



Heritage Matters...in

Insurance for Heritage Properties

What are protected Heritage Properties in Markham?

The City of Markham's Heritage Register provides a record of protected heritage resources as required by the Ontario Heritage Act which includes "listed" properties and "designated" buildings or structures on individual properties and within heritage conservation districts. Properties on the Heritage Register are subject to policies found in the City's Official Plan regarding cultural heritage as well as those in heritage conservation district plans.

Why are some insurance companies hesitant to insure heritage properties?

Some of the reasons may include:

- A lack of understanding of heritage property designation. Often it is not a designation issue, but rather an "old home issue" as there may be too many unknowns or risks.
- A perception that these buildings may carry a higher risk due to the age of the building fabric, such as wiring, pipes, heating equipment, foundations, and roofs.
- A concern regarding the cost to replace materials "with like kind and quality" as part of a claim.
- A desire to minimize risk and counter other factors impacting the insurance industry by choosing to avoid unusual properties.

All types of property insurance – whether commercial or personal – are currently experiencing pressures related to high inflation, shortages of materials and skilled trades, and an increase in catastrophic weather events. This has increased claims costs across Canada and is putting pressure on insurance premiums.

What can be done to ensure insurance coverage?

It is important for property owners to work with their insurer to achieve an understanding of what designation means and the heritage attributes that are being protected. For example, if an exterior wood wall cladding is a heritage attribute and during a fire a section of the wall cladding is damaged, the replacement material should be the same cladding material and not brick, vinyl or aluminum.

To reduce age-related risks for insurance companies, owners should provide as much information as possible regarding property improvements as insurers always seek to minimize the risks. Improvements could include:

- Electrical and plumbing upgrades
- Roof replacements, foundation repairs and heating system improvements
- Removal of older wiring systems
- Installation of sewer backflow valves
- Inspection and maintenance of oil tanks
- Proof of adequate firebreaks (semi-detached and rowhouses)
- Smoke detectors and security alarms

Can I upgrade my Heritage Building?

Designation in no way impedes a property owner's ability to upgrade the mechanical or electrical services of a heritage building. Most designations only cover the exterior of heritage buildings, not the interior construction, features or treatment.

If my Heritage Building is destroyed, do I have to replicate it?

In the event of the unpremeditated loss of a listed or designated building, the owner is **not** required to rebuild or replicate the original building. If a property is within a Heritage Conservation District, new development must comply with the relevant Heritage Conservation District Plan, but the lost building need not be replicated. While insurance companies provide insurance to build new homes in "like kind and quality" (often referred to a Guaranteed Replacement Cost coverage), this is not enforced through the *Ontario Heritage Act*.

If a property owner is having difficulty in obtaining insurance, what steps can they undertake?

If an insurance company declines to insure a heritage property, the owner should shop around as there are many other companies that have experience insuring designated properties. Assistance can also be provided by the Insurance Bureau of Canada (IBC) – Ontario Office. The IBC also has a useful brochure entitled: "Heritage Properties: Insuring the Living Past" (link below)

[heritage-properties-en.pdf \(storyblok.com\)](http://www.ibr.ca/on/heritage-properties-en.pdf)

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Disclaimer This guide contains information on preserving heritage properties and insurance, but it is intended as a general resource only. Content from third parties with specific expertise has been heavily relied upon. The City of Markham has taken all reasonable steps to ensure the accuracy of the information in this publication. However, it is recommended that owners consult with trained specialists in the insurance industry. The City does not assume responsibility for any loss or damage resulting from adherence to the information in this guide.

“Heritage Matters...in Markham”
is a series of information brochures
on heritage planning topics.

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