October 22-25, 2026 | Sheraton Boston Hotel

MAIA'S BIG EVENT 2026
Conference & Trade Show
Celebrating Independence!

10/24/2026
10:00 am - 11:00 am

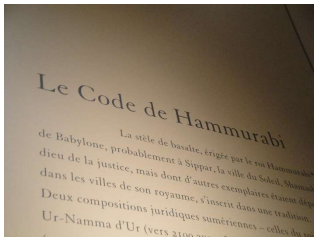
Ordinance Or Law Coverage – Why It's Important For Every Building!

The Andover Companies

Ordinance or Law Coverage – Why It's Important For Every Building

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Sources of Today's Building Codes

- Model codes developed by various associations
  - International Code Council (International Building Codes IBC)
  - National Fire Protection Association – NFPA
- Codes may be developed by the federal government.
  - Flood plain management
  - Americans with Disabilities Act
- Historical societies
- States may amend a model code.
- Local jurisdictions may amend a model code.

4

Exposures

- Value of Undamaged Portion of the Building
- Demolition Cost
- Increased Cost of Construction

5

Major Damage

When must the entire structure be updated after a loss?

When do we need to tear down a partially damaged building and start over?

Jurisdictional Authority Rule: The authority having jurisdiction decides when a damaged building must be brought into compliance with current building codes.

Percentage Rule: A building damaged beyond a certain percentage of its value must be brought, in its entirety, into compliance with local building codes.

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Building and Personal Property Coverage Form
CP 00 10 10 12 - Loss Payment

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

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Building and Personal Property Coverage Form
CP 00 10 10 12 - Valuation

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.



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Building and Personal Property Coverage Form
CP 00 10 10 12 - Replacement Cost

e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.



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Special Form Causes of Loss CP 10 30 09 17

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

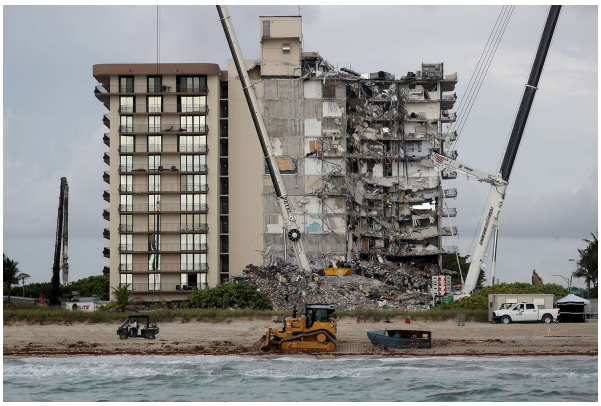
This exclusion, Ordinance Or Law, applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

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Business Income

Which is the worst case scenario?

- Building burns to the ground
- Building sustains “major damage”

- How long will it take the authority to decide whether the threshold to take down the building (major damage) has been met?
- How long will it take to arrange for demolition of the standing building?
- How long will it take to demolish the standing building and clear the debris?
- How long will it take to draw up plans for a new building and obtain permits?
- How long will it take to rebuild from the ground up?

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Business Income and Extra Expense Form CP 00 30 10 12

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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Building and Personal Property Coverage Form (CP 00 10 10 12)
Increased Cost of Construction
Additional Coverage

- Applies only to buildings insured on a replacement cost basis
- Applies to the repair, rebuilding, or replacement of damaged parts of the building
- Covers increased costs incurred to comply with the minimum standards of ordinances or laws
- Limit of $10,000 or 5% of the building limit (whichever is less)

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Ordinance or Law
CP 04 05 09 17

Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

Coverage B – Demolition Cost Coverage

Coverage C – Increased Cost of Construction Coverage

Post-Loss Ordinance or Law Option

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POLICY NUMBER: COMMERCIAL PROPERTY
CP 04 05 09 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverages B And C Combined Limit Of Insurance
/	☐	$	$	$ *
/	☐	$	$	$ *
/	☐	$	$	$ *

Post-Loss Ordinance Or Law Option: Yes ☐ No ☐

*Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C, or if one of these Coverages is not applicable.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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Ordinance or Law
CP 04 05 09 17

Coverage A – Coverage for Loss to the Undamaged Portion of the Building

- *With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.*
- Coverage A is included within the limit of insurance on the building.

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Ordinance or Law
CP 04 05 09 17

Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.



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Ordinance or Law
CP 04 05 09 17

Coverage C – Increased Cost of Construction Coverage

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 a requirement to comply with the minimum standards of the ordinance or law.



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Ordinance or Law
CP 04 05 09 17

Coverage C – Increased Cost of Construction Coverage

(1) *This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.*

(2) *We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.*



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Ordinance or Law
CP 04 05 09 17

Coverage C – Increased Cost of Construction Coverage

…*coverage for the increased cost of construction also applies to repair or reconstruction of the following…*

- ***(1)*** *The cost of excavations, grading, backfilling and filling;*
- ***(2)*** *Foundation of the building;*
- ***(3)*** *Pilings; and*
- ***(4)*** *Underground pipes, flues and drains.*



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Ordinance or Law
CP 04 05 09 17

We will not pay under this endorsement for:

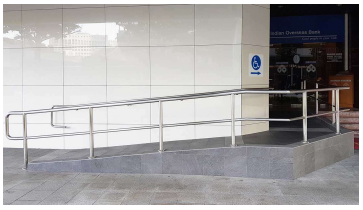
a. Enforcement of or compliance with any ordinance or law which requires the demolition, repair……due to contamination by "pollutants" or due to ……"fungus", wet or dry rot or bacteria;

b. ……compliance with any ordinance or law which requires….. [one] to test for, monitor, clean up……"pollutants", "fungus", wet or dry rot or bacteria.

