

DEADLINE APPROACHING**FOR COMMUNITY ASSOCIATION MANAGER LICENSE RENEWAL**

For community association managers (“CAM”) licensed on or before August 31, 2023, the deadline for license renewal with the Illinois Department of Financial and Professional Regulation (“IDFPR”) is **August 31, 2025**. As part and parcel of that license renewal, CAMs must complete twelve (12) hours of continuing education, including sexual harassment prevention training, through a CAM education sponsor registered with the IDFPR. K&M’s upcoming webinars, July 23, 2025, and August 27, 2025, have been approved for IDFPR credit. See below for more information about these upcoming webinars, including how to register for one or both webinars!

KEOUGH & MOODY WEBINARS**July 23rd & August 27th****hosted by:****Dawn Moody****Gabby Comstock****A BLAST FROM THE PAST: COLLECTION OF ASSESSMENTS:
NEEDED MORE THAN EVER TODAY****July 23, 2025, 12:00 p.m.****2 hours of continuing education credit will be provided**

Assessments-the lifeline of every community association. Without the collection of assessments, the association cannot pay its bills. Contrary to what some may believe, there is no assessment fairy—assessments only come from the association’s efforts to collect from the owners within the association. Join Dawn and Gabby and “special guests” from K&M’s collection team during this webinar on the collection of assessments. During this webinar, the attorneys will review the collection process when an eviction is filed. They will also discuss what an association must do when an owner files for bankruptcy protection or its lender forecloses on its mortgage against the unit. Learn also what other collection methods are available to a community association to collect unpaid assessments, including when to take possession of a unit, when to foreclose on the association’s lien, and when to do a citation to discover assets. Collection of assessments is something every association must do, so during this 2-hour webinar, come learn some new ways and tricks and be reminded how the eviction process is a great tool available to associations.

Registration is required for EVERY attendee to ensure continuing education credit can be given.

Register Here for the July Webinar

“A Blast from the Past: Collection of Assessments: Needed More than Ever Today” is approved by Community Association Managers International Certification Board (CAMICB) to fulfill continuing education requirements for the CMCA® certification.

It is also approved by the IDFPR to fulfill continuing education requirements for maintaining a community association manager license.

TRUE OR FALSE: TEST YOUR KNOWLEDGE

August 27, 2025, 12:00 p.m.

2 hours of continuing education credit will be provided

Test your knowledge during this webinar! Don’t worry, no one but you will know your score!

While you may enter this webinar not knowing the answers to some questions that relate to common situations within a community association, by the end of the webinar, you will know the answers. You will also understand why the answers are true or false. Join Dawn and Gabby as they test your knowledge on questions related to meeting notices, meeting minutes, voting at annual meetings, document requests, and rules and regulations. After this 2-hour webinar, you can then test the knowledge of your fellow community association managers and members of the board of directors.

Registration is required for EVERY attendee to ensure continuing education credit can be given.

Register Here for the August Webinar

“True or False: Test Your Knowledge” is approved by Community Association

It is also approved by the IDFPR to fulfill continuing education requirements for maintaining a community association manager license.

Insurance 101

In last month's webinar, Gabby and Dawn tackled the subject of property insurance and how that may impact an association's maintenance, repair, and replacement obligations. In this month's article, we recap key points discussed during that webinar and answer some frequently asked questions.

What property is the association responsible to insure?

For condominium associations, insurance obligations are established by Section 12 of the Illinois Condominium Property Act. Section 12(a)(1) of the Illinois Condominium Property Act provides that the condominium association is required to carry property insurance on the common elements and the units, including the limited common elements, and except as otherwise determined by the board, the bare walls, floors, and ceilings of the unit. The insurance carried by the association is to be for the **full** insurable replacement cost of the insured property, less deductibles, and include coverage sufficient to rebuild the property in compliance with applicable building codes.

For non-condominium associations, the association's declaration outlines insurance responsibilities. In some cases, townhomes are insured similarly to condominiums, while in others, they may be insured like single-family homes.

What property is the owner responsible to insure?

An owner's insurance responsibility is generally going to be outlined in the association's community instruments. For condominium associations, the owner's responsibility may include improvements, betterments, and personal property located within the unit.

So, a condominium association is always going to be responsible to repair a unit up to drywall and prime?

Not necessarily. A condominium association's insurance obligation generally includes the units up to drywall and prime. Therefore, if there is an insurable loss to a unit (or units) for which insurance proceeds are available under the association's policy, the association will be generally restoring the unit drywall to prime. If there is not an insurable loss or the insurable loss is not significant enough to trigger the association's master policy (meaning, the damage to association-insured areas is less than the deductible under the policy), responsibility will be dictated by the maintenance, repair, and replacement provisions of that association's declaration. That declaration may or may not place responsibility on the association to restore the unit up to drywall and prime in the absence of insurance proceeds.

What is an insurable loss?

What is an insurable loss will be defined by the terms of the insurance policy. Typically, insurable losses are losses caused by sudden occurrences, such as fire, water, or storms. Therefore, if something suddenly occurs, like damage caused by a pipe burst, you are likely looking at an insurable loss, and the matter should be approached as an insurance matter.

What does that mean?

