

DAY 2

HISTORIC BUILDINGS AND INSURANCE

Norwegian insurance conditions put into practice

IMPORTANCE OF COMPETENCE AND CO-OPERATION

Any damage to a historical building involves different parties, for example the owner, insurance company, building surveyor, cultural authorities, experts and craftsmen. Last but not least we have to consider the historical building itself as a party – the silent party.

To succeed with a correct and careful treatment within the insurance cover, the following basics must be followed:

Acting parties must have sufficient competence to make decisions according to the cultural interest and the insurance conditions. Without this competence an actor cannot participate.

Overmentioned parties must be capable to cooperate within the conditions of the building itself according to the insurance agreement between the owner and the insurance company.

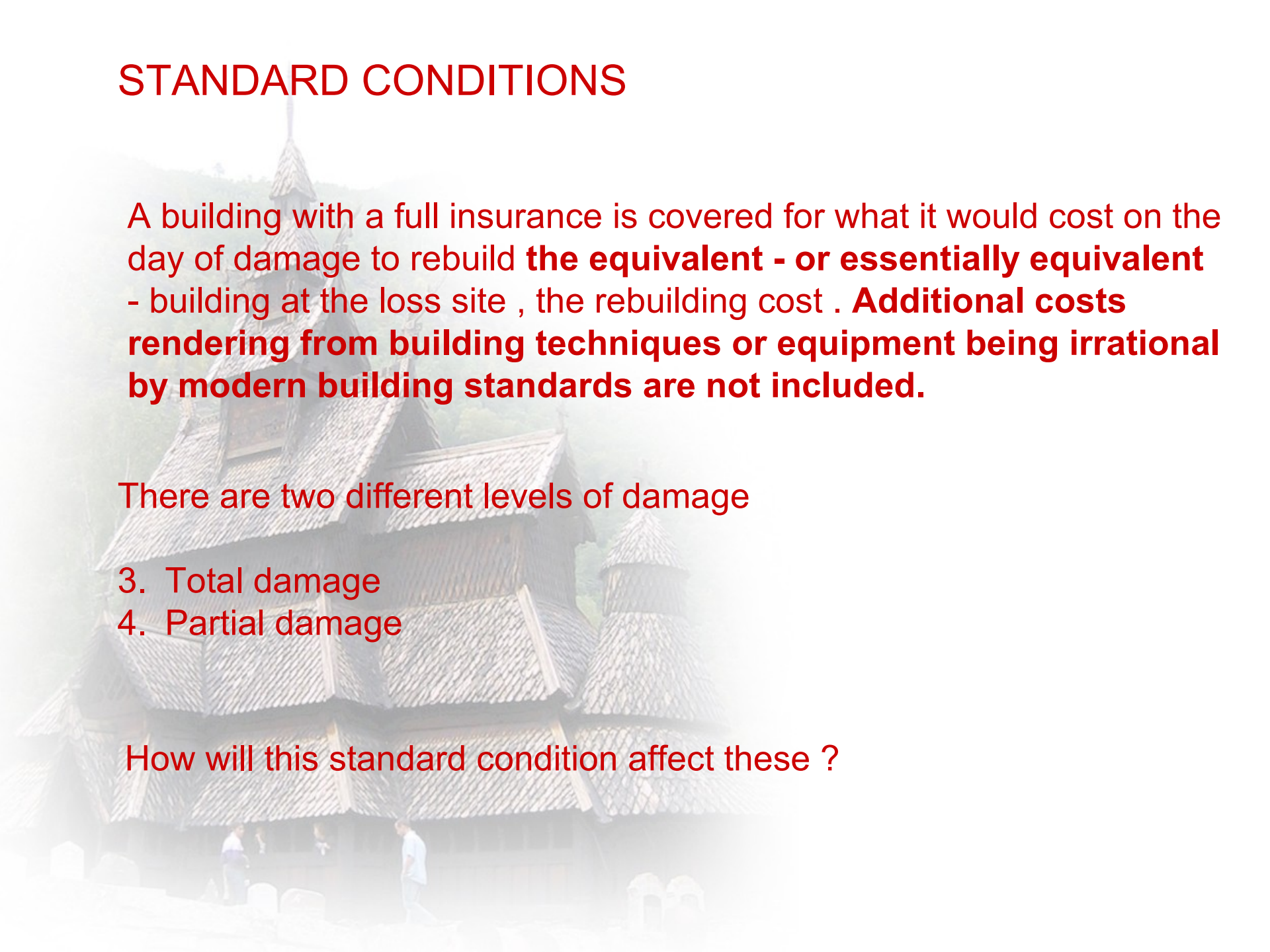
STANDARD CONDITIONS

A building with a full insurance is covered for what it would cost on the day of damage to rebuild **the equivalent - or essentially equivalent** - building at the loss site , the rebuilding cost . **Additional costs rendering from building techniques or equipment being irrational by modern building standards are not included.**

