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Insurance and Heritage Properties

Will heritage designation make my property insurance premiums go up?

Your premiums should not go up as a result of a heritage designation. A variety of other reasons cause insurance companies to increase premiums for older buildings if there is a higher level of risk, such as services (out-dated wiring, old heating systems, etc.). In fact, some companies do not insure buildings over a certain age. Designation itself, however, does not place additional requirements on the insurer and therefore should not affect your premiums.

What happens if a building is destroyed by fire, or some other accident? Would it have to be rebuilt as it was?

The intent of designation is to preserve the historic, physical, contextual or other community heritage value of a property. If a building on a heritage property is completely or partially destroyed, the designation by-law does not oblige the owner to replicate any lost heritage attributes. A replacement building, for example, can be of a different design.

What if I *want* the original features of my property to be replicated in case of damage?

If this is what you want, make sure you're properly covered. Insurance coverage for this depends on the degree of risk you and your insurance company are prepared to share. The age, quality and condition of your building will affect what coverage is available and the premium charged.

"Replacement cost" coverage requires prior insurance appraisal of the building. It generally provides for the property to be repaired or replaced with like kind and quality up to the amount stated in the policy. If available, guaranteed replacement cost coverage can provide for replication of original historical detailing and other important features that have been lost or damaged – whether or not a property is designated. Some insurance companies even offer a special type of "by-law endorsement" coverage. If you have a designated property, it is advisable to share your designation by-law with your insurer in order to be certain that heritage attributes are properly covered by your policy.

You can also obtain coverage for "actual cash value" (ACV). The ACV is the calculated cost of replacing the property with something of like kind after taking depreciation into account. When you arrange the insurance, be sure to speak with your insurance representative about the basis of your claims settlement. It is important to understand what you can expect if the building were to be completely or partially destroyed by an insured peril.

As with any insurance plan, it's best to research the various insurance providers in order to find the most competitive rate and best service from your insurer.

If you have further questions, you can contact the Insurance Bureau of Canada Consumer Information Centre at 416-362-9528 or 1-800-387-2880 (Direct Lines) Consumer Officer(s) available Mon. to Fri. 8:00 am to 6:00 pm. Voice mail is available 24hr.

What is heritage designation?

Designation is a way for owners to express pride in the heritage value of their property, and for the community to protect and promote awareness of its local history. The Ontario Heritage Act enables municipalities to designate properties of cultural heritage value or interest through a by-law.

Designation can apply to individual properties or to a whole neighbourhood or district. If a property or district is designated, it gains public recognition as well as protection from demolition or unsympathetic alteration so that the heritage attributes of the property can be conserved.

If my property is designated, do I have to restore the property to its original design or appearance?

Heritage designation does not require you to restore your building to its original appearance. The designation by-law identifies the heritage attributes that are considered important, and council approval is required for changes that will affect those attributes.

If you want to restore any lost or missing features, you should discuss your project first with the Municipal Heritage Committee or appointed municipal staff person. They can best advise on the proposed work and its likely impact on your property – especially if this involves the removal of any important feature from a later period.

Do I need permission for general maintenance?

General maintenance work, such as repainting of exterior trim, replacement or repairs to an existing asphalt roof, or alterations and repairs to property features that are not covered by the designation by-law do not usually require *heritage* approvals. However, you may still need a *building* permit. Check with your local building department.

Who decides whether the work is acceptable or not?

Council is responsible for deciding on applications for a heritage permit, unless this power has been delegated to municipal staff. Normally the Municipal Heritage Committee will review applications for changes to the property and provides advice to staff and council. Staff and committee members can advise you on how to ensure that the changes you want to make won't detract from the property's heritage attributes.