

---

Steven Randol, Chair  
Aimee Winegar, CMCA, LSM, PCAM, Vice Chair  
Vicki Caine, Secretary  
Brenda Wakefield, CMCA, AMS, Assistant Secretary

Marie Fowler, PCAM, Treasurer  
Charlene Morazzani Hood, PCAM, MS,  
Asst. Treasurer

Hillary A. Collins, Esq., Member  
Igor Conev, CMCA, AMS, PCAM, CIRMS, Member  
Steve Dunn, Member  
Cynthia Hitt Kent, Esq., Member  
Judyann Lee, Esq., Member

Barbara Leonard, Member  
Susan Saltsman, CMCA, AMS, Member  
Scott J. Silverman, Esq., Member  
John Taylor, Member  
Tricia A. Walsh, CISR, Member

---

Julie Dymowski, Esq. Member Emeritus  
Kathleen M. Elmore, Esq. Member Emeritus

Chris Majerle, PCAM, Member Emeritus  
Robin C. Manougian, CIRMS, Member Emeritus

January 24, 2023

kumar.barve@house.state.md.us  
dana.stein@house.state.md.us

Delegate Kumar P. Barve, Chair  
Delegate Dana Stein, Vice Chair  
Environment and Transportation Committee  
Room 251, House Office Building  
Annapolis, Maryland 21401

**Re: House Bill 98**  
**Condominiums – Mandatory Insurance Coverage -- Alterations**  
**Hearing Date: January 26, 2023**  
**Position: Support with Amendments**

Dear Delegate Barve, Delegate Stein, and Environment and Transportation Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland.

Presently, §11-114 (a) (1) of the Maryland Condominium Act requires that all condominiums, regardless of dwelling type or configuration (stacked units, side by side/townhouse-style units, and single-family units), provide insurance at common expense for the units as originally conveyed by the developer. Specifically, that provision of the Act requires any residential condominium to provide, through its Master Policy:

**Page 2, House Bill 98**  
**Community Associations Institute**

*(1) Property insurance on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer, insuring against those of direct physical loss commonly insured against, in amounts determined by the council of unit owners but not less than any amounts specified in the declaration or bylaws;*

Until recently, multi-family housing organized as condominiums have taken the physical form of high-rise, mid-rise, garden style, and townhouse construction. However, due to the ever-increasing cost of land, developers constructing new single-family-style detached homes who seek to maximize density have been forced to subject those developments to a condominium regime as a consequence of building detached dwellings with very little setback and almost no physical separation between units (which can vary depending on the county and/or municipality). In those cases, the current provisions of §11-114 of the Act still require these “single-family” style homes to be insured in the same way and to the same extent as a stacked and/or attached duplex or townhouse condominiums.

HB98 seeks to carve out an exception to §11-114 (a) (1) of the Act, which, if enacted, would treat owners of newly constructed “detached” condominium units like the owners of detached dwellings that are not subject to a condominium regime. As proposed, HB 98 would shift insurance responsibilities to the owner of a detached “single-family” condominium unit, with the exception of any common element associated with the dwelling, in which case the condominium association would insure only those common element components, and the unit owner would insure the remainder of the dwelling, including improvements and betterments and personal property.

CAI’s Maryland LAC supports the changes proposed in HB 98. However, we believe that in order to fully accomplish the objectives of HB 98, amendments to §11-103 of the Condominium Act are also required.

To that end, we offer:

*11-103(a)(4)(ii)(B)*

*(4)(i) A general description of the common elements together with a designation of those portions of the common elements that are limited common elements and the unit to which the use of each is restricted initially.*

*(ii) 1.A. This subparagraph applies to any condominium for which a declaration, bylaws, and plat are recorded in the land records of the county where the property is located on or after October 1, 2010.*

*B. This subparagraph does not apply to a condominium that is occupied and used solely for nonresidential purposes [ , NOR DOES IT APPLY TO A DETACHED-STYLE CONDOMINIUM UNIT]*

2. *The description of the common elements shall include the following improvements to the extent that the improvements are shared by or serve more than one unit or serve any portion of the common elements:*

- A. Roofs;*
- B. Foundations;*
- C. External and supporting walls;*
- D. Mechanical, electrical, and plumbing systems; and*
- E. Other structural elements.*

In addition to the foregoing, we note that Maryland law does not presently require owners of an individual condominium unit to carry a condominium unit owners' policy (otherwise known as an HO-6 policy), although the condominium may amend its bylaws to impose such a requirement. Because §11-114(a)(1) requires the condominium association to cover the units, exclusive of improvements and betterments, unit owners presently have the *option* to obtain an HO-6 policy. However, because HB98 seeks to remove the requirement for the condominium association to extend any Property Coverage to the portions of the dwelling defined in the declaration as part of the "unit", and because the dwelling more closely resembles a single-family home than a traditional condominium unit, we are also recommending that unit owners be required to carry either a traditional homeowners policy (an HO-3 policy form) or a condominium unit owners policy (an HO-6 policy form) with adequate Dwelling coverage, which would insure the entirety of the dwelling's structure. To that end, we offer:

*(e) Insurance for unit owner's benefit. – An insurance policy issued to the council of unit owners does not prevent a unit owner from obtaining insurance for his own benefit. [OWNERS OF A DETACHED-STYLE CONDOMINIUM SHALL CARRY HOMEOWNERS INSURANCE COVERAGE ON THE ENTIRETY OF THE UNIT.]*

By amending the representative sections of §11-114, as proposed in HB98, and by also clarifying §11-103 as suggested herein, the responsibility to insure a single-family home within a detached-unit condominium regime would fully be a homeowner responsibility in much the same way it would be had the developer been able to create a traditional single-family home/lot.

**Page 4, House Bill 98**  
**Community Associations Institute**

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at 410-366-1500, or by e-mail at [lisa.jones@mdlobbyist.com](mailto:lisa.jones@mdlobbyist.com), or Steven Randol, Chair of the MD-LAC, 410-279-8054, or by e-mail at [srandol@pineorchard.com](mailto:srandol@pineorchard.com), or Robin C. Manougian, Member Emeritus of the MD-LAC, at 240-401-0855, or by e-mail at [robin.manougian@jgsinsurance.com](mailto:robin.manougian@jgsinsurance.com), or Scott J. Silverman, Esq., Member of the MD-LAC, at 301-251-1414, or by email at [ssilverman@schildlaw.com](mailto:ssilverman@schildlaw.com).

Sincerely,

*Robin C. Manougian*

Robin C. Manougian  
Member Emeritus, Insurance Chair, CAI MD-LAC

*Scott J. Silverman*

Scott J. Silverman, Esq.  
Member, CAI MD-LAC

*Steven Randol*

Steven Randol  
Chair, CAI MD-LAC