There are two different levels of damage

3. Total damage
4. Partial damage

How will this standard condition affect these ?



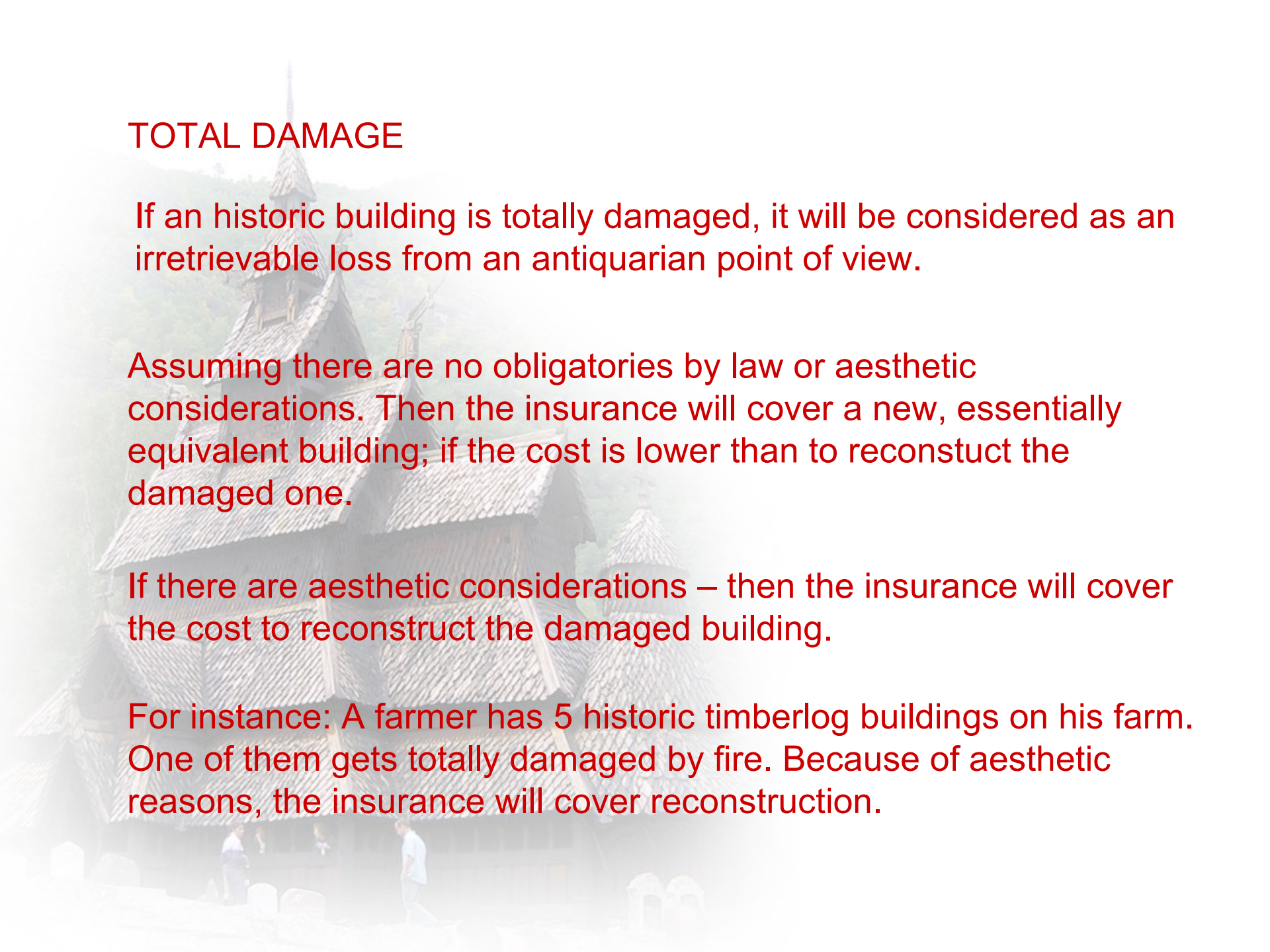
TOTAL DAMAGE

If an historic building is totally damaged, it will be considered as an irretrievable loss from an antiquarian point of view.

