SENATE BILL 145

By: Senator Kramer
Requested: October 19, 2021
Introduced and read first time: January 12, 2022
Assigned to: Judicial Proceedings

A BILL ENTITLED

AN ACT concerning

Cooperative Housing Corporations – Property Insurance Deductibles – Member Responsibility

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

BY renumbering
Article – Corporations and Associations
Section 5–6B–01(f) through (u), 5–6B–32, and 5–6B–33, respectively
Annotated Code of Maryland
(2014 Replacement Volume and 2021 Supplement)

BY adding to
Article – Corporations and Associations
Section 5–6B–01(f) and 5–6B–32
Annotated Code of Maryland
(2014 Replacement Volume and 2021 Supplement)

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Article – Corporations and Associations

5–6B–01.

(F) “COMMON ELEMENTS” MEANS THAT PORTION OF A COOPERATIVE PROJECT NOT CONSTITUTING UNITS IN WHICH MEMBERS SHARE A POSSESSORY INTEREST IN COMMON.

5–6B–32.

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

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

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

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

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

(I) THE MEMBER’S RESPONSIBILITY FOR THE GOVERNING BODY’S PROPERTY INSURANCE DEDUCTIBLE; AND

(II) THE AMOUNT OF THE DEDUCTIBLE.
(3) The governing body’s property insurance deductible amount exceeding the $10,000 responsibility of the member is a common expense.

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

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