



COMMONWEALTH of VIRGINIA

Department of Historic Resources

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Re: Insurance coverage of privately-owned properties in National Register-listed historic districts and properties individually listed in the National Register

The Department of Historic Resources has been contacted about insurance coverage for historic properties that are listed in the National Register of Historic Places and/or the Virginia Landmarks Register. Some insurance companies are unfamiliar with the National Register and the Virginia Landmarks Register programs and their intended functions. Listing in the National Register and in the Virginia Landmarks Register is honorary. The designation recognizes a historic property's importance to its community, the State, and/or the Nation as well as encouraging good stewardship of the historic property. Register listing does not encumber a property with restrictions on use, sale, repair, or other typical activities associated with owner-occupied dwellings, commercial buildings, churches, schools, and other types of historic buildings.

A property's Register listing, either individually or as a contributing resource in a registered historic district, should have no bearing on the issue of insurance coverage. Owning a property listed in the National Register does not impose a regulatory burden on the property owner. When making repairs to a listed property that may involve an insurance claim, the property owner is under no obligation to make the repairs following accepted historic preservation standards or guidelines.

Should a property that is listed in the National Register or Virginia Landmarks Register become damaged or be destroyed, there is no state or federal requirement that the property be rebuilt or repaired to reflect its historic appearance. Additionally, there is no state or federal requirement that a particular contractor be used to make repairs or that replications of historic materials be installed.

What does Register Listing Mean for a Historic Property?

Specifically, the National Register of Historic Places is a program of the National Park Service. The Virginia Department of Historic Resources (DHR) administers the National Register program in Virginia and the Virginia Landmarks Register (state register).

Western Region Office
962 Kime Lane
Salem, VA 24153
Tel: (540) 387-5443
Fax: (540) 387-5446

Northern Region Office
5357 Main Street
PO Box 519
Stephens City, VA 22655
Tel: (540) 868-7029
Fax: (540) 868-7033

Eastern Region Office
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Richmond, VA 23221
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Listing in either or both of the Registers places no obligations on private property owners, and there are no restrictions on the use, treatment, transfer, or disposition of private property, nor does it lead to public acquisition of or require public access to the property.

Please be aware that:

- National and state register listings do not place restrictions on private property owners. Owners have no obligation to open their properties to the public, to restore them, or to maintain them in a particular way, if they choose not to do so.
- Under Federal and State laws, private property owners can do anything they wish with their National Register-listed property, provided that no Federal or State license, permit, or funding is involved. Local government zoning and permitting processes must be followed regardless of a property's historic status.
- In and of themselves, National Register and Virginia Landmarks Register listings do not require that any specific guidelines be followed in a rehabilitation, remodeling, repair, or renovation (unless the owner is using federal funds or receiving the Investment and/or Homeowners' tax credit; see below). For example,
 - the owner of a listed property may paint his building any color he chooses;
 - exact replicas of listed properties are not required to be constructed if the original is destroyed;
 - the same or very similar materials are not required to be used for repairs or replacement of all or part of the building.
- If a listed property is destroyed or its integrity is greatly altered, it is simply removed from the registers through an administrative action managed by DHR and NPS.

Specific Federal and State Laws and Regulations About the Registers

If you would like further verification of the National Register's non-regulatory nature, we suggest that you consult the federal law and regulations concerning the program. They are as follows:

- National Historic Preservation Act. United States Code, Title 16, Subsection 470, or 16 USC 470. The full text of the law is at this website link - <https://www.achp.gov/sites/default/files/2018-06/nhpa.pdf>.
- Regulations for the National Register of Historic Places. Code of Federal Regulations, Part 36, subsection 60.2 (commonly abbreviated as 36 CFR 60 (subsection 60.2)). The regulations are available online at this website link - <http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=8c7b4dc18661d0c519b22291f5e7585e&ty=HTML&h=L&r=PART&n=36y1.0.1.1.26>

Further information can be found on the National Register website at <https://www.nps.gov/subjects/nationalregister/index.htm> and the Frequently Asked Questions at <https://www.nps.gov/subjects/nationalregister/faqs.htm>. On this FAQ page, the National Park Service states the following about insurance:

Listing in the National Register places neither restrictions nor requirements on a private property owner. You may do with the property as you wish, within the framework of local laws or ordinances. You are not required to maintain the property in any specific way; you may demolish the property

without federal permission. Should the property be demolished through accident (fire, storm, or other cause), you are not required to have insurance that mandates “replications” of the historic property; in fact, this would be discouraged. A replacement copy of the historic house is not historic—it is merely a new house that looks like a historic house. The historic property should be treated like any other house for insurance purposes.

