

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE

House Bill 1174

(Delegate McComas, *et al.*)

Environmental Matters

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Real Property - Maryland Condominium Act - Unit Owner Liability

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This bill repeals the \$1,000 limit on the amount of a council of unit owners' property insurance deductible that a condominium unit owner must pay if damage or destruction of any portion of the condominium originates from the owner's unit. The bill also repeals the provision providing that any amount exceeding the \$1,000 limit is a common expense. Under the bill, the liability of the owner of the unit where the damage originates is the condominium association's deductible.

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Fiscal Summary

**State Effect:** The bill would not directly affect governmental finances or operations.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** 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 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.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 28, 2006  
mam/jr

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