

Home Insurance and the National Register of Historic Places

The topic of insurance agencies being reluctant or unwilling to underwrite policies for historic properties is one of growing concern within the preservation field. Largely this is due to the misconceptions that continue with regard to historic properties and federal landmark designation programs.

Under federal law listing in the National Register of Historic Places results in no restrictions on the use, management, maintenance, or disposal of a historic property. Owners of private property are free to manage their property as they see fit. Damaged or destroyed properties are under no requirement to rebuild or repair as originally designed. National Register designation is largely honorary in nature and provides certain economic benefits to owners, but places no requirements on the use of the property. Insurance claims should follow the normal course as with any other property, unless the owner specifically purchases a replacement policy for exact replication (e.g. historic house museums).

Even if listed in the National Register, a historic property could still be demolished by the owners as long as no Federal funds, permits, or licenses were involved in the process, and no state or local ordinances were in effect that might restrict the property. Local ordinances may place certain restrictions on the owner that are separate from the National Register program.

An owner does not have to rebuild their National Register listed property according to any specific federal standards or guidelines, so insurance coverage should be similar to that for a non-historic building. We have found, however, that some insurance companies and their underwriters are hesitant to insure designated buildings, usually because they fail to understand the facts about listing. In most cases there are usually other firms available more than willing to provide insurance.

One approach to take with the reluctant insurance companies is to request where in the company's policy it specifically says "we do not insure National Register listed properties." We have yet to see anything actually in print that says this. You might also call your state's insurance commissioner's office and speak with the homeowner's analyst about whether insurance companies can refuse to underwrite houses that are listed in the National Register. Referring insurance companies to a regulatory agency sometimes works. It is helpful to ask if there is a policy or position paper regarding insuring listed properties in your state.

To be clear:

The National Register does not require that exact replicas of listed properties be constructed if the original is destroyed.

The National Register does not require that the same or very similar materials be used for repairs or replacement of all or part of a damaged building and,

The National Register does not require that any specific guidelines be followed in the rehabilitation of properties whose owners do not participate in federal programs.

The National Conference of State Historic Preservation Officers addresses this issue on their website at <http://www.ncshpo.org/current/bestpractices/insurance.htm>