



Historic England

# Insuring Historic Buildings and other Heritage Assets



# Summary

This guidance is intended to help owners, managers, surveyors and other professional advisers involved with the insurance and assessment of reinstatement costs for historic buildings and other heritage assets. The term ‘heritage assets’ encompasses a broad range of buildings, monuments, sites, places, areas and landscapes that have historic significance and interest. They may not be listed but still have significance within their local context.

Advice is given on obtaining insurance and establishing the extent of cover required. The latter is often framed by financial and planning constraints as well as the statutory duties associated with public use, or any purpose requiring public or employers’ liability. Methods for establishing the appropriate level of reinstatement costs are outlined.

This guidance is mainly aimed at larger more complex historic buildings, often with associated outbuildings or structures. It is also relevant for those who want to understand the range of issues and risks involved with insuring any historic building or structure whatever its size and complexity.

The guidance stresses that insurance is just one part of a proper risk-management strategy that takes full account of potential loss from a lack of repair and maintenance, fire, theft, flooding and other more general and property-specific risks.

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**Front cover:**

Fire damage to a Grade II\* early 16th-century manor house.

Mark Waugh/Alamy Stock Photo

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# Introduction

Insurance is an important aspect in the risk management of almost all property. This is especially true of historic buildings as their design and construction can make them vulnerable to damage or destruction, particularly if a backlog of repairs has developed over time. They can also be a 'soft' target for vandalism, theft and arson which can result in complex and expensive repairs.

Fire in particular has always been a risk to older buildings and continues to be a frequent cause of loss today, even to very significant historic buildings. Places of worship and vacant buildings can be vulnerable to theft and arson. In recent years, the risks to property posed by storms, extreme rainfall and flooding have become more acute with the need for adaptation, adequate protection and insurance for both buildings and their contents.

Changing circumstances and threats have introduced new perceptions of risk and vulnerability. At the same time, the underestimation of repair and rebuilding costs has created considerable difficulties for many owners faced with making a claim.

Although the process of insuring historic buildings works on a similar principle to standard domestic, commercial and public property insurance, there are certain issues that are peculiar to it. The potential legal obligations generated by planning legislation which may require reinstatement of damage on a like-for-like basis can result in a more comprehensive level of insurance cover being required than might be considered necessary for a property of standard modern construction.

Should the property be licensed for public use, or any purpose requiring public or employers' liability, additional statutory duties will come into play. This makes the selection of adequate and appropriate insurance ever more important.

Given the wide-ranging topics covered in this guidance, some areas of advice will not be equally applicable to each and every asset type or circumstance. This is especially the case for more modest historic houses and commercial premises, and the older unlisted buildings that contribute to the character of historic towns, villages and the countryside. However, the principle of appropriate and adequate insurance still applies. Even modest listed properties are likely to require some specialist repair after an insured event.

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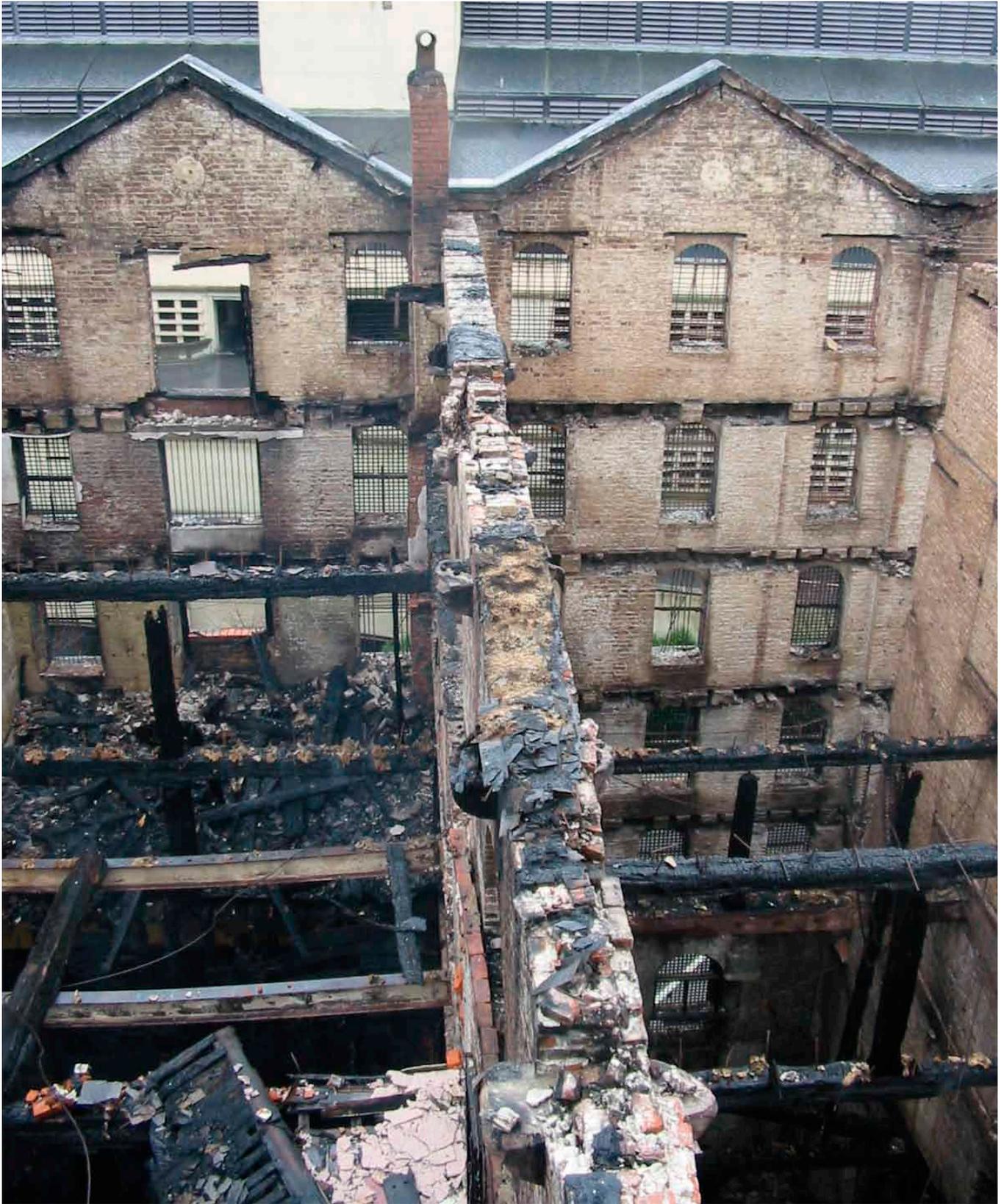


Figure 1

Fire has always been a risk to older buildings and continues to be a frequent cause of loss.

## Risk management

The last few decades have seen advances being made in risk management. Whilst not replacing buildings insurance and any liability cover, the management of risk needs to be a priority for all property owners. Whatever the age of a building, all reasonable measures should be taken to reduce the chances of fire, and to limit its spread if it does occur, as well as to minimise the risk of theft or damage to significant architectural features.

Conservation management plans which can cover individual buildings or whole estates, are based on the need to understand what is significant and why. Such plans can be an important document for strategic as well as day-to-day management in identifying risks and vulnerabilities and ways to mitigate those risks.



Regular maintenance and repair is an important strategy in managing risk. Many serious building failures are the result of an accumulation of small failings. Regular maintenance and early repair should always be undertaken to help avoid losses and the need for an insurance claim later. Water damage for example, may result from a blockage in a valley gutter, but result eventually in a collapsed historic plaster ceiling. Policyholders have a duty-of-care and an insurance claim may be rejected or reduced as a result of neglect of basic day-to-day care and maintenance. Records should be kept of inspections and works carried out.

Using contractors experienced with historic buildings with adequate insurance cover for the work they are doing, will limit the risks of unnecessary damage from inappropriate or poorly considered works that could have future unintended consequences.

Aside from building specific risks, owners and employers may need to consider other potential liabilities as well as risks to collections which may be integral to the significance of the building.

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**Figure 2**

Regular maintenance and repair is an important strategy in managing risk in all buildings especially those with complex roof forms incorporating parapet gutters and hidden roof valleys.

## Legislative context

This section provides an overview of the principal legislative areas which have some influence on the insurance of the most common types of heritage asset.

### Listed buildings

Listed building consent is required for the demolition of a **listed building** or for its, alterations or extensions in any manner which would affect its character as a building of special architectural or historic interest. Minor repairs which only replace material on a like-for-like basis generally do not require listed building consent. Where potentially more significant or complex repairs are envisaged, owners should contact their local planning authority to establish whether any consents are required.

Insurance cover should at least be adequate to satisfy all foreseeable conservation implications and to meet the resultant costs of such interiors (and of the works of art integrated with them) in the event of damage, or their replication or substitution if they are completely destroyed.

Some buildings are protected by an obligation in a lease to rebuild in the event of total or partial loss. If this is the case, it will also influence the nature of reinstatement of the damaged building that has to be carried out.

### Buildings in conservation areas

Broadly if a building within a conservation area is to be demolished then planning permission is required. Special attention needs to be given to the desirability of preserving or enhancing the character or appearance of the conservation area when dealing with proposals for development within a conservation area.

Conservation Areas may also be subject to an Article 4 direction which means that planning permission will be required for changes which would otherwise have been considered to be permitted development. For example, replacement of windows and doors within a conservation area may require planning permission if an Article 4 direction is in force.

## Scheduled monuments

Any works resulting in the demolition or destruction of or any damage to a scheduled monument; any works for the purpose of removing or repairing a scheduled monument or any part of it or of making any alterations or additions thereto; and any flooding or tipping operations on land in, on or under which there is a scheduled monument will require Scheduled Monument Consent. Unlike listed buildings, scheduled monument consent is required for all like-for-like reinstatement after damage.

For insurance purposes, scheduled monuments, whether buildings or structures, that are in use should be treated in the same way as listed buildings. However, where the scheduled monument is a ruin and lies entirely or largely underground, or otherwise is without significant economic value or benefit, insurance cover for full reinstatement costs would not normally be required, since the archaeological value of a monument is usually not capable of replication. There are instances where building insurance cover for the structure may not be considered practicable as it is in a ruined state. However, where a degree of rebuilding or reinstatement is required to maintain structural stability or to maintain a visual effect, the work would need to be carried out using appropriate methods and materials.

### Places of worship

Works to places of worship in use by one of the exempt religious denominations are immune from the requirement of listed building and planning permission for relevant demolition in a conservation area, but not from the requirements of planning permission. This is commonly known as Ecclesiastical Exemption. Current arrangements came into force in 2010 and apply to the Church of England, the Church in Wales, the Roman Catholic Church, the Methodist Church, the Baptist Union of Great Britain, the Baptist Union of Wales, and the United Reformed Church. They have their own parallel regulatory regimes.

