

**Municipal Effectiveness Advisory Committee (MEAC)
Approved Minutes
September 8, 2016**

Present: Chair Jane Nicholson, Vice-chair Byron Mersereau, Bill MacDonald, Issam Mansour, Ruth Thorbourne, Alyn How and Chris Millier by Skype.

Administration: Recording Secretary Sandi Millett-Campbell.

Regrets: Councillor Paul Paquette, Brian Bohaker and Ron Wesman

1. **CALL TO ORDER:** Chair Nicholson called the meeting to order at 10.05 am.

2. **APPROVAL OF AGENDA**

MOTION #MEAC-2016-SEPT-8-1

It was moved by Councillor Mersereau, seconded by Ruth Thorbourne to approve the agenda with the addition under Business Arising i) Insurance for a Heritage Property. **CARRIED.**

3. **APPROVAL OF THE MINUTES – September 1, 2016**

MOTION #MEAC-2016-SEPT-8-2

It was moved by Bill MacDonald, seconded by Ruth Thorbourne to approve the minutes of July September 1, 2016 as presented. **CARRIED.**

4. **PUBLIC INPUT – None**

5. **BUSINESS ARISING**

Issam Mansour submitted his resignation to the Committee due to current conflict of interest with the Town. Chair Nicholson and the Committee members thanked Mr Mansour for his contribution and input on the work completed so far.

i. **Insurance on a Heritage Property**

Bill MacDonald submitted a report, Heritage Building Insurance Coverage to all Committee members and summarized the points of the report with the Committee. Due to the findings in the report Mr. MacDonald reported that Annapolis Heritage Society would not be sending a letter to the Minister. See attached report.

ii. **Sector Review – Residential**

Chair Nicholson reviewed the definition of home occupation with the Committee and reminded them of the conversations from the last meeting on the topic. Chair Nicholson read Mr. Wesman's submitted concerns to the Committee and the Committee also discussed the distributed concerns from Councillor Paquette. Chair Nicholson will circulate Mr. Wesman's email to the Committee. Mr. MacDonald provided examples from Whitby Ontario's Land-Use By-Laws and agreed to email a copy out to Mr. Millier and the Committee members. The Committee discussed the differences with the home occupation and home business. Mr. Millier wanted the Committee

to think about the balance on the impact of the residential area within the two sectors and the definitions of professional/personal/manufacturing and commercial services within the sectors. Chair Nicholson and Mr. Millier will work together on the definitions of home occupation, home office and the development controls around them for the Committee to review at the next meeting.

6. CORRESPONDENCE FOR INFORMATION – None

7. ADJOURNMENT

MOTION #MEAC-2016-SEPT-8-3

It was moved by Bill MacDonald to adjourn the meeting at 12:05 pm. **CARRIED.**

Next Meeting: September 22, 2016 at 6:00 pm.

Chair Jane Nicholson

Recording Secretary Millett-Campbell

MUNICIPAL EFFECTIVENESS ADVISORY COMMITTEE

To: Jane Nicholson, Committee Chair
From: Bill MacDonald, Committee Member
2016-09-08
Re: Heritage Building Insurance Coverage

As you know, Mayor Mike Tompkins attended our last MEAC meeting and spoke to committee members - wearing, as he stated, two hats. Speaking in his capacity of mayor, and as an insurance broker, he informed the committee that insurance companies were declining to provide insurance coverage for heritage designated buildings. He described it as a 'concerted effort to step away' from insuring heritage buildings, led by Intact Insurance – and a trend that he observed (in his capacity as an insurance broker). He advised that a letter had been forwarded to the minister responsible, in his capacity as mayor, seeking the provincial government's intervention with the insurance industry. A copy of the letter was to be provided to committee members – with letters of support offered by myself, as president of the Annapolis Heritage Society, and yourself, as president of the Annapolis Board of Trade.

Concerns over the pending calamity, asserted by Mayor Tompkins, generated immediate distress among members of the committee, and prompted in one case a call for the immediate notification of heritage property owners in Annapolis Royal.

Following the meeting, I made some inquiries in support of making representation to the Annapolis Heritage Society Board of Directors for a letter of support. However, those inquiries do not support the assertions made to the committee members.

I could find no on-line discussions about a trend of insurance companies not insuring heritage buildings; including on the National Trust's website, where one might reasonably expect to see something if there was a problem that threatened heritage buildings in Canada. To the contrary, they report, "Insuring a heritage building in Canada can sometimes be difficult, but there are signs that the situation is improving."

The National Trust suggests that there are two main reasons why insurance companies may be hesitant to insure a heritage building:

- a perception that heritage buildings carry higher risks due to old wiring, piping, heating sources, foundations, and roofs; and
- a perception that, in the case of a claim, it is too costly for insurance companies to replace the materials of designated heritage sites.