Assuming there are no obligatories by law or aesthetic considerations. Then the insurance will cover a new, essentially equivalent building; if the cost is lower than to reconstruct the damaged one.

If there are aesthetic considerations – then the insurance will cover the cost to reconstruct the damaged building.

For instance: A farmer has 5 historic timberlog buildings on his farm. One of them gets totally damaged by fire. Because of aesthetic reasons, the insurance will cover reconstruction.



PARTIAL DAMAGE

Complicated damages – concern both "the right" interpretation of insurance conditions and finding "the right way" to repair the damage.

First

The notion of damage has a different meaning for a historical building than a new one.

For instance: A new deformation after a storm, among the existing deformations, will be considered as a different damage compared to a new building.

Second

Any historical building will more or less document its historical development with different layers from historical epoques. Therefore it is necessary to go through a careful examination and analysis before taking decisions on the right method of repairing the damage.

POSSIBILITIES AND LIMITATIONS IN INSURANCE COVER

Obligatory cultural demands may be given for listed buildings. The insurance will cover additional costs up to limitations according to the agreement between the owner and the insurance company.

Standard conditions for all buildings will cover the cost to repair the building to the equivalent or essentially equivalent condition before the damage occurred.

For instance: A newer parquet floor laying over the original wooden floor in a historic building is damaged. After evaluation and analysis there is a wish to restore the original wooden floor. The standard insurance conditions will cover the cost to renew the parquet floor, but the owner can spend the same sum in restoring the authentic floor.

EXECUTING OF THE RESTORATION OR HISTORICAL REPAIR

Generally the insurance companies base indemnities on theoretical calculations on available market prices. This valuation is normally done before the repairs have been executed.

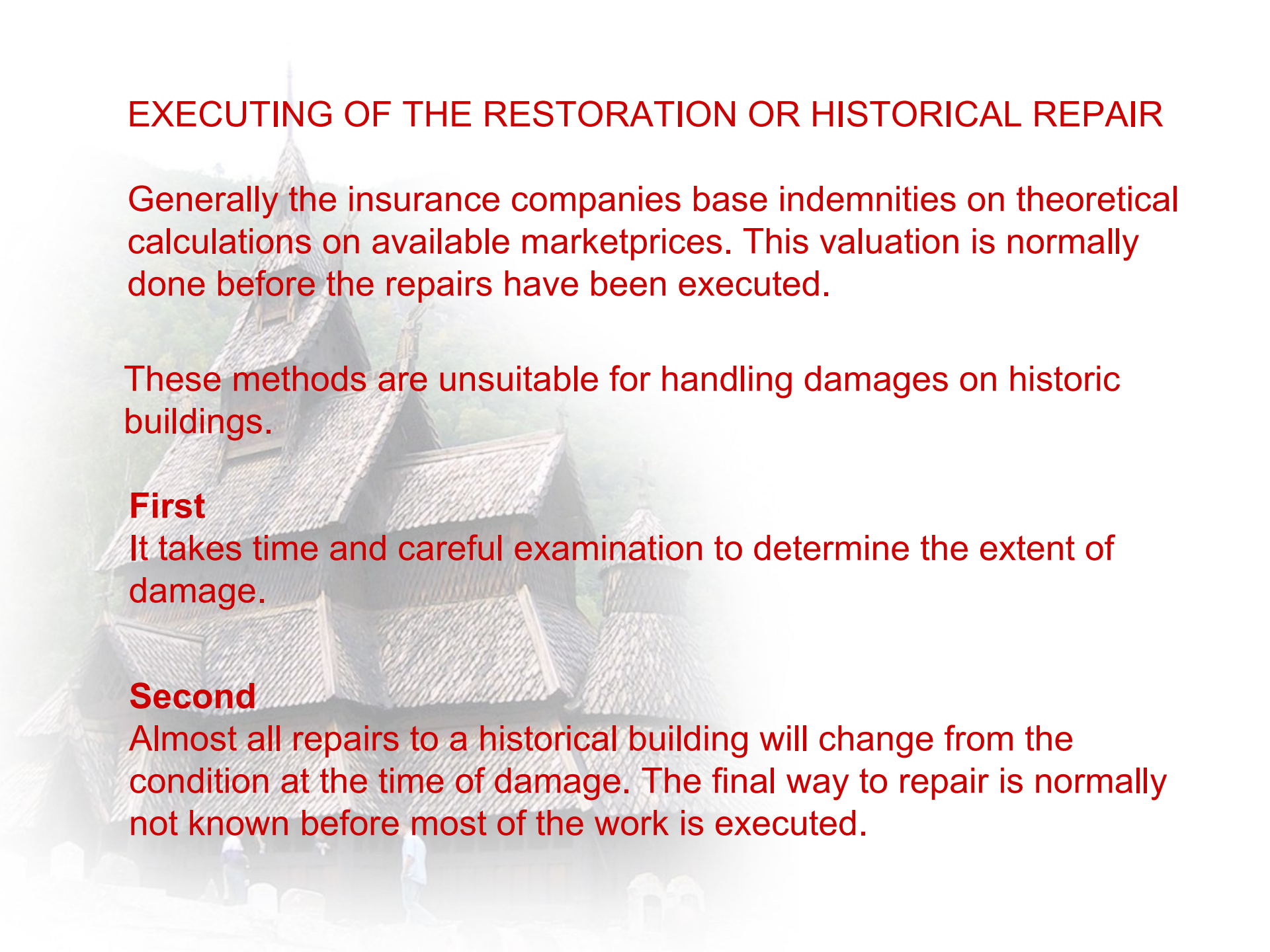
These methods are unsuitable for handling damages on historic buildings.