These denominations are still required to seek planning permission for development.

### Urgent works and repair notices

Local planning authorities have statutory powers under Sections 54–55 of the *Planning (Listed Buildings and Conservation Areas) Act 1990*. This requires the owner of a damaged listed building (although not an historic place of worship covered by Ecclesiastical Exemption or Crown properties) to undertake works urgently needed for its preservation, provided that the building or the part concerned is unoccupied.

If the owner does not undertake the work, the local authority may do the work, and recover the costs from the owner. Section 76 of the same act gives similar powers to local authorities for unlisted buildings in conservation areas, subject to authorisation by the Secretary of State. In the case of fire or storm-damaged buildings, urgent works of this sort are likely to include propping-up and shoring of walls and the provision of a temporary roof.

If permanent repairs to a listed building are not put in hand, a local authority may serve a notice on the owner under Sections 47–51, requiring repairs to be made which are reasonably necessary for the preservation of the building in the state in which it was listed.

If these are not started within the specified time, the authority may start compulsory-purchase proceedings against the owner. Local authorities have a duty to consider using these powers in preference to Section 77 of the Building Act 1984, under which they can require an owner to make a building safe which, if the building is not listed or in a conservation area, might simply be achieved by demolition.

Urgent works and repair notices do not apply to scheduled monuments and places of worship in use. However, local authorities have a general power, under Section 215 of the *Town and Country Planning Act 1990*, that if the amenity of a part of their area, or of an adjoining area, is adversely affected by the condition of land in their area, they may serve on the owner and occupier of the land a Section 215 notice to address its condition.

Further information can be found in the Historic England guidance, *Stopping the Rot: a guide to enforcement action to save historic buildings* (2016).

### Damage to assets covered by legislation

Where significant damage has occurred to a listed building or other asset protected through planning legislation then discussions need to take place with the local planning authority, building control, Historic England (depending on the significance of the asset) and the insurers to assess the problem. The aim should be to ensure the special interest of the building and contents are appropriately safeguarded and repairs put in hand, which may include a degree of reinstatement or restoration.

There can be no absolute guidelines on the extent of restoration that may be required in the case of a major event. Each building needs to be considered on a case-by-case basis and the significance of what has been lost assessed. Serious fires can gut buildings leaving the masonry shell largely intact and in such cases there may well be sufficient evidence and desire to reinstate high quality interiors to a pre-fire condition. Likewise where a wing of a building is damaged, reinstating this to preserve the significance of the whole composition may seem appropriate. However, a contemporary approach may well be legitimate for less significant areas of the building.

Where new works are needed, then compliance with Building Regulations will be required but the local authority is able to exercise a degree of flexibility to achieve the best outcome for the building.



**Figure 3**

The extent of reinstatement and restoration that may be required after a major event needs to be assessed on a case-by-case basis.

# 1 Obtaining Insurance

With the increasing use of the internet, the ways in which owners source professional advice and obtain insurance have changed in recent years. Websites offering instant comparisons of insurance policies available from different insurers has made obtaining insurance easier but also more risky for some heritage assets. Comparison websites do not cover the level of customisation that may be required and many will make assumptions, particularly with forms of construction, which may make some historic buildings significantly underinsured. Insurance needs to be guided by the factors that make the asset special but also by its vulnerability to insurable risks.

The insurance of historic buildings and other heritage assets is a specialist area, and advice from a suitably qualified and experienced consultant, insurer or broker may be needed depending on the size and complexity of what is to be insured. Although, the number of specialists of this kind has increased, access to certain insurance policies has become more restricted to specialist brokers.

## 1.1 Using an insurance broker

In the past, the relationship between an insurance broker and the property owner (or the person responsible for insuring the property) was key to the successful insurance of a property or other type of asset. Today, there is less emphasis on such relationships, given the appearance of specialist insurance companies dealing with historic buildings.

Where a broker is involved, it is important the property owner regards the broker as an impartial agent in any negotiating process, rather than as the representative of an insurer or underwriter. The insurance broker can be expected to discuss and advise on how best to obtain or renew an insurance policy, before producing one or more suitable quotations negotiated with insurers. The property owner could ask the broker to obtain quotes just from specialist insurers of heritage properties. The broker and the owner can then decide which of the suggested policies is the most appropriate.

Whether or not an insurance broker is used, a large amount of information will be required in order to arrive at a satisfactory policy. A meeting on site is a good first step, to ascertain, either by enquiry or inspection, relevant information concerning the building's location, history, occupancy and use, security systems and other service installations, built fabric as well as any special fixtures or fine art/collections.

Employing a specialist broker can be an advantage as many non-specialist insurance companies and surveyors determine the reinstatement costs of a structure from a rapid examination of the exterior alone. This is often not satisfactory for a listed building. From the outside, a building may appear to have been built in the late 18th century, but the inner timber structure may be much earlier requiring different approaches to repair or reinstatement in the event of damage. Equally, particular features hidden within may demand the careful skills of specialist craftsmen in restoration, greatly affecting reinstatement costs.

Following an inspection, the broker will need to agree the level of cover required, and the risks to be insured. A draft schedule of insurance will then be produced. If the draft schedule is agreed, the broker will search the market for the best quotation for the policy. This should involve negotiation with a variety of underwriters to secure the optimum policy cover and value for money. Depending on the complexity of the total insurance package, the broker may decide to place the insurance with more than one underwriter. Voluntary excesses can be considered as a way of reducing premiums.

## 1.2 The insurance contract

A special contract of insurance will often be required when insuring a more complex historic building. This may bear little relation to a standard comprehensive policy used on other asset types. While there are common general considerations that will always need to be covered, the distinctive nature and circumstances of many heritage assets requires careful deliberation and customised drafting of policy clauses.

It is important that every contract adequately defines:

- the property or persons to which the policy relates
- the limit of the indemnity sum secured
- the conditions and exclusions relating to the insurance cover
- the insured risks that are covered by the policy

### The extent of insurance cover

The first step is to decide what elements of the built fabric, fixtures, outbuildings, fences and walls need to be insured. In addition to property or buildings insurance, it may be necessary to investigate contents insurance, particularly where there are high value collections. Liability insurance may also need to be considered, whether public or employers, and the interrelationship with the other forms of insurance.

Large historic houses often form the core of an estate, which may include listed ancillary buildings, follies or outbuildings, walls and gateways all of which may require reinstatement in the event of destruction. Historic places of worship may also include ancillary structures, usually on land immediately adjacent to the main building, but occasionally set apart such as graveyard and boundary walling, private chapels, or lych gates. It is often assumed that the whole group or estate will be included under a single policy, but that may not necessarily prove to be the most appropriate or cost-effective way of providing insurance cover. Specialist advice may be needed to ensure that the best decisions are taken.

Care needs to be taken when deciding whether to exclude ancillary structures from the cover. In the case of certain historic buildings or structures, reinstatement might reduce their intrinsic historic value and significance, and if they have little or no commercial value, rebuilding may not be desirable. In such cases, insurance may seem unnecessary, but it needs to be remembered that all expenditure will not be reimbursable. In the case of a monument of no economic value with no use, where the interest lies in the value of its historic fabric alone, the sensible minimum level of insurance may need to cover the costs of making safe and removal of debris, together with appropriate public-liability cover. Sometimes, owners of large property portfolios or estates exclude some structures from the insurance cover and accept the risk themselves.



**Figure 4**

Large historic houses often form the core of an estate, which may include listed ancillary buildings such as this stable block. A single policy for all the buildings may not be the most cost-effective way of providing insurance cover.

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When considering who to insure under the terms of a contract, it is necessary to assess which persons may be sued in the event of a disaster, as well as to identify those who may have a claim to any money paid out under a policy. It is not the owner's employees or visitors who are being insured by the contract but rather the owner's vulnerability that is being covered against claims that might be made by guests, employees or even trespassers.

Some owners may also need to insure against loss of income through interruption of business, rents, or visitor receipts if the premises have to be vacated or closed to visitors. Temporary accommodation may be needed: for instance, to permit a historic venue to continue to function for events or weddings; to allow continuation of regular services or meetings within a community following the loss of or damage to a place of worship; or for a displaced homeowner when a building has become uninhabitable. The indemnity period for business interruption should reflect the anticipated maximum time it will take to reinstate the property.

Vacant derelict buildings can pose a significant insurance problem where the cost of insuring the building is too high in relation to its unrepaired value. It may be the case that the building is not in a sufficient state of repair to be insured at all. This can lead to problems where contractors will not take possession of uninsured buildings to carry out repairs. Such situations need building specific solutions agreed by all interested parties.

## The range of insurance cover

Given the range of issues that could be covered under an insurance contract, the limitations on cover are often determined by the cost of the premium. The minimum scope of insurance cover needs to be the subject of negotiation between the owner and the broker/insurer. A broker will usually try to ensure that some cover, however restricted, is provided for every risk of any substance. In view of the demands placed on many owners by statute, a policy of 'total reinstatement' is probably the best approach. However, total reinstatement is often not a realistic concept for large properties that have undergone very considerable damage.

The most common limitations set within policies as a basis for cover are:

- total reinstatement
- first loss
- agreed value
- indemnity cover

### Total reinstatement

In the case of total loss, insurance for total reinstatement should provide the owner with sufficient funds to rebuild the property completely to the same design, quality and style, and using the same materials as before, with allowance for compliance with current legislation and best practice, as and where appropriate. Partial loss, which is more common than total loss, will also be covered to the full cost of rebuilding or renewing the part of the building that has been damaged or destroyed.

A 'condition of average' is occasionally included in property-insurance contracts to protect the insurer in the event of significant under-insurance by the insured. This condition means that the insurer will only settle a claim for loss in the same proportion that the sum insured bears to the actual rebuilding cost as a whole. If insuring on a total reinstatement basis, it is important that the sum insured covers the full cost of rebuilding otherwise, in the event of a claim where partial loss has occurred, the settlement is likely to prove inadequate to repair the damage. Some insurers may offer an average free policy on condition that there is a full up-to-date valuation.

The importance of an accurate reinstatement-cost assessment is discussed in [Section 2](#). Under-insurance alone does not provide a justification for the receipt of grant aid or a planning consent involving enabling development.

Although insurers expect owners to maintain property so that it is in good repair, older buildings like other property are in need of regular maintenance. As it is a fundamental principle of insurance that an owner should not be better off as a result of a claim, insurers may have the right to adjust payments which would otherwise be due under a policy, if on investigation clear evidence of significant disrepair is found. This approach is known as the elimination of 'betterment'. Total reinstatement policies are usually written on the basis that a minor degree of betterment is inevitable, and, in the event of a claim, it is possible that no deduction will be made for it, providing the building was not deliberately left to deteriorate and the disrepair was not significant at the time that the insured event occurred.