The National Trust points out that not all heritage bylaws require that homes be replaced using the exact materials with which they were originally built – with most designations are only concerned with the exterior of heritage buildings.

A brochure on the National Trust of Canada website, entitled 'Insuring Old Homes in Nova Scotia', warned of misconceptions. Published jointly by the Insurance Bureau of Canada, Nova Scotia Tourism, Culture & Heritage, the Provincial Heritage Property Owners Association of Nova Scotia, the Halifax Regional Municipality, and Canada's Historic Places, it states the following:

"Beware of misconceptions. The official heritage registration of a home should not have any affect on the insurance policy, but you may need to shop around. Like any other older home, a registered heritage home is insured will the same type of policy having repairs made and items replaced in the same manner. Remember, the insurer is interested in the whole house not just the exterior appearance."

<https://www.nationaltrustcanada.ca/sites/www.heritagecanada.org/files/Insuring%20Old%20Homes%20in%20NS.pdf>

Similarly, in a 2007 brochure, 'Insuring Your Heritage Home' brochure, the Insurance Bureau of Canada advises:

"Insuring your heritage home is not as hard as you think. Though it may be risky for some, there are a number of insurers out there who would be happy to insure your heritage home."

https://www.nationaltrustcanada.ca/sites/heritagecanada.org/files/Insuring%20your%20Heritage%20Home_EN.pdf

On September 7, 2016, I spoke by telephone with Marlene Landry of the Insurance Bureau of Canada (Atlantic Regional Office) - the Bureau's Atlantic Manager of Consumer and Industry for the past 18 years. When asked if insurance companies were no longer going to be insuring heritage properties, Ms. Landry responded unequivocally, "That isn't true."

Ms. Landry advised, "Nothing has changed in the market." Noting that she receives 6,000 calls a year, and only two to three of those calls are from heritage property owners.

Ms. Landry confirmed what Mayor Tompkins advised, that one insurance company in Atlantic Canada won't cover heritage building. She declined to name them, but described them as a medium sized company. However, informed of the concerns expressed to the committee by 'an insurance broker', Ms. Landry pointed out that insurance brokers cannot speak for the whole industry – advising that there are 200 insurance companies in Atlantic Canada and that brokers typically represent only two to five insurance companies on average.

Providing some context and insight into to the insurance industry, Ms. Landry advised that an insurance broker only represents and speaks for their market – specifically, the few insurance companies with whom they do business. She proposed that a broker would need to contact all 200 insurance companies to asses any trends in the industry.

With the greatest of respect to Mayor Tompkins, I note the following:

Ms. Landry made it clear that insurance brokers cannot speak for the insurance industry. She pointed out that insurance brokers own their own business, and that they pick and choose what they will insure.

To limit his company's exposure, an individual broker may not want to insure heritage homes or buildings – or seasonal houses, or trailer courts. The broker gets to decide what's best for his business, and may not even ask the insurance companies he represents. He may simply not want heritage buildings on his book of business.

Ms. Landry acknowledged there are additional risk issues with heritage buildings, specifically coverage issues associated with additional living expenses – and it can take more time for rebuilding approvals (red tape). The expense of housing the insurer increases the longer it takes for approvals and reconstruction to start.

Ms. Landry noted that similar concerns about insurance companies not covering heritage buildings were raised several years ago, when a heritage property owner had issues and it hit the news. She advised that behind the scenes there were other issues associated with the individual's claims history that impacted on her coverage, but the insurance industry couldn't publicize that fact. Regardless, a subject related advisory panel was set up, which included among others, herself and Kevin Barrett of the provincial Heritage Property Program.

'Insuring the Past' - <http://assets.ibc.ca/Documents/Brochures/Heritage-Properties.pdf> – a brochure published by the Insurance Bureau of Canada as a result of the panel discussions, emphasized the importance of 'shopping around' for insurance coverage. Ms. Landry advised that a couple of weeks ago, the Insurance Bureau of Canada had been contacted by the provincial Superintendent of Insurance in regards to the same concerns expressed by Mayor Tompkins. She advised that IBC immediately conducted a survey of its members in Atlantic Canada – who represent 98 percent of the market share – and advised that nothing had changed in the market.

In the circumstances, the concerns appear to be a tempest in a tea pot, and I will not be recommending to the Annapolis Heritage Society Board of Directors that a letter be sent to the provincial minister responsible in support of the letter from the Mayor Tompkins.

Respectfully submitted,

Bill MacDonald, Member
Municipal Effectiveness Advisory Committee

3016-09-08

Questions about insurance?

