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Don't be left out in the cold: ordinance or law coverage

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A typical property policy excludes coverage for ordinance or law coverage.

Take the example of an older building, the building codes changes could be substantial in the event of a loss. Your town may require that your building be brought up to current building codes even if there is a partial loss. You may purchase this optional coverage and have it added by endorsement to your property policy.

Ordinance or law coverage is comprised of three separate parts:

Coverage A - Coverage for loss to the undamaged portion of the building: This is not an additional amount of insurance. This portion of the policy will cover the costs to rebuild the undamaged part of the building.

Coverage B - Demolition Cost: This part of the form will provide coverage to demolish and clear the undamaged portion of the same building.

Coverage C - Increased Cost of Construction: This third part covers the increased expenses incurred in replacing the building to conform to laws or ordinances or to repair or reconstruct damaged portions of the building, reconstruct or remodel undamaged portions of the building whether or not demolition is required.

If you own an older building, it would be wise to discuss this important coverage with your insurance agent.

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