

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 646

(Delegate Beidle, *et al.*)

Environmental Matters

Judicial Proceedings

Condominiums - Property Insurance Deductible - Unit Owner Responsibility

This bill increases the amount of a condominium unit owner's financial responsibility for the property insurance deductible of the council of unit owners in situations where the cause of damage or destruction originated in the owner's unit, from a maximum of \$1,000 to a maximum of \$5,000. The amount of the deductible that is a common expense is correspondingly increased from the amount exceeding \$1,000 to the amount exceeding \$5,000.

Fiscal Summary

State Effect: The bill would not directly affect State finances or operations. If the Attorney General's Office receives fewer than 50 complaints per year stemming from the bill, the additional workload could be handled with existing resources.

Local Effect: The bill would not directly affect local finances or operations.

Small Business Effect: Potential minimal.

Analysis

Current Law/Background: Except where the condominium council of unit owners bylaws specify otherwise, if the cause of any damage to or destruction of any portion of the condominium originates from a unit, the council of unit owners' property insurance deductible is a common expense. If the bylaws require a condominium unit owner to pay the deductible when the cause of any damage or destruction originates from the owner's unit, the owner's responsibility is currently limited to \$1,000. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. The

council of unit owners may make an annual assessment against the unit owner responsible for the deductible. The amount of the deductible in excess of the unit owner's \$1,000 responsibility is a common expense. If the cause of damage or destruction originates from a common element, the deductible is a common expense.

Additional Information

Prior Introductions: A similar bill, HB 1174 of 2006, received an unfavorable report from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Secretary of State; Maryland Insurance Administration; Office of the Attorney General (Consumer Protection); Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2008
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