



Building ordinances

Is your homeowners policy up to code?

Building codes are established to protect us as safety standards and construction materials improve. If your home was built early last century, you will likely need to address building ordinance upgrades should you incur a significant loss to your home. Yet chances are, even if your home was built 15 years ago, you too will be faced with substantial building code changes, including energy standards, fire sprinkler systems and roofs.

According to FEMA¹, most states and local jurisdictions adopt the International Code Council (ICC) building codes which include a set of codes for new residential construction (IRC) and a set of codes that apply when structures are altered, repaired or after a change in occupancy (IEBC). The ICC typically publishes new editions every three years.

Many insurance policies will only cover the costs to rebuild the home back to its previous condition prior to loss or only cover the costs to rebuild the damaged portion of your home. If your home is over 50% destroyed, your local city or government could require you to demolish the entire home to rebuild it to current building codes. You could be responsible for the costs to demolish and rebuild that remaining portion of the home.

When selecting insurance coverage, it's important to plan for the unexpected to help ensure you will be protected should the worst happen to you and your family. Many insurance companies limit how much they cover for code upgrade costs. Make sure your homeowners insurance policy includes ample building ordinance and law coverage.

How Nationwide Private Client responds

With the Nationwide Private Client homeowners policy, you are covered up to 100% of the dwelling coverage limit for the additional costs incurred to rebuild in compliance with the required building ordinance and law upgrades.² With our protection endorsement this coverage amount is unlimited for dwellings and other structures.³ Coverage includes demolition costs for the undamaged portion of your home should your local jurisdiction require you to rebuild your entire home when a covered loss damages more than 50% of the insured replacement cost of the structure.⁴

How you may be at risk

A fire breaks out in your kitchen due to old wiring, damaging more than half of your \$1 million home. Your architect advises you that the county you live in requires you to demolish the undamaged portion of your home to rebuild it entirely to comply with today's building codes and regulations. Wiring upgrades will cost \$40,000, and demolition of the undamaged portion of the home will cost even more. Are you covered?

A pipe breaks in the attic of your 5,000-square-foot home while you are away on vacation, resulting in severe water damage. In the process of reconstructing your home, you discover that among other building code requirements, you have to install a fire sprinkler system, which will cost \$10,000. That's in addition to the other code upgrade costs and rebuilding your home to match its original unique features. Are you covered?

A tree falls and takes out a huge portion of your house. Reconstruction of the damaged portion will cost more than 50% of the insured replacement cost of the structure. City authorities are requiring you to tear down the standing portion of your home to rebuild it entirely to code, which includes upgrades to roofing materials and energy efficient windows. Are you covered?

A fire destroys your \$2 million home, which sits on two acres of land in California. To make matters worse, in order to comply with fire prevention and loss reduction set-back laws, your home has to be moved three feet to ensure it is at least 30 feet away from your property line.⁵ Moving your home will cost as much as rebuilding it to its original state. Are you covered?

Why it's important for you

If you do incur a significant loss to your home, it's important to be prepared. Talk to your agent about whether or not you are adequately protected for building ordinance and law coverage to help protect you for the unexpected increased costs of rebuilding your home to code.

Nationwide Private Client offers these added benefits:

- **Deductible waiver:** Your homeowners deductible will be waived for a covered total loss.⁶ With our protection endorsement, deductibles up to \$50,000 are waived for a covered loss over \$50,000.⁶
- **Loss of use:** We know it takes time to rebuild. If you are required to leave your home during reconstruction, we include loss of use coverage to pay for the increase in your normal living expenses necessary to maintain your standard of living for the reasonable amount of time required to restore your home to a habitable condition — with no dollar limit or deductible.

- **Replacement cash out:** Don't want to rebuild in the same location? We offer a replacement cash out option for dwelling, other structures⁷ and personal property coverages. We pay you up to the limit shown on the declarations of your policy or what it would cost to rebuild at that location, whichever is less. This allows you to rebuild where and when it's convenient for you. For your personal property, we pay the repair or replacement cost as applicable to your particular loss situation.
- **Realty tax increased assessment:** With our protection endorsement, we will pay up to \$25,000 for any additional county tax assessments the first year after your home is rebuilt, when they are increased due to a covered loss.

Why Nationwide Private Client

Nationwide Private Client is dedicated to helping protect the assets and reputations of our clients. Our highly personalized insurance products, services and concierge-style claims handling are thoughtfully designed to meet the distinctive needs of affluent individuals and families. We are committed to providing you a superior experience whenever you need assistance.

Nationwide, a Fortune 100⁸ company, is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A1 by Moody's and A+ by both A.M. Best and Standard & Poor's.⁹

Additional resources:

- iccsafe.org
- nationwide.com/solutionseries

¹fema.gov/building-codes

²The damaged or destroyed building structure must be repaired or replaced at the residence premises. Other limitations and exclusions apply.

³Coverages and limits may vary by state. Other limitations and exclusion may apply.

⁴Less any ordinance or law expenses.

⁵fire.ca.gov/fire_prevention/fire_prevention_wildland_codes.php

⁶Unless a special deductible applies.

⁷Doesn't apply to condominium or tenant policies.

⁸Based on revenue, Fortune (June 2015).

⁹Ratings affirmed 9/12/13 by Moody's, 4/2/14 by A.M. Best, and 5/13/14 by Standard & Poor's.

nationwide.com/coveragecorner

Each claim is handled on the basis of its individual facts and circumstances and in accordance with policy language, including applicable exclusions, conditions and limitations. Insurance overview is for informational purposes only and does not replace or modify the definitions and information contained in individual insurance policies, their endorsements or declaration pages, which are controlling. Terms and availability vary by state and exclusions apply. Products underwritten by Nationwide Mutual Insurance Company and Affiliates, including Crestbrook Insurance - Columbus, OH. Nationwide Private Client, Nationwide, the Nationwide N and Eagle, and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2015 Nationwide PWR-0421A0 (11/15)