### First loss

'First loss' insurance covers the largest single risk. In the case of buildings, that is generally either:

- the largest building in a group
- the most vulnerable part of a single building
- the maximum extent of damage short of total destruction that a heritage asset might sustain in a single event so as to retain sufficient interest to be worth restoring and repairing (especially if this equals or exceeds the cost of a modern replacement structure in the event of total loss)

If it is felt the construction of the property, or the extent of fire and security precautions that are in place, sufficiently protect the property to make an incident or accident highly unlikely, it may be possible to adopt insurance on a first-loss basis as a means of reducing the premium.

Under first loss, the maximum insurance settlement will be limited to the financial level of cover that was agreed at the commencement of the policy. It is important to make sure the level of cover that is set on a first-loss basis will be sufficient for all possible needs. In particular, in selecting and negotiating a policy of this type where the damage sustained is less than total loss, the approach to and standard of repair and restoration work may be dictated by the need to obtain statutory approvals such as listed building consent. Assessing the cost of such repairs in advance requires professional judgement and expertise. There is a risk that under-insurance will occur.

First-loss policies also sometimes include a first-loss 'average' clause, which determines the total reinstatement costs of all buildings concerned. If this is inaccurate, 'condition of average' described earlier in this section (see 'total reinstatement') will apply. If, in the case of storm damage, disrepair is found to have contributed significantly to the loss, an insurer would be entitled to challenge a claim. Insurers have become less willing to provide first-loss cover, because of the risk of under-insurance.

### Agreed value

Insuring assets based on a professional valuation, to which reference is made in the policy statement, is known as 'agreed value'. This eliminates any argument over the value of an item after an event, and gives the owner the power to determine in advance the level of cover upon which the contents are insured. For example, statuary, artwork, historic glazing, or wooden carving that is part of the building fabric (for instance, a place of worship) may be insured for an agreed value, reflecting the cost of production of a replacement by an artist or craftsman.

### Indemnity cover

Indemnity insurance is the most basic form of insurance to put the insured asset back into the same position after an insured event as before. Although this option might be acceptable following total loss or for a modern building, for historic buildings covered by statutory protection (for instance, listed buildings), the probable need to restore and reinstate partial damage on a like-for-like basis will result in costs that are unlikely to be recovered under a policy of this kind.

## Conditions and exclusions

Conditions and exclusions will vary from policy to policy, depending on the nature and circumstances of the insured property and the owner. Most policies will contain various standard conditions and a single list of exclusions. Variations, such as the addition of a condition or the removal of an exclusion clause will be noted and will appear in the schedule setting out the details of the insured property.

The precise content of the policy should be carefully studied to understand what restrictive exclusions are being made and how they might affect any future claim. It is the responsibility of the insured, with or without the broker, to make sure that essential and foreseeable extra costs resulting from losses (for instance, professional fees and expenses, loss of earnings resulting from damage, or the removal of debris from site) are covered by the policy before it is finalised.

## Insured risks covered by the policy

Having decided the basis of cover for the proposed insurance, the specific risks that are to be covered by the policy need to be identified. Financial constraints will often mean that owners/managers will find it impossible to meet the cost of insuring against all possible risks in each category and will have to be selective. Specialist knowledge will be crucial in deciding which risks to insure. With the broker's or insurance company's assistance, each category of risk needs to be considered and decisions reached on which is least likely to occur, and whether the saving in premium is worth the extra risk of having to meet the entire cost of an uninsured liability.

Our perception of risks can change due to unusual or extreme events. For instance, the impacts of climate change have had a significant effect upon the insurance industry. One of the major impacts is the increased risk of flooding. Estimates suggest that the number of people at high risk from flooding in England could rise to 3.5 million by 2080. As a result, the cost of insuring against flooding is increasing. Significant exposure to insurable risks will increasingly result in rising premiums and limitations on cover. To mitigate some of the difficulties arising from increased flooding, the government and the insurance industry have taken steps to assist owners of buildings in areas of highest risk of flooding.

Many places of worship have been experiencing problems of lead theft and other metal building components. The level of cover that is available for lead roofs has in many cases decreased or been capped at a certain level unless roof protection systems are in place.

Although the list of potential risks is extensive, the key concerns to owners or managers are likely to include the following:

- fire
- lightning, explosion and aircraft
- storm and flood
- burst pipes and water leakage
- malicious damage
- accidental damage
- theft
- subsidence and structural problems
- building contracts
- other risks (see [Section 1.3](#))

## Fire

Fire represents one of the primary threats. The causes of fire are diverse, but include arson, careless hot working (any operation involving open flames or producing heat and or sparks) and other building works, kitchen-related accidents, faults in electrical installations, chimney fires, candles and discarded cigarettes. The nature and fabric of historic buildings frequently place them at increased risk to fire spread once initial ignition has occurred.

Insurance against fire damage is essential for most heritage-asset owners. Prevention of fire should be an equal concern and is regarded as a vital step by the insurance industry. Aspects of risk assessment and risk management are dealt with in [Section 3](#) of this guidance.

## Lightning, explosion and aircraft impact

These risks are often included with fire by insurers at little or no extra premium, although these are unlikely to be preventable by the owner. It will often be a policy condition that petroleum products and large quantities of flammable materials are stored away from the insured buildings to reduce the risk of damage by explosion.

Although brought together with explosion and aircraft for insurance purposes, lightning is more directly associated with storms. The comments below under 'Storm and flood' for increased risks arising from climate change would apply equally to lightning damage.



**Figure 5**

The nature and fabric of many historic buildings frequently places them at increased risk to fire spread once ignition has occurred.



**Figure 6**

Repeated incidents of flooding in recent years have had serious effects on many historic buildings.

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### Storm and flood

These risks will generally be determined by the location and construction of the property. However, the perception of flooding risk has changed dramatically in recent years, since repeated incidents of flooding have had serious, if localised, effects on many buildings of historic significance.

Over and above more frequent and severe episodes of flooding, current forecasts are that climate change may also increase the number of storms in the coastal zones of England.

Various risk-management measures, including the regular inspection of trees by a tree professional to ensure they are in sound condition, the protection of roofs and walls, and targeted regular maintenance to keep the external fabric of buildings in good order can sometimes help limit damage occurring during extreme weather conditions. If the property suffers from some form of structural weakness that results in storm damage being greater than expected, insurers are entitled to limit their compensation to the cost of restoring the property only to its weakened state.

Storms and floods can affect uninsured elements of heritage assets, a factor that needs to be considered when deciding what to cover and what risks to bear without cover. Such damage may not become apparent for some time.

### Burst pipes and water leakage

Water leakage is such a frequent problem (especially in older properties with old plumbing or piping) that it would seem unwise to exclude this cover from an insurance contract. In addition to covering the risk of leakage, measures to reduce damage should also be taken. These include the regular inspection of lagging and pipe runs and, where appropriate, the use of water-leak detection devices that stop water flow and/or sound alarms if a leakage occurs.

### Malicious damage

Malicious damage, especially to buildings open to the public such as places of worship, most often occurs as a result of burglary or vandalism. Features inside the building may also suffer deliberate damage by vandals, and fireplaces, wall coverings, doors and glass fittings (including stained glass) are all at risk as potential targets.

Consideration should be given to the cost of repair of each of these features, as they are likely to be considered as fixtures rather than the moveable contents of a building.

### Accidental damage

Both buildings and contents can be covered against accidental damage. This form of cover extends an insurance policy to a form of 'all-risks'. As such, it is sometimes a fairly expensive addition to an insurance contract since it can radically extend the variety of damage that will be covered. For some assets, such as museums or historic houses where valuable artefacts such as vases are on display in a way that makes them vulnerable to damage, this is an important area for insurance cover.



Figure 7

Water leakage is a frequent cause of damage to historic fabric and forms the basis of many insurance claims.



**Figure 8**

The theft of metal-sheet roof coverings and other metals is a significant problem for many historic buildings.

### Theft

Measures need to be taken to reduce the risk of theft occurring. These measures are covered in [Section 3](#) of this guidance, but where fittings, removable fixtures and collections are considered valuable or irreplaceable, insurance for theft must be a key concern. The theft of valuable materials, especially metal-sheet (usually lead-sheet) roof coverings, gutter linings and flashings, and internal pipework and wiring, is an increasing problem.

Insurers may demand increased security provisions on a building or site where recurrent theft of such materials occurs. It is important to recognise that such loss will not be covered under contents insurance – it requires specific theft cover or ‘all-risks’ cover on the policy.

It is easy to overlook certain objects when assessing the risk of theft. Special attention needs to be paid to moveable items of value such as monuments, statuary, urns and gates in the public domain (including in burial grounds) or set in isolated locations in the landscape. Theft of these items occurs regularly and owners, including local authorities, should remember to obtain appropriate insurance cover for them as well as incorporating them in risk-management strategies.

### Building contracts

Building work is one of the most frequent causes of fire. It can also be the cause of other damage to structures, for instance poorly secured access scaffolding can cause substantial damage to parts of a building in high winds.

The presence of building contractors is also closely linked with an increase in criminal activity. This may be attributed to the presence of valuable building materials, tools and plant, scaffold or other temporary measures creating more easy access to the building and the opportunity for vandals to damage new works in progress.

Insurers should be notified before any building works are started on the insured property. If damage occurs to a property as a result of un-notified building works, there is a possibility that the cover will be invalid. Unless a formal building contract has been used to commission and control the building works, the responsibility for insurance against damage during the works is likely to fall upon the property owner. Even where a standard form of building contract has been adopted, it may be the case that the property owner (as the 'employer' of the works under the contract) will remain responsible for the insurance of the existing structure, its contents, the building works and all unfixed materials that have been delivered to the site for use in the repair or alteration to the property. In such circumstances, the owner will usually insure the property jointly with the contractor for the duration of the building contract to cover against specified perils and all risks caused as a result of the building operations.

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### Figure 9

Attention needs to be given to moveable items of value such as statuary and garden urns particularly where public access is possible.



## Keeping the insurer informed

These potential risks outlined in this section gives the range of principal issues that owners might need to consider during the insurance process. Once the insurance contract has been agreed, it is important that the broker and/or insurer be notified of any event or alteration that may affect the terms of the policy, or increase the likelihood of a claim being lodged. This is especially important when the building is in use for any purpose other than that of a private residence. The broker or insurer needs to be kept informed of any licensing or letting of the property (however short term) as it may be classed as commercial premises, creating a potential conflict over insurance risks. For example, would the claim fall under the owner's policy or the licensee's? Special events often substantially increase the hazard, both in respect to the property and the level of liability, and notification must be given to the insurer so that the risk can be considered. Too often the insurer is notified at the last moment or not at all.

