

## **Insurance Law and Ordinance Danger Will Robinson - Danger!**

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A catastrophic loss has occurred at your condominium complex, but you are not worried because the association has insurance coverage! But is it enough?

Despite a guaranteed replacement cost policy (or any of the replacement cost policies) and the promise that the units will be rebuilt, the promise is really only to *repair or replace with like kind and quality*. Many condominiums built in the 1980's or 1990's do not carry sufficient insurance coverage for *total replacement*.



In addition to repairing and replacing the damaged property, the additional cost to meet current building codes to the damaged property is not covered under the replacement cost coverage resulting in a deficiency which is passed onto the unit owners.

While some insurance companies provide a small extension of coverage of \$100,000.00 or \$250,000.00 for ordinance coverage, it is more often not nearly enough coverage to cover the actual total cost of the claim.

To protect yourself, contact your insurance agent and inquire about “Law and Ordinance” coverage which provides additional protection sufficient to cover the cost for a loss which requires the construction or repair of damaged buildings, specifically older structures that are damaged and may need upgraded electrical; heating, ventilating, and air-conditioning (HVAC); sprinklers, elevators, and plumbing units based on city codes.

Failure to do so may leave the association with a deficiency in its insurance claim, making a bad situation much worse.