

Insurance Coverage Checklist — the three policies

What each policy covers and where it stops, with the Illinois section behind it. Fill in the teal columns from your own policies.

Policy	What it covers	Where it stops	Illinois (765 ILCS 605/12)	Carrier and policy #	Renewal date	Limit or amount
The three policies in a claim						
Master policy — the association's	The common areas and the units — generally the bare walls, floors and ceilings, unless the board has decided to cover more — for the full cost to rebuild to today's building code, not what the building would sell for.	Anything an owner installed or upgraded: flooring, cabinets, fixtures, appliances, water heaters. Pays only after the deductible. Some kinds of water damage aren't covered unless they've been added.	§12(a)(1) coverage, re-checked at each renewal; §12(b) improvements and betterments; §12(f) primary when both policies cover the same damage; §12(e) waiver of subrogation — it can't sue an owner to recover what it paid.			
Owner's policy (HO-6) — each owner's own	What the master policy doesn't: the owner's improvements and belongings. If the board requires it, damage that starts in their unit and spreads to someone else's — including the neighbor's deductible, paint, trim, flooring and appliances.	Picks up what the master policy leaves behind — the master policy pays first. The required coverage doesn't extend to consequential damages.	§12(h) — the board may require it under the declaration and bylaws or by rule.			
Board's D&O — directors and officers	Defends the board when someone sues over a decision the board made — an owner over how a rule was enforced, a seller over the disclosure package, a contractor over a contract. Covers past, present and future board members, and defending the board's decisions about whether it bought the right insurance.	Anything a board member did knowing it was wrong. Damage to the building — that's the master policy.	§12(a)(3)(D) — at an amount the board decides is reasonable, unless the declaration or bylaws set one.			
Also required in Illinois						
Fidelity bond	Protects the association from the people handling its money — the treasurer, whoever writes the checks, and the management company if you have one.	The amount isn't the board's choice: it has to cover everything the association holds, operating money and reserves combined. It won't grow with the reserves unless someone asks.	§12(a)(3)(A)–(C) — 6 or more units. A management company handling association money carries its own bond, and the association can claim against it directly.			
Commercial general liability (not covered in the video)	Claims arising on the common elements, with the board, the association, the managing agent and the owners as insureds.	Not building damage, and not claims over board decisions.	§12(a)(2) — at least \$1,000,000.			

Who covers what — fill in from your policies

Space to write down who covers what in your building. Answer from the policy wording and your agent, not from memory. The water scenarios are the ones to ask about one at a time.

Item or scenario	Master policy covers it?	Owner's policy covers it?	Notes — limits, exclusions, who to call
Inside a unit			
Bare walls, floors and ceilings			
Flooring — hardwood, carpet, tile			
Cabinets and vanities			
Light fixtures			
Appliances and water heaters			
Paint and trim			
The owner's belongings			
Water — ask about each way it could get in			
Burst pipe			
Slow leak			
Ice backing up where it shouldn't			
Water coming in from outside			
Other:			
When it spreads from one unit to another			
The neighbor's deductible			
The neighbor's paint, trim, flooring and appliances			

Write it down in one place — and send it to every owner

Decide who pays the deductible before there is a claim, then put the whole answer in one statement: what the master policy covers, what owners carry themselves, and who pays the deductible. Mark the option your board adopts.

Item	What it means	Illinois	Ours
Who pays the master policy deductible — the board picks one			
The association, as a common expense	Everybody shares it.	§12(c)(i)	
The owner where the damage started	Charged to the owner whose unit the leak originated from — after notice and a chance to be heard.	§12(c)(ii)	
The owners whose units were damaged	Each affected owner pays it.	§12(c)(iii)	
The statement			
Master policy deductible	The current amount, from the declarations page.		
What the master policy covers	In plain words — where it stops inside a unit.	§12(a)(1), §12(b)	
What owners need to carry themselves	Their own policy, and — if the board requires it — coverage for damage that starts in their unit and spreads.	§12(h)	
Who pays the deductible	The option adopted above, in the board's own words.	§12(c)	
Date adopted / date sent to every owner			

Questions to ask at renewal

These may be one package or separate policies from different companies with different renewal dates. Either way, go through all of them once a year with whoever handles the association's insurance. The last one is the board's own paperwork.

Policy	Question	Answer	Who answered	Date
With whoever handles the insurance				
Master policy	Is the rebuild cost current — what it would actually cost to rebuild, not market value?			
Master policy	What is the deductible, and does what we've written down about who pays it still match?			
Master policy	Which water scenarios does it cover, and which doesn't it — burst pipe, slow leak, ice backing up, water coming in from outside?			
Fidelity bond	Does it still cover what's actually in the association's accounts, reserves included?			
D&O	Is the limit still what the board decides is reasonable, and does it cover past, present and future board members?			
On the board, not the agent				
Vendor certificates	Does every vendor the association pays more than \$10,000 a year list the association as an additional insured on their certificate of insurance? Ask for it when you sign the contract.			
Owner coverage	Has every owner sent proof of their coverage this year?			

Vendor certificates of insurance

Illinois requires every vendor the association pays more than \$10,000 a year (except public utilities) to name the association, its board and its managing agent as additional insureds — §12(i). Log each one when you sign the contract.

Vendor	What they do	Paid per year	Certificate on file?	Names the association as additional insured?	Certificate expires
Vendors					

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General information, not legal or insurance advice. Illinois is the worked example: 765 ILCS 605/12 (Condominium Property Act, Sec. 12), checked October 2026. Your state's law and your own declaration and bylaws decide the details — confirm with your agent and your association's attorney.