The insurer also needs to be informed if the property is to be left vacant for substantial intervals, as prolonged absence by the occupier will often invalidate a standard insurance contract and policies must be altered accordingly. There may also be additional security requirements and requirements to maintain heating at a certain level to lessen the risk of burst pipes in cold weather.

A variety of case law in recent years has established the property owner (employer in the building contract) as being liable for damage to existing structures caused by the contractor's own negligence. Hence the need for caution in checking that the insurer is fully informed of the nature and extent of proposed building works, and that building activity is regulated by an appropriate standard form of building contract which sets down the responsibilities for insurance and general liabilities of the property owner and contractor. One of the key benefits to the employer of a joint names policy is to remove the insurer's right to pass back liability to the insured, if the loss has been caused by the negligence of the contractor.

The presence of external scaffolding around buildings under repair increases the risk of unauthorised access and burglary. For this reason, some insurers make specific exclusions against cover while scaffolding is in place or ask for additional security measures to be put in place. These issues generally will be considered on a case-by-case basis.

The contractor, his operatives and subcontractors need to observe all essential health and safety precautions while working at the insured property, as well as adhering to any specific agreed health and safety plan. Scaffolding, when improperly erected, can pose a particular risk to site personnel and public safety. Most insurers now ask for compliance with the *Joint Code of Practice on the Protection from Fire of Construction Sites and Buildings Undergoing Renovation* (9th edition 2015), published by the Fire Protection Association, to limit the risk of fire occurring during building works, as a condition of providing cover on larger projects. Failure to adhere to the Code in such circumstances may result in insurance ceasing to be available or being withdrawn. This in turn could result in a breach of a construction contract that requires the provision of such insurance.

## 1.3 Other risks

### Public liability

The requirement for public-liability insurance has been expanding with the increasing degree of public access to historic properties. Other assets, including parks and gardens and places of worship, may require public-liability insurance to cover special events and gatherings. Sometimes, the standard insurance package will include appropriate cover, but the owner or manager should ensure that the broker and/or insurer is notified of all regular and special events, as specific lettings may require extra cover. In such cases, any extra cover including contingency insurance to guard against any licensee being unable to meet a claim through their own insurance will need to be ascertained. Ideally the insurance cover of all third parties should be checked and copies of their insurance certificates made available so that the appropriate limit of indemnity is selected to cover the potential liabilities.

The Occupiers' Liability Act (1957) is particularly applicable to heritage assets open to the public (including places of worship), which makes owners liable for accidents or damage caused by unreasonable hazards or lack of supervision within their premises. Responsibility may be established for incidents such as those relating to poor lighting, unstable memorials and headstones, unidentified wet floors, or uneven stairs and paving. The act sets owners a duty of care to their visitors, requiring reasonable steps to be taken to see that they are safe which cannot be circumvented by notices on the property disclaiming responsibility. Property owners can obtain public-liability insurance to cover themselves in the event of an incident of this kind. In addition, the Occupier's Liability Act (1984) establishes a duty of care on owners towards people who have not been invited or given permission to be on their land, such as trespassers. Trespass can be a complex insurance issue and should be specifically discussed with the broker or insurer.

### Employer's liability

The Employers' Liability (Compulsory Insurance) Act (1969) and Regulations (1998) (amended in 2004 and 2008) impose a statutory duty on every employer to protect employees while at work with appropriate insurance cover. This obligation applies to every heritage asset where staff are employed including unpaid volunteers, and covers the occurrence of injury or disease arising directly from the course of work.

Employer's liability risks will be treated as part of a standard business cover, meaning that the broker/insurer will require information about the number of employees (including unpaid volunteers) in order to determine a premium for this part of the policy.

### Fixtures and contents

It may be possible to adjust the extent of cover by excluding, or removing to a safer location, fixtures which are irreplaceable works of art or fine examples of craftsmanship, and therefore almost impossible to re-create. However, listed building or scheduled monument consent or the ecclesiastical equivalent is required for the removal of fixtures, particularly if they are specifically designed or historically associated with the building. If such items are to be excluded from cover and insured separately then full details should be given to the insurers.

Those responsible for places of worship should also be aware that memorials remain the property of the heirs at law. This presents a 'grey area' in terms of responsibility for insurance, which should be discussed and resolved with the insurer.

Insured contents will generally fall under one of the following categories:

- individual items of fine art, jewellery, silver and furniture inventoried in the owner's valuation
- for a place of worship, items such as an organ, pews, monuments, silverware, chairs and tables
- general (unspecified) household contents
- office equipment and machinery
- commercial assets (catering and shop equipment, machinery and stock)
- garden equipment, gates, benches and statuary, including urns

The items listed on the inventory are likely to be those on which insurance has been granted on an 'agreed-value' basis based on reliable valuations that will require periodic review. Where a claim is made on such an item, the loss adjuster may wish to inspect the valuation that formed the basis of the agreed value. While the agreed value will be paid (whether or not it is strictly accurate), unless there is evidence of fraud or a legal mistake, the professional valuer's description of the object will need to be circulated to the police, and, if it is deemed appropriate, registered with a valuable items recovery database such as the Art Loss Register and any national police databases as may be relevant. It is also likely that the loss adjuster appointed by the insurer will require detailed photographs of the item as a visual record can considerably improve the chances of recovery in the event of a theft. Once the agreed value has been claimed and paid for, the insurer/underwriter obtains full legal title, rights and interests in the object.

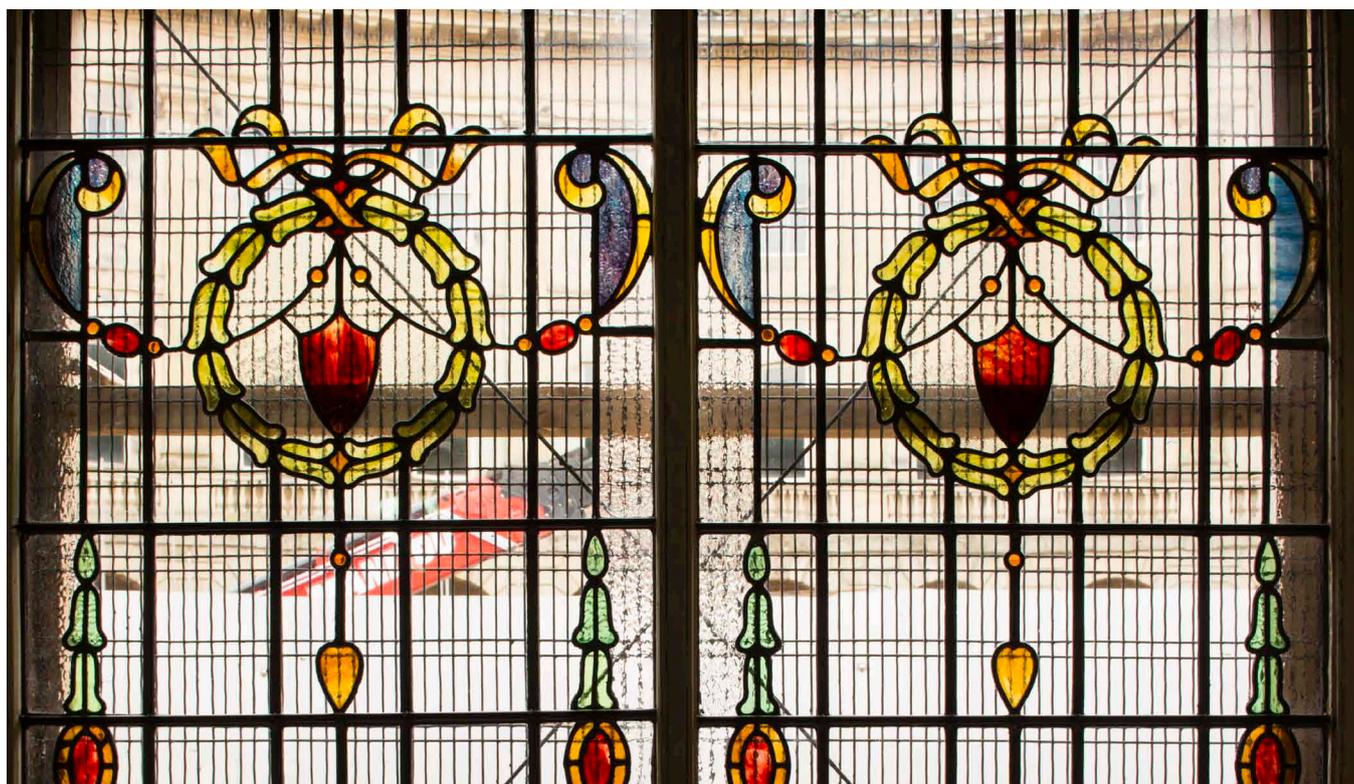


Figure 10

Significant fixtures such as this stained glass can be insured on an 'agreed value' basis. Recording such features and having photographs will improve the chance of recovery after theft or restoration after damage or total loss.



**Figure 11**

Special events that are held at a historic property will generally lie outside the normal scope of the building's insurance cover.

### Events

Occasional or special events that are held at a historic property will generally lie outside the normal scope of the building's insurance cover, unless precise arrangements have been negotiated with the insurer and have been written into the contract at the start.

Events are likely to affect the adequacy of the cover in a number of possible ways – for instance, exhibitions may contain valuable items on loan. As such, they are very likely to require additional insurance.

Early consultation with the broker or insurer is recommended, as cover may be needed for public liability and the employment of temporary staff, in addition to potential changes in the scope of the insured property and/or increased risks to the building itself. Specific-events insurance is increasingly offered by insurers to owners to cover weddings, concerts and other public gatherings, although minor or very occasional activities may better be dealt with through an extension to the existing policy.

## Legal-expenses insurance

Legal-expenses insurance can be obtained to protect the owner against exposure to legal costs should it become necessary to defend or pursue legal rights.

Examples where legal-expenses insurance may apply include:

- contractual disputes over building repairs
- professional negligence
- physical damage to the property, nuisance or trespass
- employment disputes and compensation awards arising from use of the heritage asset as business premises
- costs involved in health and safety investigations or prosecutions

In all cases, particular requirements will need to be discussed and negotiated with the broker or insurer.

## Terrorism

Insurers have generally introduced total policy exclusion relating to damage arising from acts of terrorism. For private owners this is probably less of an issue than for commercial property owners and government estates. The Pool Re insurance scheme established in 1993 helps commercial policy holders with this aspect of insurance.

# 2 Assessing the Reinstatement Cost

## 2.1 Definition

‘Value’ in the context of property insurance is defined as the cost of completely reinstating a building or structure (if totally destroyed) to its present design, quality and style, but also in accordance with current legislation which can involve significant additional work and, therefore, increased costs. It is important to make a clear distinction between this and the open-market value of a property, which can be at odds with the reinstatement cost. The purchase price of a property is made up of a number of factors – such as the desirability of the location, the amount of surrounding land and the building condition – which are unrelated to reinstatement costs.

