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Summary of Essential Insurance Requirements and Responsibilities for Condominium Associations after June 1, 2015

Required Insurance for the Association:

- 1) Property Insurance including coverage for the full replacement cost of the building. The policy is required to include coverage for the increased cost of construction due to building code requirements of at least 10% of the building value up to \$500,000.00, whichever is less. This policy does not need to cover improvements and betterments to the units installed by unit owners or any other additions, alterations, or upgrades installed by a unit owner.
- 2) General Liability Insurance in a minimum amount of \$1,000,000.00.
- 3) Fidelity Bond (Employee Dishonesty Insurance) for the maximum amount of coverage available to protect the full amount of the association's funds and reserve fund. This is mandatory for an association with 6 or more units.
- 4) Directors and Officers Liability Insurance. This coverage must extend to all contracts and actions taken by the board. It must also include coverage of defense of non-monetary actions, defense of breach of contract; and defense of decisions related to the placement or adequacy of insurance. Past, present, and future board members and property managers should be covered by the policy.

Required Insurance for Unit Owners:

The board of directors may require unit owners to obtain insurance covering their liability and damages to another unit caused by the negligence of the owner or his or her guests. The personal liability of a unit owner must include the deductible of the owner whose unit was damaged, any damage not covered by this required insurance, as well as the decorating, painting, wall and floor coverings, trim, appliances, equipment, and other furnishings. The unit owner is responsible for coverage for any additions, alterations or upgrades installed or purchased by the unit owner.

Association Responsibility*

Common Elements:
Structure, Common Areas, Bare
Walls, Floors, and Ceilings of
the Units

Limited Common Elements:
Balconies, Patios, Parking
Spaces

Unit Owner Responsibility*

Floor Coverings, Wall Coverings,
Ceiling Coverings, Decorating, Fixtures,
Furnishings, Additions and Alterations

*Responsibilities may vary depending on the provisions of the association's governing documents.

The requirements listed above are for condominium associations. The Common Interest Community Association Act has no insurance requirements. Common Interest Community Associations should refer to their governing documents for guidance.