We have also directed property owners to contact their state’s insurance commissioners for any policy or position paper regarding insuring National Register-listed properties. We have seen nothing from any state insurance commission that indicates refusal to underwrite properties listed in the National Register.

For additional information about the Virginia Landmarks Register’s non-regulatory nature, please consult the following state laws and regulations:

- Code of Virginia § 10.1-2204. Duties of Board of Historic Resources. Specifically note paragraph B. The full text is available online at <https://law.lis.virginia.gov/vacode/title10.1/chapter22/section10.1-2204/>.
- Virginia Administrative Code. 17VAC5-30-10. Definitions. Specifically note the definition for “designation.” The full text is available online at <https://law.lis.virginia.gov/admincode/title17/agency5/chapter30/section10/>.

Homeowners’ Insurance Coverage Requirements in Virginia

In Virginia, the State Corporation Commission’s Bureau of Insurance regulates homeowners’ insurance coverage requirements. The bureau’s webpage is <http://www.scc.virginia.gov/boi/index.aspx>.

When it comes to homeowners’ insurance in Virginia, there are minimum standards of coverage that insurers must use when insuring owner-occupied dwellings. These minimum standards can be found in Title 14, Chapter 340 of the Virginia Administrative Code, for which the full text is available online at <https://law.lis.virginia.gov/admincode/title14/agency5/chapter340/section10/>.

Minimum coverage standards require that, in the event of a total loss, coverage be provided for the replacement cost of the building thereof with an identical building on the same premises and intended for the same occupancy and use. For repairs, minimum coverage requirements are for replacement of damaged materials with identical materials. For example, if a building has plaster walls, the repair or replacement must be with identical materials. State insurance regulators acknowledge that historic materials can be difficult to replace exactly. Therefore, insurers may apply a surcharge for older houses that takes into account the additional cost that may be incurred to make repairs with identical materials. Similarly, some insurers may apply a discount for newer houses, for which identical replacement materials are likely to be more readily available. Some insurers may also offer an endorsement that allows for repair or replacement with **functionally equivalent** materials at a lower cost than would be required to repair or replace the damaged property with materials of like kind and quality, pursuant to Virginia Code 38.s-2119 C.

Please note that all of the above insurance options are based on the age of the dwelling, not on whether the dwelling is listed in the National Register and/or Virginia Landmarks Register.

Filing an Insurance Claim for Typical Repairs to a Register-Listed Property

An insurance claim filed by a private property owner to his insurance company to repair typical damage, such as a fallen tree, a burglary, vandalism, water or smoke damage, or other private incidents is not the type of action generally considered subject to government oversight, as it will not receive any federal licensing, permitting, or funding, nor is it dependent on an official federal or state declaration of emergency.

Insurance Companies Offering Insurance for Historic Properties

Purchase of insurance coverage is a complex matter unique to each property and each owner. Property owners are encouraged to become informed consumers of all their insurance products, to speak with experts in insurance and financial planning about the many facets of insurance coverage, and to work with a trusted insurance agent to design an insurance policy that is appropriate for them. The National Trust for Historic Preservation has published an article, “7 Insurance Tips for Historic Home Owners,” at <https://savingplaces.org/stories/7-insurance-tips-for-historic-home-owners#.Xt5fUPIKjIV>, that may be of assistance to any historic property owner.

Some insurance firms are knowledgeable about the National Register of Historic Places and similar designations at the state level, such as the Virginia Landmarks Register. These companies understand what listing of a privately-owned historic property either individually or as part of a historic district does and does not mean when it comes to insurance coverage. The list below is provided by the Department of Historic Resources as a service to property owners seeking insurance for their historic property. This list does not presume to be all-inclusive; however, all companies that request inclusion will be listed.