When assessing the reinstatement cost, allowances will need to be made to cover temporary site works, demolition and site clearance including decontamination, if necessary, professional fees, and any other justifiable expense related to a claim.

It is important that the policy covers the full cost of all building works and related permissible expenditure at the time that the reinstatement actually occurs, not just at the time that the policy commenced or the loss occurred. There are two principal ways that this can be achieved.

- The ‘declared sum’ in the policy can reflect the reinstatement-cost assessment for the property at the commencement of the insurance contract – in which case, there must be an agreed mechanism for updating that cost assessment to take account of acceptable price variations and inflation to the end of the rebuilding period.
- The ‘declared sum’ must have an allowance for such changes already built in, taking account of foreseeable timescales for planning and rebuilding.

There needs to be a clear and unambiguous declaration and common understanding between the parties as to which approach the reinstatement-cost assessment adheres. The ‘commencement reinstatement basis’ method can represent good value, but care must be taken to set the day-one declared value accurately, or else the inflation provision will apply to an incorrect starting figure.

## 2.2 Assessment of reinstatement costs

It is recommended that professional help is obtained when making an assessment of full reinstatement costs for insurance purposes. Specialist chartered quantity surveyors, building surveyors and architects can be sourced who are able to combine skills in reinstatement-cost assessment with those required in the specialist field of historic building repair. There are significant differences between reinstatement-cost assessments for modern and historic property. The insurer may be able to offer some support on this matter. There are accreditation schemes for chartered surveyors, architects and structural engineers who have experience in conservation.

A Royal Institution of Chartered Surveyors (RICS) guidance note, *Reinstatement Cost Assessment of Buildings* (3rd edition, 2018), provides advice to surveyors undertaking such assessments. Reinstatement costs for modern buildings are usually assessed using published data on rebuilding costs per square metre of building/floor area as a starting point. For instance, the *RICS Building Cost Information Service (BCIS)* produces a range of detailed guidance on the cost of rebuilding non-historic houses and flats. Generally these sources of data are not able to provide reliable reinstatement rates for one-off historic buildings and assets.

Using published ‘per square metre’ rates alone as a means of building up an assessment of reinstatement costs can be risky. The precise constructional form of the asset needs to be understood if it is to be reinstated to its previous state. Historic buildings frequently contain important ornament, fixtures or ancillary which have to be assessed for reinstatement purposes individually.

The reinstatement cost of many buildings and other assets will need to be calculated by assessing the reinstatement process and demands for each built element (for instance, chimney stacks, roofs, rainwater goods, external walls) separately.

Whatever approach to reinstatement-cost assessment is eventually adopted, all relevant information will need to be obtained and brought together at the start of the assessment. Floor plans and other measured surveys of the building will be useful, not only for taking off measurements, but also in helping to identify any voids or features hidden by later alterations. If accurate survey drawings are not available, great care must be taken to make sure that the whole structure is included. Details of the extent of each type of construction, finishes, special features and associated measurements will need to be recorded to allow the reinstatement costs to be established with appropriate accuracy.

In the case of listed buildings (including places of worship) and scheduled monuments, it is important to consider the potential requirement to replace like-with-like. The type of construction and materials need to be assessed correctly, as statutory authorities may not accept substitutes, such as reconstituted (or artificial) stone in place of natural stone. The cost of using appropriate materials and techniques must always form the basis of reinstatement-cost assessments.

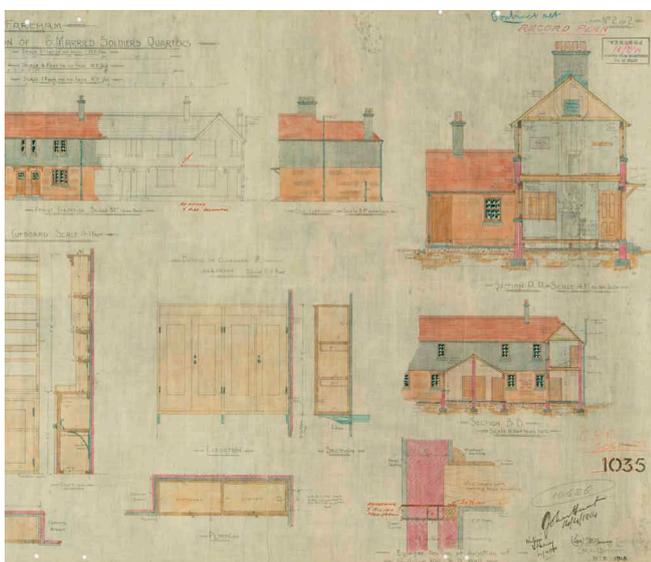


Figure 12

Measured surveys and floor plans will be useful in a comprehensive assessment of reinstatement costs.

## 2.3 Additional provisions

Less significant and less complex buildings are unlikely to require substantial additional provisions being made within the assessment of reinstatement costs. However, in arriving at an accurate estimate of the reinstatement cost of larger and historically or archaeologically sensitive buildings, some special factors will need to be considered.

These may include:

- the cost of temporary support to save further collapse, or careful demolition of structures that cannot be stabilised in order to protect adjacent property
- the cost of temporary protection erected to aid salvage operations, to protect adjoining property, and to reduce deterioration of the remains and/or exposed structures, following the loss of a roof or another enclosing element
- the cost of detailed recording of surviving fabric after serious damage or total loss, and the research necessary for accurate reinstatement; this can involve an archaeological excavation of debris and the subsequent conservation of materials, a potentially expensive item
- the time taken to undertake safeguarding, clearance, and research work, to prepare tender documents, to invite and evaluate tenders, to receive all necessary approvals, and to place a contract with a suitable contractor
- the cost of additional works to meet current statutory requirements, including Building Regulations, especially in cases where the building is to remain in use
- historic plant and machinery that contribute to the special interest of the building, if not separately covered

- VAT – depending on the legislation in operation at the time of valuation and the extent of damage incurred, this may need to be included where the owner is not in a position to reclaim the tax. This is a complex issue and specialist advice may be necessary.

## 2.4 Updating the reinstatement-cost assessment

Reinstatement-cost assessments should be updated annually with a percentage uplift (based on the building cost index) between professional valuations which are recommended every 3–5 years.

The total of the rebuilding cost and the addition of other provisions and allowances (when applicable) represents the valuation for total reinstatement. At this stage, the maximum potential loss can be determined and the options for cover explored. It is important that full details of the required cover, as well as an accurate claims history, are submitted. This should include a full description of the activities carried out at the premises and details of the loss-prevention measures that have been put in place.

# 3 Reducing Risk

## 3.1 Risk management

Risk management can most usefully be applied through proactive site management, as well as through physical improvements. It is a very important part of both the property management and insurance processes and helps to ascertain where the greatest risks lie and the most suitable level of insurance cover. Risk management should form the core of every owner's approach to protection and care.

Proposed risk-management strategies need to be discussed with insurers and any specialist advisers in advance, so as to make sure that they meet the requirements of both the insurers and the insured. Major insurers have risk-management teams who can provide advice on specific risk related issues.

## 3.2 Risk assessments

Before a risk-management system can be introduced, the ways in which the building or asset may prove vulnerable need to be identified. This can be established through a process of risk assessment – undertaking a review of the property, its historic significance, its use, the condition of its structure, fabric and services, and the nature of any past events that may have resulted in an insurance claim being made.

Typical issues that need to be recorded might be the age and condition of the electrical installation and fittings, the presence and use of open fires and wood burning stoves, the presence of thatch in vulnerable locations, or the storage locations of flammable liquids. Once these vulnerabilities and threats are understood, measures can be put in place to mitigate them.

## 3.3 Keeping records

Keeping a detailed record of the contents and structure of buildings, as well as ensuring the secure storage of any leases or historic documents relating to the property is really important. Such records may comprise photographs, architectural drawings, building surveys, estate plans and papers, and past repair specifications, depending on the scale and historic interest of the building. The record should also cover important artistic works – for example, in places of worship these might include rood screens, monuments and statuary, altarpieces, wall paintings, coloured and clear glazing, other decorative features, historic organs, carved wooden ceilings, and any removable furniture, including parish chests.

In the event of a claim, a comprehensive and detailed record is an invaluable aid when it comes to negotiating the reinstatement cost of an item or a building. Where historic records are in regular use, copies should be kept for this purpose on site, while the originals are lodged in safe and secure storage elsewhere. Many county record offices will accept papers of this kind when the building or estate is of local significance.

### 3.4 Risk-management strategies

The potential range and scope of risk-management strategies are inevitably diverse. The more common types of strategy are outlined below, some of which may require listed building consent or planning permission depending on the specific context.

#### Maintenance and repair

Maintenance is the continuous care of a historic building or other historic asset and is an effective way to avoid the need for major repairs at a later date and the potential for an insurance claim.

A maintenance strategy can be implemented and a maintenance plan drawn up which should have cyclical programme.

#### Fire legislation

In 2006, the *Regulatory Reform (Fire Safety) Order 2005* replaced the *Fire Precautions Act 1971* and other fire-safety legislation in England and Wales. It covers general fire precautions and other fire-safety duties that are needed to protect ‘relevant persons’ in case of fire in and around most ‘premises’. Under the order, a fire-risk assessment must be carried out and, if an organisation employs five or more people (including unpaid volunteers) or premises are licensed, the significant findings of the assessment must be properly recorded.

The order applies to many types of heritage assets, all of which involve their use or occupation by the public and include places of assembly (for instance, places of worship and museums) and buildings in use as shops and offices. As a result of the order, insurers are increasingly likely to include conditions within insurance policies to ensure that the owners or managers are complying with this law. In any case, insurers expect to see a high standard of fire-safety management applied.

#### Fire risks

Although many owners will be content to take advice from a Fire Prevention Officer as to what steps should be taken to prevent a fire from igniting and spreading through a property, the principal concern will be the reduction of any threat to life to an acceptable level rather than limiting damage to the built fabric. Therefore, while important, it is advisable to supplement this guidance with other expert advice specifically focused on property protection.

The introduction of barriers to the spread of flame and smoke (generally termed ‘compartmentation’), especially in floor and roof voids, coupled with the introduction of fire-detection and fire-fighting equipment above normal or statutory requirements, may help to reduce the loss of historic fabric in the event of fire. A high-sensitivity smoke-detection system, for example, can detect some fires at a very early stage, when there is merely overheating or smouldering. In certain circumstances, the incorporation of fire sprinkler heads or occasionally a water-mist system might be considered in order to provide a rapid and effective response by dousing flame before it spreads. However, such systems need to be checked with insurers for their suitability to the context. At remote locations, water may need to be stored to aid fire-fighting. At some sites, this has been achieved using an underground tank or reservoir, an existing lake, or swimming pool. Alternatively, additional hydrants may need to be put in place, served from low-risk sources. These should be routinely pressure tested and the local brigade made aware of their locations.