Call us

British Columbia, Saskatchewan and Manitoba
Toll-free: 1-877-772-9777 ext. 222
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Alberta
Toll-free: 1-800-377-8378
Hours M-F 9:00 am - 4:00 pm

Ontario
Toll-free: 1-800-387-2000
Hours M-F 9:00 am - 4:00 pm

Quebec
Toll-free: 1-877-283-4324
Hours M-F 9:30 am - 4:30 pm

Atlantic
Toll-free: 1-800-565-7189 ext. 227
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HERITAGE PROPERTIES
INSURING THE
LIVING PAST

HOME INSURANCE - VISIT IBC.CA



Heritage is an important part of the past. As our rapidly modernizing times, they remind us of where we come from. Insuring a heritage property is a wise investment in your community and a preservation that is recognized within the community.



There are a few things you can do to ensure your heritage property is well protected:

1. Shop around. Find an insurance provider who understands the specific risks associated with a heritage property. Consider the claim's settlement process and the deductible amounts offered. Perhaps you want the assurance of 24-hour claims service or face-to-face contact with an insurance representative. It may mean a few more phone calls but it's worth it.
2. Reduce your risk. Take steps to protect your property and reduce the chances of making a claim. For example, install smoke detectors and centrally monitored burglar and fire alarms. The cost of insurance is directly related to risk; by reducing yours, your insurance provider may offer you a lower price.
3. Keep accurate and complete records and photographs. Heritage properties often have unique features such as antique chandeliers and plaster mouldings. Keep a record of these details so your insurance representative can accurately assess the replacement cost in the event of a loss. Store these documents in a location outside your property such as a bank safety deposit box.
4. Buy enough insurance. Some insurers may not offer guaranteed replacement cost coverage (full cost of replacing your property) for a heritage property even as a policy add-on. It is your responsibility to ensure you have enough coverage to meet any heritage regulations. Don't reduce your coverage to save a few dollars - your coverage should reflect the true value of your possessions.

Why Your Heritage Property May Be More Expensive to Replace

In the event of a loss, your insurer must determine the replacement cost – what it would cost to rebuild your property. This may be challenging considering the property's building materials, cherished features and historic significance. The following factors may affect replacement cost:

Planning approvals. There are often more layers of bureaucracy involved in repairing or rebuilding a heritage property. Because of lengthier approval processes, your insurer may pay for your outside living arrangements for a longer period of time than with a non-heritage property.

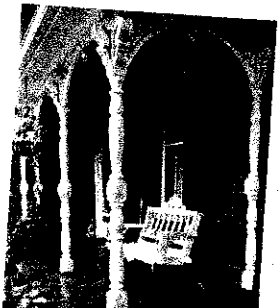
Insurer expertise. To adequately assess your property, insurers must have appraisals done by qualified professionals with heritage property expertise.

By-laws. It is generally a requirement that a heritage property be rebuilt on the original site, to its original occupancy, with building materials equivalent to the ones used at the time it was built. It is your responsibility to ensure repairs conform to the heritage requirements within your region.



Claims settlement costs. Additional time for approvals and repairs may contribute to a lengthy claims process.

Distinctive, unique features. Due to the craftsmanship typically associated with heritage properties, specialty contractors and building materials may be necessary.



Heritage properties may contain materials now known to be contaminants (such as asbestos). In these cases, special disposal must be arranged, which will add to the cost of a claim.

What To Consider

Insurers are looking for well maintained properties with good claims records. Keep the most comprehensive information on your heritage property to enable your insurer to better assess the risk associated with it. Here are some items to share with your insurance representative:

- Copies of bylaws and/or ordinances regarding zoning, demolition, repair or construction of your property.
- Specific details on the type of historic designation assigned to your property. If three classifications are listed, designated and heritage conservation easement.
- Your region's planning requirements for heritage properties and for "in fills" or new construction in heritage districts.
- Updated maintenance records (for example, upgraded plumbing or replaced roofing) as well as photographs of all aspects of your property. These details help an insurer make an informed decision.
- Documentation (paperwork, photos) of the unique characteristics of your property. Store this information in a location outside your property such as a bank safety deposit box.



What you can do

The following steps may reduce your heritage property's insurance risk:

- Ensure your property is compliant with relevant building codes.
- Consider replacing old-style knob-and-tube wiring (the risk of a fire is increased if the wiring is overloaded, deteriorated or damaged). Although some insurance companies will not insure properties with knob-and-tube wiring, some may give you time to have it removed. Others may offer coverage upon inspection to ensure its safety.
- Update and/or upgrade your roof, heating system (forced air gas or electric) and plumbing (galvanized cast iron to copper and/or PVC. Install sewer backflow valves).
- If the property is a row house or semi-detached of any age or designation, insurers may be interested in proof of an adequate re-break between the homes.
- Install home burglar and fire alarm systems.
- If your property has an oil tank, ensure it is inspected and maintained regularly.