



HOLLINGER SERVICES INC

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Insurance Coverage Advisory for Unit Owners – Loss Assessments & Deductibles

Dear Residents of Lake Barrington Shores:

This notice is intended to advise and remind you of an important coverage feature of your condominium unit owner policy (HO-6 policy).

When there has been a loss, Illinois law grants a condominium association's board of directors, the right, at its discretion, to assess an amount up to the association's insurance policy deductible against any unit owner (or owners) whose units are affected by the loss, and who receive the benefit of coverage under the association's insurance policy.

Your association's policy will carry a \$25,000 per occurrence deductible.

Your association's board of directors treats the exercise of this right as a loss assessment against the units' particular owner or owners affected by the loss. This is a fairly common practice, and is recognized as such by many insurance companies offering HO-6 policies. However, not all insurance companies necessarily will recognize it, and it is possible the insurance company providing the HO-6 policy for your unit may have another way of identifying or treating a deductible that is loss assessed to a unit owner.

Some companies may not cover a deductible loss assessed back to an individual unit owner. They will only pay for amounts loss assessed against all unit owners for a loss not recoverable under the associations' policy. Furthermore, when a company restricts loss assessment in this manner, there will often be a limitation of \$1,000 if the loss assessment is due to deductible chargeback regardless of how much loss assessment is purchased.

As higher deductibles for community association's such as Lake Barrington Shores have become more common, many carriers have revised their loss assessment and policy language so as to provide coverage for loss assessment regardless of how it is applied (collectively or individually). Or because of how they have structured their policies, they may simply cover the loss under the Property/Dwelling section of the insurance policy.

If your insurance carrier will not cover a loss assessment assessed to you individually, you are strongly encouraged to find a market that can provide the coverage to cover the association deductible.

The associations' strongly advises each owner to discuss and verify with the insurance agent who procured your HO-6 policy that (1) you have at least \$25,000 of loss assessment protection (or can readily get it,) and (2) if your policy will recognize and accept your association board of directors' treatment of a \$25,000 assessment and chargeback to your unit in the event of a loss as covered under your HO-6 policy's either under loss assessment coverage or the policies property/dwelling section of HO-6 policy.

If you have any specific questions or need clarification about your association's insurance policy, please contact the association's broker, Hollinger Services, Inc. at 847-437-2184 and identify yourself as a resident of Lake Barrington Shores.

If you have any questions or need clarification about your HO-6 insurance policy, please contact the insurance agent who procured your HO-6 policy for you.