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By: **Delegate Leopold**

Introduced and read first time: February 2, 1998

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Condominiums - Insurance Coverage - Policy Provisions**

3 FOR the purpose of requiring certain property and liability insurance policies  
4 maintained by the council of unit owners of a condominium to contain certain  
5 provisions concerning the priority of the policies in relation to certain other  
6 insurance covering the same property under certain circumstances; and  
7 generally relating to provisions of insurance policies for condominiums.

8 BY repealing and reenacting, without amendments,  
9 Article - Real Property  
10 Section 11-114(a)  
11 Annotated Code of Maryland  
12 (1996 Replacement Volume and 1997 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article - Real Property  
15 Section 11-114(c)  
16 Annotated Code of Maryland  
17 (1996 Replacement Volume and 1997 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Real Property**

21 11-114.

22 (a) Commencing not later than the time of the first conveyance of a unit to a  
23 person other than the developer, the council of unit owners shall maintain, to the  
24 extent reasonably available:

25 (1) Property insurance on the common elements and units, exclusive of  
26 improvements and betterments installed in units by unit owners, insuring against  
27 those risks of direct physical loss commonly insured against, in amounts determined

1 by the council of unit owners but not less than any amounts specified in the  
2 declaration or bylaws; and

3           (2)       Comprehensive general liability insurance, including medical  
4 payments insurance, in an amount determined by the council of unit owners, but not  
5 less than any amount specified in the declaration or bylaws, covering occurrences  
6 commonly insured against for death, bodily injury, and property damage arising out of  
7 or in connection with the use, ownership, or maintenance of the common elements.

8       (c)       Insurance policies carried pursuant to subsection (a) of this section shall  
9 provide that:

10           (1)       Each unit owner is an insured person under the policy with respect to  
11 liability arising out of his ownership of an undivided interest in the common elements  
12 or membership in the council of unit owners;

13           (2)       The insurer waives its right to subrogation under the policy against  
14 any unit owner of the condominium or members of his household;

15           (3)       An act or omission by any unit owner, unless acting within the scope  
16 of his authority on behalf of the council of unit owners, does not void the policy and is  
17 not a condition to recovery under the policy; and

18           (4)       If, at the time of a loss under the policy, there is other insurance in  
19 the name of a unit owner covering the same property covered by the policy[.];

20                   (I)       IN CASES OF NEGLIGENCE BY THE UNIT OWNER OF THE  
21 PROPERTY, THE POLICY IS SECONDARY INSURANCE; AND

22                   (II)       IN ALL OTHER CASES, the policy is primary insurance not  
23 contributing with the other insurance.

24       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 October 1, 1998.