



CONDOMINIUM INSURANCE SPECIALISTS OF AMERICA

Protect Your Condominium

Condominium Insurance Specialist of America (CISA) offers insurance tailored to the unique characteristic of Association insurance

CISA is pleased to handle the insurance program for your Association. One of the most common questions asked is what the Association policy covers and what needs to be insured by the Unit Owner.

The following is provided to help clarify each area of responsibility per the standards set forth in the Illinois Condominium Property Act, as well as a general guide to the coverage being provided by the Association and that which you, as a Unit Owner, must consider for yourself.

The Building Policy Will Insure:

- All commonly owned real and personal property. Within the units this extends to:
 - Perimeter and partition walls and ceilings, through the primer coat of paint
 - Doors through the primer paint only
 - Original cabinets and countertops (kitchen and bathroom)
 - Original built-in appliances
 - Original plumbing and electrical fixtures
- Please note that any or all the above items are limited to the amount that they are in excess of the building's property deductible.
- All Association Liability. This extends to the common areas only. No coverage is provided within the individual units.

As a unit owner, you should purchase a HO6 policy and insure all your personal property, including but not limited to:

- Personal Property
 - Household contents: furnishings, clothing, dishes, artwork, jewelry, media, etc.
 - Storage locker contents, if any
 - Freestanding appliances
- Alteration and Additions/Improvements and Betterments:
 - Decorating: finishing paints, wallpaper, paneling, and window treatments
 - Floor coverings: carpet, tile, linoleum, hardwood flooring, etc.
 - Upgraded cabinets and countertops
 - Upgraded plumbing and electrical fixtures
 - Upgraded built-in appliances
 - HVAC systems, air/water purifiers, water systems, hot water tanks, etc.
 - All other permanently installed alterations and additions
 - Back up of sewers and drains coverage
 - Loss assessment coverage
- Personal Liability:
 - For your unit (personal liability) and your own activities and that of your guests or pets
 - Your domestic help or other vendors you hire, under Worker's Compensation

Please note that these are guidelines only. All claims must be made through your Board/Management Company. Claims are subject to the property deductible and your association's maintenance policies, as the purpose of this insurance policy is to cover catastrophic losses.

Disclaimer, this information applies only to Condominium Associations. If you live in a Home Owners Association or Cooperative, please call us for further information.

Glossary of Terms and Definitions

The following glossary of terms is provided for your convenience. Please do not hesitate to contact your Account Executive for further assistance in explaining any terms used.

- **Additions & Alterations** are material changes made in a unit or residence beyond the Developer's standard. Such changes include addition of upgrades, special flooring, added paneling, decorative finishes, etc.
- **Advertising Injury** is an injury that arises out of oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services.
- **Aggregate** is the maximum limit that will be paid during a specified period of time which is typically the term of the policy. It is most often found in liability policies.
- **Backup of Sewers & Drains** is when water enters the premises through a drain or sewer due to blockage or super saturation.
- **Blanket Employee Dishonesty** is another term for Crime or Fidelity coverage. This protects the insured against losses due to theft or misappropriation of funds (or other property) by employees. This coverage is mandated by State Law.
- **Bodily Injury** provides coverage for sickness or disease sustained by a person, including death resulting from any of these at any time.
- **Building Ordinance or Law** pays for additional construction costs incurred as the result of changes in local building laws/codes after a covered building loss occurs. It contains three components:
 - **Demolition** of the portion of the building that was undamaged in the loss but that building code requires be demolished.
 - **Increased cost of construction** pays to bring a building element up to the current code, such as upgrading fire-rated doors or adding a sprinkler system.
 - **Contingent liability** or loss of value pays to replace the part of the building that was not damaged by the loss but had to be torn down due to code requirements.
- **Cyber Liability** provides coverage to help protect from data breaches and other similar cyber-related events.
- **Directors & Officers** covers alleged wrongful acts of board members, officers, volunteers, and possible the association itself. These acts include errors in judgment, breaches of duty, and wrongful acts. This coverage pays for the legal fees when a suit is filed against the insured.
- **Employer's Liability** is an employer's legal responsibility to pay damages to an employee injured by the employer's negligence. Employer's Liability is part of the Workers' Compensation policy form, and comes into play when actual Workers' Compensation Coverage is not applicable.
- **Extra Expense** is an insurance payment to assist an insured in continuing normal operations after a covered property loss. An example would be the renting of a temporary office space if the management office is damaged by fire.
- **Fire Legal Liability** covers the insured if they are held responsible for causing a fire to property owned by someone else but in the insured's care, custody and control or are assumed in a lease, such as property the insured is renting.
- **Guaranteed Replacement** is property coverage in which the insurance company agrees to replace damaged property even if the cost is greater than the policy limit or the underlying rating basis on which the premium is calculated.
- **Hired & Non-Owned Auto** is coverage for an auto accident where an Association member is driving either his/her own vehicle or a rented vehicle on Association business (such as running an errand). This coverage is excess of the primary vehicle coverage.

- **Loss of Assessments is** coverage that reimburses the Association for funds they were unable to collect from Unit Owners following an insured loss. This is not the same as Loss Assessment coverage found in personal lines policies.
- **Loss Runs** is a statement from the insurance company listing all claims that have been filed during a specific policy period. State law requires companies to furnish this information within 30-days when the insured requests it.
- **Equipment Breakdown** is physical damage coverage for certain sudden and accidental events originating inside equipment such as elevators, generators, chillers, alarm systems and transformers. It also covers the damage caused by the explosion of a steam boiler.
- **Medical Payments** coverage is a “good faith” payment for medical costs to a person injured on the premises. These are paid regardless of whether or not the Association is found to be at fault.
- **Personal Injury** is injury other than “bodily injury” that arises out of one or more of the following offenses: false arrest, detention or imprisonment, malicious prosecution, wrongful eviction, wrongful entry into or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor.
- **Self-Insured Retention** in Umbrella policies, this is the amount that the insured must pay before the Umbrella policy is triggered in the event that there is no underlying coverage for a particular loss.
- **Social Engineering** is a confidence scheme that intentionally misleads an employee into sending money or diverting a payment based on fraudulent information that is provided to the employee in a written or verbal communication such as an email, fax, letter or even a phone call.
- **Umbrella Liability** provides excess coverage to be used once the underlying policy limits are exhausted. Coverage’s that an Umbrella will go over include General Liability, Automobile, Employer’s Liability and occasionally Directors and Officers coverage. Put simply, the Umbrella increases the underlying limits of liability.
- **Worker’s Compensation** pays for medical bills, lost wages and certain other benefits for injured employees. Many Associations carry this coverage even if they have no employees in order to avoid being held responsible for someone, such as a contractor or even a volunteer, who does not have their own coverage.
- **Wrongful Act** is an actual or alleged error, mistake, misstatement or misleading statement, act, omission or neglect or breach of duty by any insured.