We will not pay under this endorsement for any loss in value or any cost incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.

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What About The Tenant?









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Ordinance or Law Coverage for Tenants Improvements and Betterments CP 04 26 09 17

- Coverages A, B and C can be chosen.
- Post-Loss Ordinance or Law Option is available.
- Improvements and betterments are fixtures, alterations, installations or additions made a part of the building you occupy but do not own and which you acquired or made at your expense but cannot legally remove.

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POLICY NUMBER: COMMERCIAL PROPERTY CP 04 26 09 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE FOR TENANT'S INTEREST IN IMPROVEMENTS AND BETTERMENTS (TENANT'S POLICY)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverages B And C Combined Limit Of Insurance
/	☐	$	$	$ *
/	☐	$	$	$ *
/	☐	$	$	$ *

Description Of Tenant's Improvements And Betterments

At Building Number/Premises Number :

At Building Number/Premises Number :

At Building Number/Premises Number :

Post-Loss Ordinance Or Law Option: Yes ☐ No ☐

*Do **not** enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages **B** and **C**, or if one of these Coverages is not applicable.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

SAMPLE

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Business Income

POLICY NUMBER: COMMERCIAL PROPERTY
CP 15 31 09 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW – INCREASED PERIOD OF RESTORATION

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

SCHEDULE

Described Premises:
Post-Loss Ordinance Or Law Option: Yes ☐ No ☐
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.



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What Does this Cost?

ISO Rates
(carrier rates may vary)

- Coverage A – 1.15 x 80% coinsurance building rate
  (1.85 for Earthquake coverage)
- Coverage B – 80% coinsurance building rate
- Coverage C – 80% coinsurance building rate

- Ordinance or Law Time Element
  - Increases BI/EE rate by 20%
  - For Earthquake, double BI/EE rate

- Post Loss Option – add an extra 2%



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How much coverage do we need?

- Coverage A – no limit applies
- Coverage B – ??
- Coverage C – ??
- Blanketing the B&C limits increases the chances that the chosen limit will be adequate.

- Ordinance or Law Time Element
  - No separate limit applies.
  - No specified time limit is shown.
  - Need to increase BI/EE limit to cover the extended time period

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Cathy's Café

The Building

- Built in 1890
- Frame construction
- Sprinklers only in kitchen
- Outdated electrical system
- Not handicapped accessible (but should be)

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Cathy's Café

Values and Coverages

- Building RCV $1,000,000
- Building Coverage $ 900,000
  - 90% coins, Special Form, AV
- BPP RCV $ 400,000
- BPP Coverage $ 360,000
  - 90% coins, Special Form, AV
- Business Income $1,400,000
  - Special Form, AV
- Disregard Deductible

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Cathy's Café

The Building Code

- Tear down building if the loss is 50% or more of the market value of the building
- Masonry non-combustible construction
- Sprinklers throughout
- Updated electrical system
- Handicapped accessible

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Cathy's Café



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Cathy's Café (unendorsed policy)

Loss	Amount of Loss	Amount Paid
Building Damage	$500,000	$500,000
Damage to BPP in the Building	$200,000	$200,000
Debris Removal of Damaged Property	$25,000	$25,000
Business Income loss for 6-month period of restoration	$600,000	$600,000
Value of the Undamaged Structure	$500,000	0
Cost to demolish and remove the undamaged structure	$20,000	0
Additional costs to rebuild as non-combustible and sprinklered	$400,000	$10,000

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Cathy's Café (unendorsed policy)

Loss	Amount of Loss	Amount Paid
Additional costs to upgrade the electrical	$50,000	0
Additional costs to make the premises accessible	$20,000	0
Business Income loss for the additional 6 months needed to comply with building codes	$600,000	0
TOTAL		$1,335,000

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Cathy's Café

Policy with Endorsements

Ordinance or Law Coverage (CP 04 05 09 17)

- Coverage A – included
- Coverage B - $100,000
- Coverage C - $500,000

Note: B&C limits can be blanketed, but were not here.

Ordinance or Law – Increased Period of Restoration

(CP 15 31 09 17)

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Cathy's Café

Loss	Amount of Loss	Amount Paid
Building Damage	$500,000	$500,000
Damage to BPP in the Building	$200,000	$200,000
Debris Removal of Damaged Property	$25,000	$25,000
Business Income loss for 6-month period of restoration	$600,000	$600,000
Value of the Undamaged Structure	$500,000	$400,000
Cost to demolish and remove the undamaged structure	$20,000	$20,000
Additional costs to rebuild as non-combustible and sprinklered	$400,000	$400,000

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Cathy's Café

Loss	Amount of Loss	Amount Paid
Additional costs to upgrade the electrical	$50,000	$50,000
Additional costs to make the premises accessible	$20,000	0
Business Income loss for the additional 6 months needed to comply with building codes	$600,000	$600,000
TOTAL		$2,795,000

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HO 00 03 03 22/HO 00 05 03 22
Ordinance or Law

Exclusion

We do not insure for loss caused directly or indirectly by any of the following…….

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

a. *Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris…*

b. *The requirements of which result in a loss in value to property; or*

c. *Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.*



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HO 00 03 03 22/HO 00 05 03 22
Ordinance or Law

Additional Coverage

…up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) *The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;*

(2) *The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or*



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HO 00 03 03 22/HO 00 05 03 22
Ordinance or Law

Additional Coverage (continued)

(3) *The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.*

b. *You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above……..*

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HO – Ordinance or Law Endorsement

HO 04 77 03 22 - Ordinance or Law Increased Amount of Coverage

- Endorsement can be used to increase the 10% available for Ordinance or Law.
- 10% can be increased to 25%, 50%, 75% or 100%.

Thank You For Attending!

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