## Thatch fire research

Historic England (in conjunction with the Fire Protection Association and NFU Mutual) has carried out research into the likely causes of fires in buildings with thatched roofs and wood burning/multi-fuel stoves.

The research has shown the use of wood burning and multi-fuelled stoves increases the fire risk compared to traditional open fires.

This is largely due to the way the stove is lit and the danger of burning materials such as paper and card being ejected from the chimney over the thatch.

Further information can be found in the research report, *Fire in Thatched Properties with Wood-Burning Stoves* (2018).

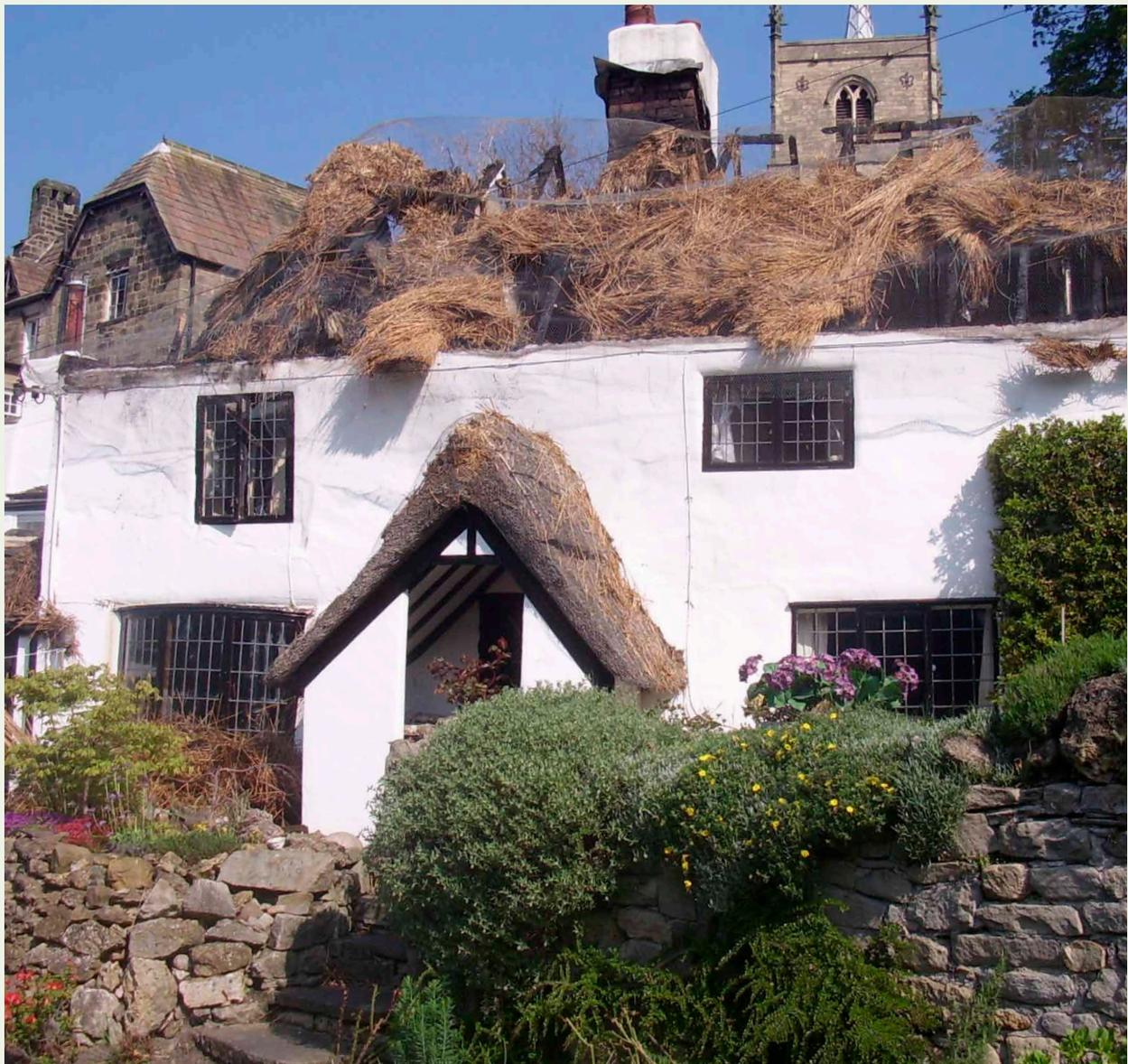


Figure 13  
Thatched roof cottage after fire damage.

Although, in terms of the physical fabric, the provision of fire compartmentation to buildings is the main way of proactively reducing the risk of fire spread, this can have implications for the integrity of the fabric or plan form of some historic buildings and hence may be an issue in terms of obtaining listed building or other consents.

Modern fire-safety management seeks to use an appropriate balance of passive and active measures, including compartmentation, detection and alarm systems, fire suppression to provide the optimum protection. Fire management plans, which set out this balanced approach and appropriate management actions are an essential part of this strategy.

## Arson

Tackling the problem of arson and associated anti-social behaviour is a shared responsibility. Local authorities, police and fire and rescue services collaborate with a range of organisations to deliver effective Community Safety Partnerships.

Historic England has been working with Community Safety Partnerships across the country to integrate the prevention of heritage crime, including arson, into local plans and strategies. A number of areas have introduced Heritage Watch schemes that seek to involve local communities to prevent crime, and where offences do occur, to identify and bring offenders to justice.

Further information on arson prevention can be found in the 2017 Historic England publication, *Arson Risk Reduction: Preserving Life and Heritage in the North West*.

Although the risk of fire from lightning strikes is low, other damage can occur in the form of structural damage and damage to electrical services due to voltage surges. A risk assessment can help to ascertain whether lightning protection is advisable.

Liaison with the local fire and rescue services will establish response times and likely fire management. Where response time is likely to be lengthy, it may be possible to set up an estate fire team or local volunteer service.

- Any major historic building should have an emergency response strategy in place identifying items of particular significance and vulnerability. If the building contains significant items left in-situ, the fire services should be made aware and a salvage strategy put in place.
- Access arrangements should be agreed with the local fire service. Vehicle turning facilities and fire hydrants should not be obstructed by hoardings.

The risk of fire can increase significantly during building works. This is covered in more detail under section [Security risks](#).

## Flooding risks

Many incidents of flooding in both urban and rural locations have had serious effects on many properties and the lives of their owners. Inevitably, some properties will be subject to recurring flooding. In the most distressing incidences, renewed inundation and damage occurs very soon after repairs to previous flood damage have been completed.

Where the risk of repeated flooding exists, specific mitigation measures may need to be considered in order to retain insurance cover at least, at a reasonable premium level.

### Flood Re

Flood Re is a joint industry/Government scheme to help support households at highest flood risk. It is planned to be in place until 2039 and is intended to help manage a transition to home insurance premiums that fully reflect flood risk. An important part of Flood Re is to provide information about how to increase understanding of the level of flood risk and what can be done to reduce that risk. It aims to:

- enable flood cover to be affordable to those households at highest risk of flooding
- increase availability and choice of insurers for customers
- allow time for Government, local authorities, insurers and communities to become better prepared for flooding
- create a 'level playing field' for new entrants and existing insurers

[www.floodre.co.uk](http://www.floodre.co.uk)

Historic England's guidance *Flooding and Historic Buildings* (2015) emphasises the important role that property protection measures can play in reducing potential damage and the cost of future flood claims. The publication provides practical advice on flood-protection and adaptation works which need to be tailored to the individual context recognising no-one-size fits all.

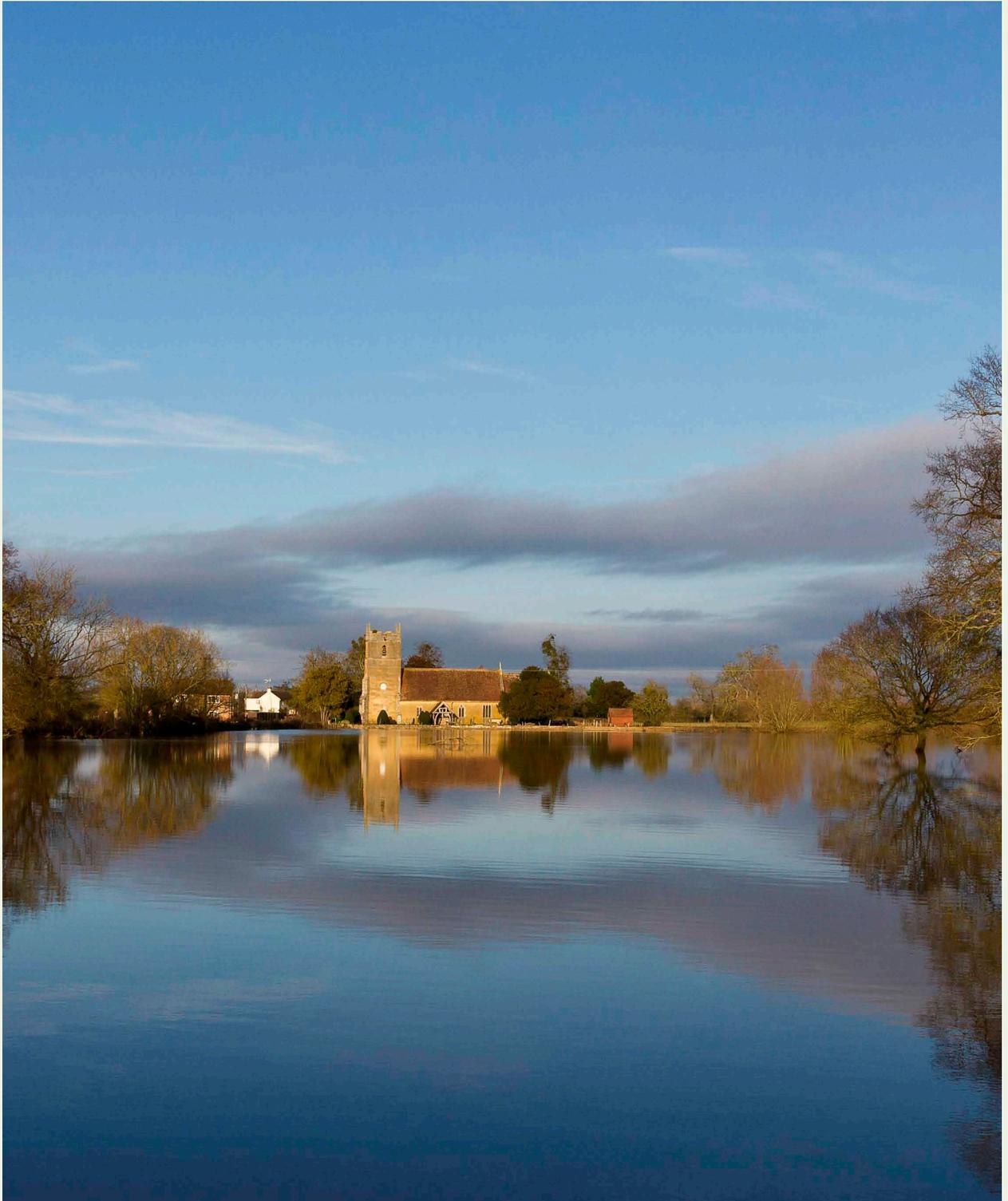
## Security risks

The ultimate safeguard is the presence of a comprehensive security plan comprising management oversight, complimentary electronic security systems and physical measures with the back-up of well-trained security staff. However, this will only be possible in the most important and complex of sites. At most sites a more modest and proportionate approach, using intruder alarms, CCTV and lighting to warn of movement with good quality locks on gates, doors and windows will be needed. This approach will be greatly enhanced where a suitable response from a security firm or the police can be assured. Close liaison with the neighbourhood policing team and local crime prevention officer will be useful.