If there is damage caused by an insurable loss, we are not looking to the declaration to determine maintenance, repair, and replacement responsibility. Rather, we are looking for the phone number or email address for our insurance agent. With insurable losses in a condominium building, it does not matter that the damage only occurred within one unit or to an area that an owner is normally responsible to maintain, repair, and replace. What matters is (1) whether damage occurred to an area covered under the association's insurance policy, (2) whether the cost to repair that damage meets or exceeds the deductible under the policy, and (3) whether the damage was caused by an insurable loss. If the damage was caused by an insurable loss and the cost to repair areas covered meets or exceeds the amount of the association's deductible, the board should be looking to file a claim with its carrier.

Why should we file a claim when it only impacts one unit?

For condominium associations, Section 12(f) of the Illinois Condominium Property Act provides that the association's policy is the primary insurance policy in the event of a loss. The Illinois Condominium Property Act further provides in Section 12(g) that any loss covered by the association's policy is to be adjusted by and with the association. This insurance coverage is for the benefit of **all** condominium owners. This means that even if only one unit is damaged by an insurable loss, a claim should be filed, nevertheless. Failure of the association to file an insurance claim where a claim is warranted may impact an owner's ability to recover from his/her insurance carrier and could be viewed as a breach of fiduciary duty.

What if the damage was caused by an owner's neglect?

A claim should generally be filed. Most declarations include express language that provides that the association can only assess costs back to an owner who caused damage to the extent not otherwise covered by insurance. Therefore, for an association with a declaration that contains that language, the insurance avenue **must** be exhausted before the association can hold the owner accountable. Note, the association does have the ability to assess the amount of its deductible back to an owner who caused damage under Section 12 (c) of the Illinois Condominium Property Act, after notice and an opportunity for a hearing.

What about unit owner-to-unit owner damage? Do we need to be involved with that?

In most cases, yes. As noted, condominium associations have the primary insurance on portions of the unit. The association will need to evaluate whether it should be filing a claim under the master insurance policy. In addition, the association should be advising the involved owners that they, too, should be contacting their insurance carriers. Similar to the question above, most declarations include language that provides that claims are waived to the extent they are covered by insurance. In other words, in an association with a declaration which includes that language, an owner cannot hold her upstairs neighbor responsible for damage without her first filing the appropriate claim with her own insurance carrier. The underlying public policy is that individuals are expected to look to their own insurance coverage before seeking recovery from others.

How do we limit insurance claims so that we do not get dropped by our carrier or have our premiums skyrocket?

Boards should annually review their insurance coverage with their insurance agent. As part of that review, boards should identify a reasonable deductible for their association. The deductible should not be so low that the board is constantly filing insurance claims and should not be so high that it interferes with prospective owners getting financing backed by Fannie Mae and Freddie Mac. Because finding the "right size" deductible can be complicated, condominium association boards should work with an agent well-versed in insuring condominium buildings. At least annually, the board should remind owners as to the amount of the deductible under the association's policy so that owners can make sure that they have appropriate insurance to protect themselves, including loss assessment coverage. While the board should not mandate certain levels of insurance, it should encourage owners to review their coverage and the association's coverage to make sure that they are fully protected in the event of a loss.

How should we handle these issues going forward?

When the community association manager (CAM) gets a call from an owner regarding damage in his/her unit, the CAM should determine whether this is an insurance issue or a maintenance, repair, and replacement issue.

If the damage is caused by fire or water, chances are that the CAM is dealing with an insurance matter. At that time, the CAM should focus on the amount of the deductible and whether the cost to repair damage to association-insured areas meets or exceeds the amount of its deductible. When in doubt as to the amount of the damage or whether the damage was caused by an insurable loss, contact the insurance agent. If the claim is covered under the association's policy, the association should proceed with engaging a contractor to repair the damage consistent with the scope of work provided by the adjuster. It is that scope of work provided by the insurance carrier that will govern what work is done – not the terms of the declaration! Portions of the work will not be covered under the association's policy, so in the event of an insurable loss, the owner should also be directed to file a claim with his/her carrier.

If the cost to repair the damage does not meet or exceed the amount of the association's deductible, the owner should be advised. He/she should continue to pursue the claim with his/her insurance carrier. Any damage not covered should be repaired consistent with the terms of the declaration.

If the damage is not caused by an insurable loss, it is a maintenance, repair, and replacement issue. The declaration should be consulted to confirm responsibility. Again, please remember that the association is not necessarily always responsible to restore a unit drywall to prime!

When in doubt, don't assume! Contact your insurance carrier or attorney to confirm the appropriate course of action.

Why do attorneys speak so much about condominiums when addressing insurance matters?

As noted above, the answers to many of these questions refer to what condominium associations should do or what the Condominium Property Act says. Often, non-condominium associations believe that all of the discussions related to insurance relate only to condominiums. The reason the answers often talk about condominium associations is because an insurable loss in a condominium typically affects more people and common elements simply because of the layout of true condominium buildings. Also, the Illinois Condominium Property Act is **very** specific on insurance requirements for condominium associations. The Common Interest Community Association Act, which applies to most non-condominium associations, does not include specific property insurance requirements. Hence, insurance requirements for both owners and the association for non-condominium associations are governed by that particular association's community instruments. So, how should the actual or potential insurable losses for those communities be handled? In the words of Dawn Moody, "it depends," but remember the rules for repairs caused by an insurable loss are often going to be different than the general maintenance, repair, and replacement responsibility. Therefore, it is important to be aware of the terms of your governing documents and to know when an issue is likely an insurance matter.

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