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Insurance Bureau of Canada
Bureau d'assurance du Canada



Heritage Homes FAQs

This information is for owners of single-family older homes. For questions about commercial properties, please contact IBC's Consumer Information Centre at 1-844-2ask-IBC (1-844-227-5422).

Q1: What do insurance companies consider when underwriting a heritage property compared to a standard property?

A: Insurers first look at the age of the structure and when critical updates and upgrades were last made. Examples of critical updates and upgrades include electrical, plumbing and other upgrades that your insurance representative will ask about. These updates are required as they must meet current building codes. Insurers may also consider the unique features of the heritage building that would be expensive and hard to replace.

Homes with a heritage designation are subject to a variety of regulations and bylaws. While insurers are generally aware of and accustomed to navigating regulatory requirements and frameworks, they may not have specific knowledge of individual municipal heritage bylaws.

Providing comprehensive property information to your insurer (including applicable municipal bylaws and restrictions, type of historical designation, planning requirements, updates, maintenance records, unique features, etc.) enables the underwriter to accurately assess your risk. Insurance Bureau of Canada's (IBC's) [Heritage Property Risk Prospectus](#) can help you get started.

Q2. Is replacement coverage available for heritage properties or only actual cash value (ACV) coverage?

A. When insuring a property, insurers may offer replacement cost coverage or ACV, depending on the insurer's underwriting guidelines, the property's condition and its construction characteristics.

If the property is destroyed, replacement cost coverage may provide for rebuilding to a similar design and quality, subject to policy limits and exclusions, current building codes, municipal heritage requirements, material availability and specific policy wording. Partial losses would be handled in the same way, covering the repair, restoration or rebuilding of the part of the building that was damaged or destroyed. If opting for replacement cost coverage, heritage homeowners may require a prior insurance appraisal of the building. The appraisal helps insurers understand the extent or cost of work that would need to be done in the event of a partial or total loss.

ACV is typically calculated by establishing the cost of replacing the property with something of like kind and quality after taking depreciation into account. (ACV = Replacement – Depreciation.) It is important to note that the exact calculation method depends on the policy wording and the insurer's



practices. Homeowners should speak with their insurance representative regarding their claims settlement when arranging this type of insurance.

With both replacement cost coverage and ACV, the homeowner is responsible for ensuring that the building is properly maintained and kept in a good state of repair.

Q3: How does “like kind and quality (LKQ) work for heritage properties?

A. “LKQ” refers to replacing damaged, destroyed or lost property with construction materials of a similar type and condition. For example, if a property has a window frame made of a specific type of wood, insurers may need to locate and purchase that type of wood, depending on the governing bylaws, in the event that the window is destroyed by an insured peril. A property appraisal can help homeowners understand these unique requirements and the replacement value of their property. Insurance representatives can help homeowners find an insurance company with expertise in heritage properties.

Q4. How do I make my property more attractive to insurers?

A. As the homeowner, you are usually the best person to document and share your property’s historic value and unique features. A useful tool for doing so is the [Heritage Property Risk Prospectus](#) that IBC developed in collaboration with insurers. This tool gives insurers as much detail as possible to help them understand the risk. In addition, as the homeowner you must ensure your home complies with current building codes, such as for electrical and plumbing systems.

Q5. Who can help determine the insured value of my heritage home?

A. It is important to seek professional advice when determining the insured value of your heritage building. A replacement cost appraisal is a key tool that insurers use to establish coverage limits and understand the unique characteristics of your property. A helpful resource for finding a qualified appraiser is the [Appraisal Institute of Canada](#). Consult your insurance representative for additional recommendations. An insurance broker or agent may be able to obtain accurate insurance quotes based on the information that you provide.

Q6. Will a heritage designation increase my premiums?

A. A heritage designation does not automatically prevent insurability, but it can affect underwriting appetite, valuation requirements and reconstruction obligations, depending on the insurer, and on any applicable by-laws that may differ from provincial heritage property legislation. Remember, the insurer is interested in the whole house, not just the exterior appearance. It is important to contact multiple insurance representatives when shopping for insurance for your registered heritage home. Make a point to discuss “replacement value” versus “actual cash value” and the differences they reflect in the cost of the policy, and the differences between them when making a potential claim.



Q7. Do all insurance companies apply the Roof Limitation Endorsement, and how does it affect my property in the event of a loss?

A. Some insurers may apply a Roof Limitation Endorsement, which amends how roof damage claims are paid when damage is caused by an insured peril. The insurer may apply this endorsement depending on the roof's age, material and underwriting guidelines. Application and calculation methods vary by insurer. Some insurers may also include an allowance for upgrading to more weather-resistant materials during a roof repair or replacement. These endorsements typically do not apply if the property is a total loss.

Q8. How do I secure insurance for a heritage building that is being renovated?

A. Builder's risk insurance provides coverage for the structure under construction and, depending on policy wording, may include coverage for materials, supplies and certain temporary structures. Contractors' equipment is usually insured separately. In some cases, standard property policies may allow renovations to be carried out under the existing policy, depending on the specific wording. It is important to work closely with your insurance representative to review your options and select the coverage that best meets your needs.

Q9. How do insurers respond to total losses for heritage properties?

A. The insurance company will typically begin rebuilding the lost property once it is safe to do so and once the governing bodies have issued the necessary approvals. For heritage properties, it is very important to understand your local bylaws and responsibilities in the event of a total loss. Property owners should know their legal requirements and share this information with their insurer to ensure compliance and proper coverage when purchasing the policy. It is also possible that if the property is deemed a total loss; then, the property may be de-registered as a heritage property once rebuilt.

Q11. How do I escalate my insurance concerns?

A. If you have a complaint about your insurance claim, there are four steps you can take to be sure you're heard and that your insurance claims dispute is resolved.

Step 1: Speak with your insurance representative.

Step 2: Contact your insurance company's ombudsman.

Step 3: Contact the General Insurance OmbudService (GIO).

Step 4: Contact your provincial or territorial Superintendent of Insurance.

IBC covers these four steps in detail [here](#).