The inclusion of an insurance company on this list is not an endorsement by the Department of Historic Resources or a demonstration of professional competence. As a government agency, the Department cannot recommend the services of a firm and does not accept responsibility for the performance of any firm.

Chubb Group of Insurance Companies

The Chubb Group of Insurance Companies provides insurance coverage specific to historic houses, as well as other types of property. Their website is <http://www.chubb.com/>.

National Trust Insurance Services, LLC

The National Trust for Historic Preservation has formed a subsidiary, National Trust Insurance Services, LLC, which offers a variety of insurance solutions to property owners. Their website is at <http://nationaltrust-insurance.org/>.

Other Insurance Options

Major insurance companies, such as Allstate, State Farm, Farmers, USAA, and GEICO, as well as smaller firms offer numerous types of insurance policies. Insurance coverage requirements vary from state to state and policy coverage available in one place may not be

available in another. Property owners should speak with a knowledgeable local agent representing the firm with which they wish to do business to see what options are available in their property's locality.

Property owners also may want to educate themselves about how insurance companies weigh risks of insuring a particular property. For example, the insurance firm GenStar provides guidance to underwriters about factors to consider when it comes to insuring historic properties, at <https://www.generalstar.com/insights/blog/2019/07/18/insuring-historic-properties/>. Specialized and niche properties, such as historic house museums, have additional considerations, some of which are discussed at <https://www.distinguished.com/site/programs/cultural-historic-properties/historic-properties/>. These special considerations do not apply, however, to a typical Register-listed property such as an owner-occupied house, a commercial building or warehouse, a school, or other private property.

Natural Disasters and Making Repairs to Register-Listed Properties

Questions about repairs to historic buildings often arise in the wake of natural and manmade disasters, especially in places that have been declared disaster areas by either Federal or State government. The Federal Emergency Management Agency (FEMA) generally is the federal agency that responds first to such disasters. The Virginia Department of Emergency Management (VDEM) is the state agency that responds.

If a property is listed in or eligible for listing in the National Register, the National Historic Preservation Act requires the Federal government to take into account the possibility of adverse effects on the historic property by a project that receives *federal* licensing, permitting, or funding. FEMA has extensive information about historic preservation and requirements for making repairs when *federal* funds, licenses or permits are used, at the following website link - <http://www.fema.gov/environmental-planning-and-historic-preservation-program/historic-preservation-information>. FEMA guidelines are not applicable to making repairs to historic properties when there is no federal involvement.

VDEM has created a webpage for responses to state-declared disasters, at <https://www.vaemergency.gov/recover/general-public/>.

If a property is within a Federal- and/or State-declared disaster area, such as was declared in Virginia after the Louisa County earthquake (2011), Hurricane Sandy (2012), and Hurricanes Michael and Florence (2018), the homeowner and their insurance company are likely to work with disaster response agencies. DHR staff also can assist in the wake of a disaster, and additional information is available at our webpage, <https://www.dhr.virginia.gov/natural-disaster-recovery-advisory/>.

Financial Incentives for Repairing and Rehabilitating Register-Listed Properties

Federal and State Investment Tax Credits for rehabilitation of Register-listed properties are available, should a property owner choose to use them. DHR administers these two programs to assist owners of listed properties with maintenance, repair, and rehabilitation costs. To learn more about these programs, visit our website at <https://www.dhr.virginia.gov/tax-credits/>.

DHR also manages the Commonwealth's historic conservation easement program, which allows a private owner to guarantee the perpetual protection of an important historic resource without giving up ownership, use, or enjoyment of the property. While the landmark remains in private hands and on the local tax rolls, its existence and sympathetic treatment are secured for the benefit of future generations. Furthermore, the property owner can often take advantage of significant financial benefits associated with an easement donation, such as a reduction in property taxes based on the decision to forego maximum potential use through subdivision and/or redevelopment.

Property owners may also qualify for Federal grants for historic preservation when funding is available. Contact the National Park Service (www.nps.gov) for Federal grant information. Currently, DHR manages one grant program established specifically to assist owners of damaged historic properties in certain localities adversely affected by Hurricanes Michael and Florence in 2018. Information about this program is available at <https://www.dhr.virginia.gov/grants/disaster-assistance/>.