

Protect Your Property with Ordinance and Law Coverage



Most insurance policies are written to allow a building owner to rebuild to the condition it was in prior to a loss, this type of coverage is referred to as replacement cost. If an ordinance requires more—such as being brought up to code if it sustains more than 50 percent damage to the entire structure—an owner could face significant out-of-pocket expenses, which may range from slight modifications (installing hard-wired smoke detectors) to vastly more complicated and expensive modifications (installing fire sprinklers). To combat the cost of these projects, building owners can purchase ordinance and law insurance, which protects an owner or association against losses resulting from the enforcement of new laws, ordinances or changes to existing laws.

Ordinance and law insurance also protects against losses after a disaster. It serves to cover the following losses:

- Losses for rebuilding a portion of a structure when part of it is damaged from a fire.
- Losses when new building codes require that a partially damaged structure be torn down and rebuilt instead of repaired.
- Losses when associations must install improvements that were not part of an existing

structure before a disaster.

Coverage Details

Here are some common types of coverage that can help protect your property:

- **Demolition coverage:** If the undamaged portion of a structure must be demolished to rebuild the entire structure to comply with building codes, this coverage pays for the cost to demolish the undamaged part of the structure.
- **Loss of value:** If the undamaged portion of a structure was not technically “damaged” based on the verbiage in a typical fire protection policy, then this coverage pays for the loss to rebuild the undamaged part of the building.
- **Increased cost of construction:** This coverage pays for increased expenses for getting a building up to code, or to repair a damaged building that met building codes prior to a loss.

Ordinance and law insurance is excluded from a typical property insurance policy but can be added as an endorsement for a reasonable premium. It is common sense that owners of older structures with greater

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exposures should purchase this policy to cover “losses” for repairs.

To determine if you need this coverage, review your policy and contact Irving Weber Associates to discuss your exposures; use our experts and resources to protect your property.