



WHAT YOU NEED TO KNOW INSURANCE FOR HERITAGE PROPERTIES

March 18, 2021

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PLEASE NOTE THAT THIS PRESENTATION IS A GUIDELINE ONLY
FOR DETAILS ON WHAT YOUR POLICY COVERS PLEASE
TALK TO YOUR INSURANCE REPRESENTATIVE

ABOUT IBC

- Established in 1964, Insurance Bureau of Canada (IBC) is the national industry association representing Canada's private home, car and business insurers
- IBC members make up over 90% of the Canadian property and casualty (P&C) insurance market
- Not a government body or a regulator
- Consumer Information Centre

WHAT WE'LL COVER TODAY

- Property insurance 101
- Insurance for heritage properties
- Five steps to the proper protection
- Creating your risk prospectus
- Making a claim
- Resources for heritage homeowners

PROPERTY INSURANCE 101

- Pool of funds – the premiums of the many pool together to pay for the claims of a few
- No one is immune to disaster
- Insurance limits the risk of unexpected events and protects individuals from large, sudden financial loss
- Banks and mortgage companies require proof of insurance

PROPERTY INSURANCE 101

Coverage for Perils/Events:

- Named Perils
 - Basic policy coverages: Fire, Lightning, Explosion, Windstorm, Hail, Smoke
- All Risk / Comprehensive
 - Covers against all risks except those specifically excluded
 - Typical exclusions: Earthquake, Rodents

PROPERTY INSURANCE 101

Homeowners Insurance Covers:

- House (dwelling)
- Outbuildings (or detached structures)
- Contents of your house (personal property)
- Additional living expenses
- Personal liability

PROPERTY INSURANCE 101

If you have a claim:

- Contents / Personal Property
- Building

Replacement Cost

- This means items will be repaired if they can be, or replaced with new items of the same type and quality, without depreciation.

Actual Cash Value

- Replacement – Depreciation = Actual Cash Value

PROPERTY INSURANCE 101

Premium Factors:

- Residence – Type, Size, Construction, Location
- Fire Protection
- Loss Experience / History
- Policy & Coverage Chosen

HERITAGE PROPERTIES

What's different about insuring heritage properties?

- Custom exterior features hard to repair or replace
- Construction and systems may need to be updated
- Vulnerability to severe weather – flooding, power outages, wildfire
- Considered a specialty risk – requires expertise to assess and underwrite – not all insurers have on staff
- It can be hard to find the right coverage at an affordable rate

HERITAGE PROPERTIES

Certain features can add to your premium

- Basis of claims settlement: “like kind and quality”
 - Replacement Cost vs. Reproduction Cost
- Modern building materials and workmanship vs those of the past
 - Architectural details/millwork
- Contaminants
 - Asbestos
 - Lead paint and mold
- By-Laws & Planning approvals
- Claim settlement costs

5 STEPS TO INSURING A HERITAGE OR HISTORICALLY DESIGNATED PROPERTY

- Shop around
- Reduce your risk
- Keep accurate and complete records and photographs
- Document unique characteristics
- Purchase adequate coverage

SHOP AROUND FOR INSURANCE

Create a risk prospectus for your Heritage Home

It should contain:

- Photographs
- Dimensions
- Construction details
- Building, electrical, mechanical systems, plumbing updates
- Documentation (paperwork, photos) of the unique characteristics of your property
- Recent appraisal

CREATING YOUR RISK PROSPECTUS

Plus these items:

- Copies of local 'heritage' bylaws
- Historic designation assigned to your property
- Your municipality's planning requirements for heritage properties in the event of a partial or total loss

REDUCING YOUR PROPERTY'S INSURANCE RISK FACTORS

Comply with local building codes

- Fire exits and smoke alarms
- Electrical systems

Update/maintain

- Roof
- Heating system
- Plumbing

MAKING A CLAIM – COST FACTORS

- Planning approvals
- Appraisal expertise
- By-laws
- Claims settlement costs
- Modern building materials and workmanship vs those of the past
- Distinctive, unique features
- Contaminants – e.g. lead paint/mold

MAKING A CLAIM – WHAT TO EXPECT

Replacement cost includes:

- Debris removal
- Construction costs, i.e. labour, materials, no economy of scale, upgrades
- Design and Architectural services

Market value vs. Replacement cost

- Tax assessment value
- Market value
- Policy replacement cost

ADDITIONAL LIVING EXPENSES
TIME OUT OF HOME MAY BE LONGER DUE TO CUSTOM
REPAIRS OR REPLACEMENT

HOTEL

RESOURCES

Visit us on the web at: **ibc.ca**

Consumer Information Centre: **1-844-2ask-IBC (1-844-227-5422)**

 **@insurancebureau**

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THANK YOU



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