Companies used for installing security systems need to have experience of historic buildings and should be certified by either the National Security Inspectorate (NSI) or the Security Systems and Alarms Inspectorate Board (SSAIB).

## Heritage crime

Heritage crime is any offence which harms the value of England's heritage assets and their settings to this and future generations. Historic England together with the Police and the Crown Prosecution Service has set up the Heritage Crime Programme. Each of these organisations has signed a memorandum of understanding which sets out their responsibilities for tackling heritage crime. For further information see the Historic England webpage on [Tackling Heritage Crime](#).



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**Figure 14 St Michael and All Angels, Tirley**  
After several flooding events this Grade I listed church in Gloucestershire has developed flood mitigation measures to reduce the likelihood of future claims.

## Case study: St Michael and All Angels Church, Tirley

Flood adaptation measures must always be determined according to individual need and context. A case involving a Grade I listed church in Gloucestershire illustrates the issues well.

After the building had been flooded twice in six years, a meeting was held to explore and agree potential mitigation measures in order to reduce the level of future claims. This involved representatives of all the key parties including the Parochial Church Council, the diocese, the insurer, the local authority's conservation officer and Historic England.

After considering the fabric and significance of the listed building and its furnishing, fittings and contents, it was agreed that, for this particular church, the impact of future flood damage could be reduced by:

- removing historically unimportant pews and pew platforms to safe storage
- re-paving the floor, exposed by removal of the pews, in stone
- installing wet-system under-floor heating so as to enable removal of low-level electric heaters
- providing loose seating using chairs or benches
- introducing 'scuppers' (channels) at the bottom of the external walls to aid drainage of floodwater from inside the church
- plastering of the lower parts of all walls in lime plaster to encourage evaporation of moisture from damp walls

- re-servicing of the church with new service runs above flood level
- creating a new gallery at the west end of the nave to raise the historically important organ above flooding level, while also providing additional space for storage
- establishing appropriate salvage-management procedures so that significant items can be removed to safety whenever a flood risk occurs

Shaping the mitigation strategy was an understanding of:

- the history of previous flooding on the site
- the claims history
- the significance and vulnerability of the listed building and its fixtures, fittings and contents
- the management arrangements pertaining to the building, including the availability of rapid assistance at times of risk

## Building works

Older buildings often face an increased risk while repairs and alterations are being carried out. Implementing risk-management strategies whenever building work is being planned is really important. Insurers' risk teams can often comment on fire and security issues.

Contractors experienced in working on older properties should be employed and provisions should be written into repair specifications and contracts for building work to minimise the chances of fire, inadvertent damage, vandalism, or theft of vulnerable materials, fixtures and fittings. Any operation which produces heat and or sparks or involves open flames (referred to as 'hot-working') should be avoided unless absolutely necessary. If permitted and agreed with the insurers, the use of 'hot-work permits' and the monitoring of such activity will help to limit the risks from naked flames or excessive heat. Some insurers provide hot-work permit checklists which detail ways to mitigate the risks.

The use and storage of flammable or other hazardous materials on site during building works must be carefully controlled. A smoking ban should also be mandatory on the building site.

A named person should be designated to inspect the area of works for potential hazards at the end of each working day. Protective measures to reduce physical damage to the fabric and to isolate people from danger will also need to be considered. Where services are being interrupted or re-routed, protection measures against water damage may need to be devised – for example, leak sensors on pipes, leak trays under pipes in high-risk areas (such as elaborate decorative plaster ceilings), pipes routed within pipes or automatic isolator valves.

Security provisions at various stages of the work may be required such as adding passive intruder infra-red sensors and alarms to external scaffolding as the work progresses. Security staff may be needed during the contract if the property is made significantly more vulnerable to burglary or vandalism by the relative ease of access as a result of the contractor's access scaffold. The insurer of the building or its contents must normally be notified of all work before it begins.



**Figure 15**

Older buildings often face an increased risk of damage, fire, theft and vandalism whilst building repairs and alterations are being carried out.

## Emergency planning

Continuous managed occupation is desirable in larger and important sites, especially those open to the public and with valuable contents. Management procedures should be established for testing fire systems and responses to intruder alarms. Planned inspection and maintenance are not only beneficial to the building, but should also be used as an opportunity to identify and prevent hazardous situations.

A realistic disaster plan, capable of effective implementation, should be in place at all assets of any significance. Contingency plans for the removal, salvage, and emergency conservation of valuable items should be drawn up, including lines of responsibility, availability of resources at different times of the day or night, and places of safe storage.

Proper training of staff (including volunteers) in fire prevention and fire-fighting, salvage techniques, and response to break-in is essential, as are simulation exercises, to test that plans will work in practice. This is a particular problem with unoccupied buildings, in which case it is worth thinking about installing intruder and fire-detection sensors that are linked to a 24-hour alarm receiving centre and isolating electrical supplies from all but essential circuits.

The risk of additional damage from the actions of the emergency services can be mitigated by regular liaison between owners and the services. Marked-up site and floor plans and elevations are invaluable to those fighting a fire or carrying out salvage work during a disaster. If flammable substances are being stored, details should always be given to the emergency services in advance or else be available with certainty on site when they attend. Failure to do this may lead to a delay in any emergency being tackled.

Figure 16

An emergency response plan should be available for complex historic buildings and estates.

More information on [emergency planning](#) can be found on the Historic England website.



## Places of worship

Risk-management factors specifically affecting places of worship include:

- their vulnerability to arson, theft and vandalism due to public access which is frequently unsupervised
- their often isolated locations and vulnerability to abuse
- risks of damage from lightning strikes
- the need for the local congregation to manage and fund regular maintenance and repairs
- electrical services, which can be outdated or poorly maintained
- the focus for arson attacks often by teenagers, who see them as ‘easy targets’
- their vulnerability to attack and abuse arising from religious or racial intolerance
- their susceptibility to damage because of their sensitive building and decorative fabrics; this vulnerability is exacerbated when the building shell is inadequately maintained

As with secular buildings, the creation of risk-management strategies for places of worship will reduce the likelihood and scale of any losses. The process does not need to be complicated – just thorough – assessing the hazards and risks likely to occur in the use of the building, and their consequences. In this way, management strategies for risks such as fire, theft, vandalism, building works and public events can be prepared to safeguard the fabric and contents of the building.

Preparing and implementing fire-safety plans, security procedures, emergency contingency plans and staff/volunteer training all reduce the risk of a disaster happening and have been proven to help limit damage. Risk assessments should also extend to third-party users such as

contractors and organisations using the premises, and must deal with their specific needs. Different groups of people can have very different needs in risk-management terms.

Risk-reduction activities may include:

- regular planned inspections and maintenance of buildings and building services
- inventories and photographic records of significant items and decorative art
- implementing a volunteer watch scheme
- proper training of staff and volunteers in fire-prevention, fire-fighting and salvage or damage-control techniques
- putting in place contingency plans for the removal, salvage and emergency conservation of valuable items in the event of a disaster
- undertaking simulated exercises/practice events and learning from them and updating arrangements
- installation of lightning protection/fire and security alarms

## Vacant property

Vacant property often requires additional security arrangements as it is vulnerable to burglary, vandalism and arson. It is important to notify insurers when properties are vacant and it is common for insurers to impose restrictions in cover where buildings are left empty for extended periods.

Special conditions are also normally imposed on holiday homes and untenanted buildings, such as redundant agricultural buildings and garden or purely decorative estate buildings like follies.

Further information on reducing risks to vacant buildings can be found in Historic England’s guidance *Vacant Historic Buildings: Guidelines on Managing Risks* (2018).

## Metal theft

Lead sheet roofing in particular contributes greatly to the significance of many churches and other places of worship. Historic England's guidance *Metal Theft from Historic Buildings* (2017) advises congregations using buildings that have lead roofs to prepare a brief statement of significance which can be used to inform decision making in the event of the lead sheet being stolen.

The statement of significance might include information about when the lead was laid, any particular defining details, graffiti or other markings, and photographs showing the whole roof and any specific areas of interest. Accepting that there is no 'one size fits all' solution to the risk of theft of metal materials from places of worship, the guidance note identifies the four main security options to manage the risk as being:

- awareness and surveillance
- physical security measures
- property marking
- electrical systems

It provides practical guidance about each of these approaches to risk management of the theft of metal, along with suggestions on measures to implement to reduce the risk of theft occurring when building works are being undertaken at the property.

## 3.5 Implementation and review

The implementation of a risk-management system, whether for insurance purposes or as a general management strategy (an approach which is encouraged for all types of historic buildings and other assets, large and small), requires careful planning and preparation. Once implemented, these systems and their associated activities need regular review to keep them up to date, relevant to the building and its changing environment. By establishing review timescales, owners, staff and volunteers can be kept abreast of changes in the property's needs and condition, prevailing health and safety regulations, and other important safety information.

