim online using your online account. For both methods, we'll need some basic information about your claim, including:

- Your name.
- Your policy number.
- The location of the loss.
- A phone number where you can be reached.
- The date and details of your loss.

For emergency claims, Square One guarantees a response within two hours. The person who deals with your claim is called a 'claims adjuster'. They're licensed professionals who specialize in dealing with losses and getting customers back on their feet. Your adjuster will be in touch to evaluate the situation and provide advice on preventing further damage.

They may also arrange for emergency restoration work. Following this initial contact, you'll work with your adjuster to determine your settlement through discussion of:

- Your policy coverages.
- The damage to your home or contents.
- Who can help you with the repairs.
- The status of your repairs.
- Temporary accommodation (if required).
- The deductible on your policy.
- Claims payments owed to you.

Your adjuster will then provide you with a Proof of Loss form, as required under the Insurance Act. To do so, they'll need a detailed list of the items that have been lost, stolen or damaged. Be sure not to dispose of any damaged goods, as your adjuster will need to see them.

The final step in the claims process is to receive payment. Square One pays out on 90% of all claims submitted in Canada, and most are settled within 60 days. The manner of payment depends on the individual claim, with most settled through cheque or e-transfer.

The amount of your payment is based upon the type of settlement indicated in your policy- either actual cash value, limited depreciation, or replacement cost- and you'll work with your adjuster to arrive at a fair settlement. In the unlikely event that no agreement is reached, you have the right to an arbitration process to determine the payment.

For smaller claims, your adjuster may send you the settlement outright. For larger claims, you'll coordinate with your adjuster to determine the best way to repair or replace your damaged property. During this period, your adjuster may send partial payments in advance, so it's important to hold onto any receipts that relate to your loss or any additional living expenses.