First

It takes time and careful examination to determine the extent of damage.

Second

Almost all repairs to a historical building will change from the condition at the time of damage. The final way to repair is normally not known before most of the work is executed.





Third

The building surveyors usually don't have sufficient skills to calculate damages on historic buildings. A calculation will not be reliable and is therefore unsuitable for the insurance company as a condition for indemnity of the damage.

Fourth

It is difficult to get competent craftsmen to give a fixed price for the job. They rarely have sufficient skills to estimate the exact costs for the damaged parts of the building. Surprises will always occur, and pricing for additional risks would be uneconomic.

Fifth

Available materials of the right quality are also uncertain. Where can one get them and what price does one have to pay?



Opus arkitekter as npa has developed an execution model based on cooperation between the owner, insurance company and an independent building surveyor with sufficient knowledge to historic buildings and the impact of insurance conditions on historical buildings.

The model also includes a final account of restoration or historical repairs.

This execution model has successfully been carried out for hundreds of historical buildings during the last 10 – 15 years.

ACCOUNT OF RESTORATION OR CULTURAL REPAIR

It is necessary to work out a final report which documents all the executed changes including the cost differences between the repair to the same condition before the damage and the chosen restoration or cultural repair.

The economic side of such a report is partly based on exact costs from the repair and partly theoretical calculations for the changes.

This final report is an important document for the insurance company because it gives necessary information about the executed practice of insurance conditions according to the agreement between the owner and insurance company.

Finally, the report will become an important historical document of the damage, repair and the financial part thereof.

PROBLEMS AND CHALLENGES


In general the insurance companies and the building surveyors have insufficient competence in historic buildings and the impact of general insurance conditions on such buildings. Unfortunately, they often demonstrate a primitive attitude to the social importance of the cultural heritage for civilization.

But there is in fact a tendency, - the higher you get in the insurance hierarchy the more awareness of the cultural heritage you find.

It is a problem that the education of insurance functionaries and building surveyors does not have the necessary focus on this subject.

Insurance companies have no visible quality system in handling damage to historical buildings, nor have the majority of building surveyors.





During the last 10 –15 years the insurance companies have employed buildings surveyors to handle damages for their own customers. One can question if this practice guarantees objectivity between the owner and the insurance company, especially for the historical buildings.

These following two general insurance conditions:

Additional costs rendering from building techniques or equipment being irrational by modern building standards are not included.

and

The insurance does not cover artistic embellishment

are the worst enemies working against the cultural heritage because of mistaken understanding and poor attitude.



The End