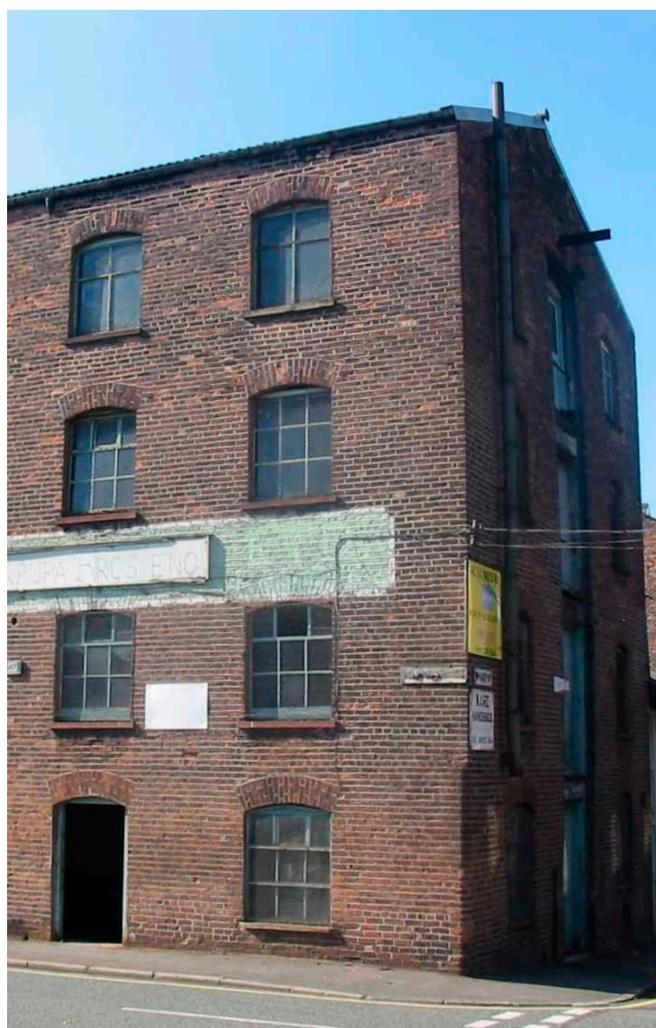


Figure 17

Vacant property can be vulnerable to burglary, vandalism and arson. Insurers will impose restrictions in cover where buildings are empty for extended periods.

# 4 Making a Claim

The claim and remuneration procedures are largely the same regardless of what the insured event is. Many insurers now deal directly with their policy-holders but if a broker has been employed, they will usually file the claim. Their expertise may be more beneficial to the policy-holder and many underwriters will not accept a claim through any other channel.

## 4.1 The loss adjuster

The professional duty of the loss adjuster is to act impartially in the settlement of the claim. Although appointed by the underwriter, the loss adjuster is required to advise the insurer of the insured event and the claim. The loss adjuster will identify any evidence for lack of compliance with the terms and conditions of the policy. It is at this stage that it becomes important that all policy conditions have been followed, as any omission of a material condition or warranty or oversight on the part of the owner (whether accidental or not) may result in avoidance of liability under the policy. Equally, in 'adjusting' the value of the loss to a fair and reasonable settlement, the loss adjuster will seek to agree a fair value representing replacement cost.

## 4.2 The underwriter and the claim

It is only at the point of lodging a claim that the potential cost of any omissions made to the coverage of the insurance contract will become clear.

Once the loss adjuster has completed the assessment of the claim, a report will be submitted to the underwriter, beginning a series of negotiations between the underwriter, loss adjuster and property owner or broker. Eventually a final offer will be issued by the underwriter or loss adjuster, leaving the policy-holder free to accept or reject the amount.

## 4.3 Claiming after theft

Burglary is likely to lead to three types of damage for which a claim may be made:

- malicious damage
- the theft of itemised valuables
- the loss of general contents not individually specified in the insurance inventory

In compiling a list of stolen objects for a claim, photographic records are of real value. A general photographic record of all areas of the property from a variety of viewpoints, in sufficient detail to reveal the contents of each room will be invaluable in identifying missing objects.

Where there is no 'agreed-value' clause in the policy, and no itemised list, it is crucial for owners to have a detailed photographic inventory to hand. It is likely that the loss adjuster will engage the owner or broker in discussion over the total value of the stolen goods. In this situation, brokers will sometimes recommend contacting a number of experts, perhaps a valuation specialist from the Royal Institute of Chartered Surveyors or an auction-house representative, to place approximate market values on missing items after scrutiny of available photographs. The owner, however, is responsible for the payment of all such fees as they are not recoverable.

Damage may well have been caused to the fabric of the building, the theft of lead roofing or flashings can have serious consequences in terms of water damage. Of similar concern is the damage to doors, windows, roof lights, joinery and adjacent fabric during forced entry.

#### 4.4 Claiming after a fire

Any serious fire is likely to result in damage to contents and fittings. The claims process is much the same as it would be in the event of a theft, for instance consultation of records and valuations.

However, a fire will usually result in greater structural and material damage – depending upon the circumstances – potentially introducing the need to involve local planning authorities with an application for listed building or scheduled monument consent. If the structure is unstable then Building Control will need to be involved to establish safety issues.

Where reinstatement is deemed to be feasible, the owner, with or without adequate insurance, will be expected to cover the cost of this work along with associated professional fees and VAT, as relevant.



Figure 18

A fire will usually result in some structural and material damage. If the structure is unstable then Building Control will need to be involved.

## 4.5 Claiming after flooding

Following a flood, the broker or insurer should be contacted as soon as possible. They will be able to provide information on dealing with any claim, and assistance in getting things back to normal. If the asset is a private dwelling the policy may cover the cost of alternative accommodation and other essential needs.

Keeping notes will assist in dealing with the claim, including:

- the time of any flood warning
- the time that the floodwater entered the property
- the sequence of flooding, where the water came from, and how it flowed through the site or buildings (this is important if the flooding is associated with ditches and drains, since the information can be presented to the local authority and the Environment Agency when they review the flood history to determine if it resulted from poor drainage management)
- the maximum depth of the flood (this can be marked on walls in soft pencil)
- the duration of flooding at the property
- visible evidence of any contaminants (for instance, oil or sewage)
- the extent of damage caused to the property and to contents –photographs, whenever possible, to compare with images taken before the flooding, marking them with the exact location and date on the back

Standard procedures for making buildings habitable again after flooding can sometimes be damaging. Some loss adjusters, recovery contractors and builders operating in this field often have very limited knowledge and experience of historic buildings or the protection given to such buildings by legislation.

Ideally the insurers should be notified the claim relates to an old building so that loss adjusters, surveyors and contractors with experience of old buildings are used. An architect or surveyor experienced with old buildings may also be needed to provide specialist conservation advice. Whether their fees will be paid under the policy will need to be ascertained.

It is very important that building services, especially electricity and gas installations, are not touched or used after flooding until they have been examined and confirmed to be safe by a suitably qualified engineer. Serious flooding can also create hidden dangers, such as weakened foundations and structurally unsafe building components. It can contaminate buildings with sewage, mud or silt. As a result health hazards can be associated with floodwater.

The damage should be recorded (as above) with photographs and video recordings, and written notes taken. This documentation will be vital later on, when a claim is presented and an attempt made to return the property and its contents to the condition they were in before the flood.

Once the insurance company has been informed and an appropriate record has been made, a coherent plan of action is needed, and approval sort for the proposed work. Any standing water needs to be removed as soon as possible so that initial drying can start. The longer it takes to start the drying-out process, the greater the potential damage as water soaks into the fabric of the building. This can lead to secondary damage through high humidity, capillary action and evaporation or spalling.

It should be recognised, however, that when widespread flooding occurs, significant delays are likely to occur in settling claims and completion of reinstatement work. This may be simply due to the high volume of claims that are being made and the demands being placed upon reputable building contractors.

The Historic England publication *Flooding and Historic Buildings* (2015) provides further guidance.



**Figure 19**

Ideally, insurers should be notified that the claim relates to a historic building, so that loss adjustors, surveyors and contractors with experience of older buildings are used.

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## **4.6 Third-party involvement**

The greatest delay in the claims process can occur when an identifiable third party (such as a contractor) is considered responsible for causing the insured event. In this case, liability may rest with the insurers of that third party.

If the asset is to be licensed to a third party for an event, details of the third party's insurance cover will need to be checked to establish whether it insures the property fully during the event.

If the third party's insurance seems to be deficient, it may be necessary to take out additional temporary cover, or to effect full cover entirely under the main policy in order to be satisfied that it is sufficiently comprehensive.

# 5 Where to Get Advice

## 5.1 Historic England publications

*Conservation Principles, Policies and Guidance for the Sustainable Management of the Historic Environment* (2008) (under revision)

*Flooding and Historic Buildings* (2015)

*Stopping the Rot: a guide to enforcement action to save historic buildings* (2016)

*Metal Theft from Historic Buildings. Prevention, response and recovery* (2017)

Historic England in partnership with North West fire authorities. *Arson Risk Reduction: Preserving Life and Heritage in the North West* (2017)

Fire Protection Association (Dr James Glocking) on behalf of Historic England and NFU Mutual. *Fires in Thatched Properties with Wood-Burning Stoves* (2017)

Institution of Fire Engineers on behalf of Historic England and Ecclesiastical. *Fire Safety for Traditional Church Buildings* (2017)

*Heritage Crime Risk: Quick Assessment Tool* (2018)

*Heritage Crime-Impact Statements* (2018)

*Heritage Crime Prevention Measures: Guidance for owners, Tenants and Managers of Heritage Assets* (2018)

*Vacant Historic Buildings: Guidelines on Managing Risks* (2018)

### *Practical Building Conservation series*

This series of fully illustrated books published by Routledge provide detailed guidance on understanding, deterioration, assessment and care and repair. More information is available on [HistoricEngland.org.uk/psc](http://HistoricEngland.org.uk/psc)

*Building Environment* (2014)

*Concrete* (2013)

*Conservation Basics* (2013)

*Earth, Brick & Terracotta* (2015)

*Glass & Glazing* (2012)

*Metals* (2012)

*Mortars, Renders & Plasters* (2012)

*Roofing* (2013)

*Stone* (2012)

*Timber* (2012)

## 5.2 Publications by other organisations

British Standards Institution 2013. *Guide to the conservation of historic buildings* (BS7913) London: BSI

Fire Protection Association 2007. *The selection and use of electronic security systems in empty buildings* Moreton-in-Marsh: FPA

Fire Protection Association 2015. *Fire Protection on Construction Sites: Joint Code of Practice* (9th edition) Moreton-in-Marsh: FPA

Historic Houses (Parker, R) 2017. *Insurance for Listed Buildings* London: Historic Houses

Fire Protection Association on behalf of RISC Authority 2010. *Risk Control: Arson Prevention: The protection of premises from deliberate fire raising (RC48)* Moreton-in-Marsh: FPA

Royal Institution of Chartered Surveyors 2018. *Reinstatement Cost Assessment of Buildings* (3rd edition) London: RICS

## 5.3 Other sources of advice

Association of British Insurers (ABI)  
[www.abi.org.uk](http://www.abi.org.uk)

Financial Conduct Authority (FCA)  
[www.fca.org.uk](http://www.fca.org.uk)

National Security Inspectorate  
[www.nsi.org.uk](http://www.nsi.org.uk)

RISC Authority  
[www.riscauthority.co.uk](http://www.riscauthority.co.uk)

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# 6 Acknowledgements

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