

Law and Ordinance Coverage

Many insurance policies contain law and ordinance coverage, which is an additional coverage for property holders that pay additional amounts which may be required because of a requirement to comply with a law or a building code. Two examples are as follows:

Policy Example 1: When the dwelling covered under Coverage A – DWELLING is damaged by a Loss Insured we will pay for the increased cost to repair or rebuild the physically damaged portion of the dwelling caused by the enforcement of a building, zoning or land use ordinance or law if the enforcement is directly caused by the same Loss Insured and the requirement is in effect at the time the Loss Insured occurs.

Policy Example 2: With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

Most property insurance adjusters are aware of changes required by local code and while some local codes have accessibility requirements; however, most adjusters are not aware of the requirements of disability rights laws. Further, accessibility updates may not be required when the damage is not over a certain percentage of the property. Improvements required under the Americans with Disabilities Act, the Fair Housing Act, and Section 504 of the Rehabilitation Act are included within law and ordinance coverage, and when any element of property is altered, the alteration is required to comply with these laws.