

# Condo Insurance—Fact or Fiction?

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There are many misconceptions and assumptions when it comes to condominium insurance, sometimes with disappointing results for the homeowner. It's certainly better to be knowledgeable and up-to-date in insurance coverage before you need it. How much do you really know about your condo insurance coverage? Can you spot the facts from the fiction in this article?

**1. Homeowners have all the coverage they need with the Association's insurance policy.**

**Fiction.** The association's insurance policy covers the building's property up to the primer coat of drywall, not personal belongings, or upgrades you've made to your unit. For example, upgraded flooring, new cabinets or appliances, or renovations are generally not covered by the association's policy, nor does it cover parts of the building that are used only by you—like the balcony or the pipes that feed into your unit from the main pipes.

**2. Condo Association insurance covers all the repairs in unit-to-unit problems.**

**Fiction.** According to the Illinois Condo Act, the Association is responsible for remediation of common elements; drywall and primer are considered common elements and are covered under the Association's policy. Flooring, cabinets and fixtures may be covered under the Association's policy, but this is the exception rather than the rule, so it is vitally important to understand the finishes of your unit and how your declarations affect this.

**3. If one home causes damage to another home, such as a water leak from one unit to another, the Association can charge the causing unit for repairs.**

**Fact.** The Association can charge back the cost of the above required steps to the causing unit, up to the deductible on the Association's insurance policy. Homeowners should file insurance claims against their policies at their discretion. Under the Illinois Condo Act, all owners are required to have liability insurance for property damage and bodily injury that might result from their units, but should also have insurance to coverage their own property.

**4. If my home is so damaged that I can't live there, the Association must pay for me to live somewhere else.**

**Fiction.** The Association is not responsible for the cost of extra living expense should the unit become uninhabitable. This coverage is only found in the homeowner's insurance policy.

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**How did you do with these questions? If you feel like you need more knowledge, we can help. Here are some of the condominium coverage basics:**

**1. Liability Coverage:** This coverage is required by law and your Association may have a minimum limit requirement. This covers property damage and bodily injury to others for which you may be held responsible. (ex. Your dog biting someone.)

**2. Personal Property:** if you could turn your house upside down, everything that falls out is personal property. This includes large appliances, electronics, clothing, and furniture. Special coverage may be necessary to cover items like jewelry and fine art. Discuss this with your agent.

**3. Attached or Building Property:** This coverage covers flooring, cabinets, countertops, wall to wall carpet and fixtures. It is generally written as 10% of your personal property; which is usually not enough. This limit should be increased to cover cost of replacement of your finishes within the unit.

**4. Water Back up:** The IL Condominium Act creates a situation where everyone insures their own property. Be sure to add this coverage to protect your personal and attached property as the building's coverage will not respond to your damage in cases where there is no Association negligence.

**5. Excess Expense Coverage:** this covers your extra expense should your unit become uninhabitable due to damage. This is the only policy that covers this.

If you have any questions regarding the type of coverage you needed for your unit, or other coverages available, please contact your insurance agent to review your existing policy and additional coverages that may apply to you. They should be able to help you be adequately covered and avoid gaps in coverage between your personal insurance and the association's insurance policy.