

HOUSE BILL 197

C1

(PRE-FILED)

2lr0976
CF SB 145

By: **Delegate Stewart**

Requested: October 27, 2021

Introduced and read first time: January 12, 2022

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Cooperative Housing Corporations – Property Insurance Deductibles – Member**
3 **Responsibility**

4 FOR the purpose of requiring a member of a cooperative housing corporation to pay a
5 certain amount of the cooperative housing corporation's property or liability
6 insurance deductible if damage to the common elements of the cooperative housing
7 corporation originated in the member's unit; and generally relating to cooperative
8 housing corporations.

9 BY renumbering

10 Article – Corporations and Associations
11 Section 5–6B–01(f) through (u), 5–6B–32, and 5–6B–33, respectively
12 to be Section 5–6B–01(g) through (v), 5–6B–33, and 5–6B–34, respectively
13 Annotated Code of Maryland
14 (2014 Replacement Volume and 2021 Supplement)

15 BY adding to

16 Article – Corporations and Associations
17 Section 5–6B–01(f) and 5–6B–32
18 Annotated Code of Maryland
19 (2014 Replacement Volume and 2021 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
21 That Section(s) 5–6B–01(f) through (u), 5–6B–32, and 5–6B–33, respectively, of
22 Article – Corporations and Associations of the Annotated Code of Maryland be renumbered
23 to be Section(s) 5–6B–01(g) through (v), 5–6B–33, and 5–6B–34, respectively.

24 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
25 as follows:

26 **Article – Corporations and Associations**

27 5–6B–01.

1 (F) "COMMON ELEMENTS" MEANS THAT PORTION OF A COOPERATIVE
2 PROJECT NOT CONSTITUTING UNITS IN WHICH MEMBERS SHARE A POSSESSORY
3 INTEREST IN COMMON.

4 **5-6B-32.**

5 (A) THIS SECTION APPLIES ONLY TO A COOPERATIVE HOUSING
6 CORPORATION FOR WHICH THE GOVERNING BODY MAINTAINS:

7 (1) PROPERTY INSURANCE FOR THE COMMON ELEMENTS AND UNITS,
8 EXCLUSIVE OF IMPROVEMENTS AND BETTERMENTS INSTALLED IN UNITS BY
9 MEMBERS OTHER THAN THE DEVELOPER WHO ARE IN POSSESSION OF THE UNITS,
10 INSURING AGAINST RISKS OF DIRECT PHYSICAL LOSS COMMONLY INSURED
11 AGAINST, IN AMOUNTS DETERMINED BY THE GOVERNING BODY BUT NOT LESS THAN
12 ANY AMOUNTS SPECIFIED IN THE ARTICLES OF INCORPORATION, BYLAWS, OR
13 REGULATIONS OF THE COOPERATIVE HOUSING CORPORATION; AND

14 (2) COMPREHENSIVE GENERAL LIABILITY INSURANCE, INCLUDING
15 MEDICAL PAYMENTS INSURANCE, IN AN AMOUNT DETERMINED BY THE GOVERNING
16 BODY BUT NOT LESS THAN ANY AMOUNT SPECIFIED IN THE ARTICLES OF
17 INCORPORATION, BYLAWS, OR REGULATIONS OF THE COOPERATIVE HOUSING
18 CORPORATION, COVERING OCCURRENCES COMMONLY INSURED AGAINST FOR
19 DEATH, BODILY INJURY, AND PROPERTY DAMAGE ARISING OUT OF OR IN
20 CONNECTION WITH THE USE, OWNERSHIP, OR MAINTENANCE OF THE COMMON
21 ELEMENTS.

22 (B) (1) IF THE CAUSE OF ANY DAMAGE TO OR DESTRUCTION OF ANY
23 PORTION OF THE COOPERATIVE PROJECT ORIGINATES FROM A UNIT, THE MEMBER
24 IN POSSESSION OF THE UNIT WHERE THE CAUSE OF THE DAMAGE OR DESTRUCTION
25 ORIGINATED IS RESPONSIBLE FOR THE GOVERNING BODY'S PROPERTY INSURANCE
26 DEDUCTIBLE, NOT TO EXCEED \$10,000.

27 (2) THE GOVERNING BODY SHALL INFORM EACH MEMBER ANNUALLY
28 IN WRITING OF:

29 (I) THE MEMBER'S RESPONSIBILITY FOR THE GOVERNING
30 BODY'S PROPERTY INSURANCE DEDUCTIBLE; AND

31 (II) THE AMOUNT OF THE DEDUCTIBLE.

32 (3) THE GOVERNING BODY'S PROPERTY INSURANCE DEDUCTIBLE
33 AMOUNT EXCEEDING THE \$10,000 RESPONSIBILITY OF THE MEMBER IS A COMMON

1 **EXPENSE.**

2 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to
3 apply only prospectively and may not be applied or interpreted to have any effect on or
4 application to any insurance claim for damage to or destruction of any portion of a
5 cooperative project where the cause of the damage or destruction originated in the unit of
6 a member before the effective date of this Act.

7 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2022.