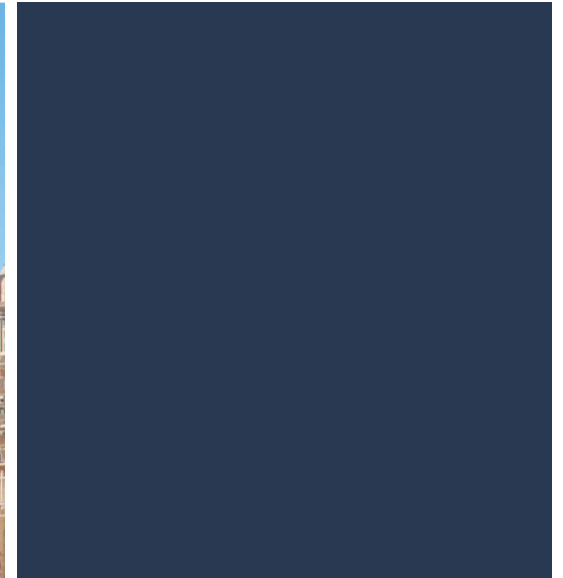


# Mesirow Financial

## An Ounce of Prevention: Emergency Preparedness and Response



FOUNDED IN 1975



**May 18, 2010**

**Nancy J. Ayers, CPCU., CIC**  
Managing Director



## Causes of Loss



# Water Damage

- Burst pipes, leaking pipes, frozen pipes
- Back up
- Overflow
- Seepage

# Fire

- Candles
- Cooking Equipment
- Heating Equipment – Space Heater
- Electrical – Overloaded Circuits
- Smoking Material

# Unit Protection



## Protecting your unit

- Smoke Alarms – Dual Sensor Alarms to pick up both flaming and fast moving, and smoldering fires
- Carbon Monoxide Detectors
- Obtain and learn how to use a fire extinguisher
- Install Water Leak Sensor (laundry rooms, bathrooms)
- Anti – Flooding Washer Hoses – Flood Check

# Unit Owner Insurance Responsibilities

- Reference Documents – Illinois Condominium Act Section 12 Insurance
- Association Declaration and Bylaws
- Cooperative Lease Agreement and Rules



## Illinois Condominium Act – Section 12 Association

- **THE BUILDING POLICIES INSURE**

- Commonly owned real and personal property within the units, this extends ONLY to:
  - Perimeter and partition walls and ceilings, through the drywall, plaster and primer only
  - Doors through primer only, including hardware
  - Floors- concrete only
  - Built-in cabinets, if original installations
  - Built-in permanently attached appliances, if original installations
  - Plumbing and electrical fixtures, if original installations
  - Heating & air-conditioning systems, unless serving only your unit
  - Windows (maintenance covered by unit owner)
  
- Check the Association's insurance provisions in your declarations, a unit owner may be responsible for all original build outs

# Illinois Condominium Act – Section 12 Insurance Association

- **Common Association Liability**

- This extends to the common elements and limited common elements only. No liability coverage is provided within the units.
- Workers' Compensation and Employer's Liability as it applies to the Condominium Association Employees only.

## Illinois Condominium Act – Section 12 Unit Owner

- **Real Property, Alterations and Additions/Improvements and Betterments**
- Decorating (finishing paint, wallpaper, paneling, mirrors, window treatments, etc.)
- Floor coverings (carpet, tile, parquet, hardwood, marble, linoleum, etc.)
- Improvements and Betterments
- Any replacements of cabinetry and fixtures
- **Personal Property**
- Household contents (furnishings, clothing, dishes, etc.)
- Storage locker contents
- Non-built-in appliances (refrigerators, stoves, washers and dryers, etc.)
- Your vehicles and personal property in the vehicle

## Illinois Condominium Act – Section 12 Unit Owner

- **Personal Liability**
- For you and your unit in an amount not less than “association rules”
- Your domestic help, under the Workers’ Compensation

## Illinois Condominium Act – Section 12 Unit Owner

- We recommend that a resident living in the building purchase the highly desirable “All Risk” HO-6 Form available through many insurance companies. This type of policy will best match the extremely broad coverage found on the association policy.
- The unit owner policy should provide a combined limit for personal property, improvements and betterments, and decorating items. This coverage greatly reduces the chances of exhausting your policy limits.
- Include Additional Living Expense or Loss of Use in the event that an insured peril keeps you from occupying your unit. Your limits should be high enough to support you for at least six to twelve months.
- Ask you insurance agent if your policy includes loss assessments resulting from a deductible in your association’s Master Policy insurance program.

## Illinois Condominium Act – Section 12 Flooring

- Finished flooring is the owners responsibility, regardless if it was original to the building or not
- Bare Floors = Concrete Floor Slab is the Association Responsibility
- Carpeting, wood, marble, granite, tile, linoleum ..... Must be included under the unit owner insurance



## Determining Replacement Cost

- Inventory Items – personal property including storage locker, fine arts, jewelry, collections
- Determine cost to replace painting, wall covering, custom décor, flooring, cabinets
- Average \$40 per square foot to over \$200 per square foot
- 1,000 square foot unit minimum improvements and betterments - \$40,000

# Unit Owner Responsibilities

- As defined by the Illinois Condominium Act

## Mandatory Unit Owner Insurance

- Board of directors may under the declaration and bylaws or by rule mandate unit owner insurance – Liability Insurance
- Illinois Condominium Act holds unit owner responsible for damage regardless of negligence

## Association Deductibles

- May be paid as a common expense
- After notice and an opportunity for a hearing, assess the deductible amount against the owners of the unit who caused the damage or from whose units the damage or cause of loss originated
- Require the unit owners of the units affected to pay the deductible amount



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