



Ordinance or Law

When a home is first built, it complies with the building codes and then is frozen in time to those standards. Over the years, new regulations are passed at city, county, state and federal levels intended to make homes safer, neighborhoods more pleasing and to reduce Co2 emissions with better efficiency.

Insurance companies fear these regulations and often restrict Ordinance or Law coverage to 10%-25% of the insured value of the home. Insurance companies can't predict if a law will affect repair or reconstruction so they limit their risk. If it was no big deal, they would include it as a covered cause of loss up to the dwelling limit.

Examples of law changes or intervening circumstances which could apply:

- Home repair estimate from contractor is \$150,000. The law says damage is over xx% of dwelling value and therefore repair is NOT permitted. New construction is required. New construction estimate is \$250,000 + \$10K to demo. Insurance company says, "We will pay \$150K repair estimate + \$25K additional (= ordinance - law maximum limit). Total payment \$175K." The homeowner is then short \$85K.
- New lot size or set back requirements restrict replacement home size or ability to build a garage.
- Walls / ceilings / roof materials / sprinkler system must be modified or added to comply with fire code.

TRICOR opinion: The insurance company should deal with this problem, not the homeowner. Make the insurance company include it in their policy or cover it for a small additional charge.

The insurance company may comment, "This hardly ever happens!" That may be true. Your home isn't likely to burn down or blow away either, but if it does, you expect to be paid. You need a home!



Get a Quote!

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There are a number of options to review which we can quickly do in a few minutes.

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