

# SENATE BILL 463

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5lr0907  
CF 5lr2588

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By: **Senator King**

Introduced and read first time: January 21, 2025

Assigned to: Judicial Proceedings

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Condominiums – Responsibility for Property Insurance**  
3 **Deductibles**

4 FOR the purpose of increasing the maximum amount of the council of unit owners' property  
5 insurance deductible for which a unit owner is responsible under certain  
6 circumstances; and generally relating to the responsibility for property insurance  
7 deductibles in condominiums.

8 BY repealing and reenacting, with amendments,  
9 Article – Real Property  
10 Section 11–114(g)  
11 Annotated Code of Maryland  
12 (2023 Replacement Volume and 2024 Supplement)

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

15 **Article – Real Property**

16 11–114.

17 (g) (1) Subject to the applicable coverage specified under subsection (a)(1) of  
18 this section, any portion of the common elements and the units, exclusive of improvements  
19 and betterments installed in the units by unit owners other than the developer, damaged  
20 or destroyed shall be repaired or replaced promptly by the council of unit owners unless:

21 (i) The condominium is terminated;

22 (ii) Repair or replacement would be illegal under any State or local  
23 health or safety statute or ordinance; or

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) 80 percent of the unit owners, including every owner of a unit or  
2 assigned limited common element which will not be rebuilt, vote not to rebuild.

3 (2) (i) 1. The cost of repair or replacement in excess of insurance  
4 proceeds and reserves is a common expense.

5 2. A property insurance deductible is not a cost of repair or  
6 replacement in excess of insurance proceeds.

7 (ii) If the cause of any damage to or destruction of any portion of the  
8 condominium originates from the common elements or an event outside of the condominium  
9 units and common elements, the council of unit owners' property insurance deductible is a  
10 common expense.

11 (iii) 1. If the cause of any damage to or destruction of any portion  
12 of the condominium originates from a unit, the owner of the unit where the cause of the  
13 damage or destruction originated is responsible for the council of unit owners' property  
14 insurance deductible not to exceed [~~\$10,000~~] **\$20,000**.

15 2. The council of unit owners shall inform each unit owner  
16 annually in writing of:

17 A. The unit owner's responsibility for the council of unit  
18 owners' property insurance deductible; and

19 B. The amount of the deductible.

20 3. The council of unit owners' property insurance deductible  
21 amount exceeding the [~~\$10,000~~] **\$20,000** responsibility of the unit owner is a common  
22 expense.

23 (iv) In the same manner as provided under § 11–110 of this title, the  
24 council of unit owners may make an annual assessment against the unit owner responsible  
25 under subparagraph (iii) of this paragraph.

26 (3) If the damaged or destroyed portion of the condominium is not repaired  
27 or replaced:

28 (i) The insurance proceeds attributable to the damaged common  
29 elements shall be used to restore the damaged area to a condition compatible with the  
30 remainder of the condominium;

31 (ii) The insurance proceeds attributable to units and limited  
32 common elements which are not rebuilt shall be distributed to the owners of those units  
33 and the owners of the units to which those limited common elements were assigned; and

1 (iii) The remainder of the proceeds shall be distributed to all the unit  
2 owners in proportion to their percentage interest in the common elements.

3 (4) (i) If the unit owners vote not to rebuild any unit, that unit's entire  
4 common element interest, votes in the council of unit owners, and common expense liability  
5 are automatically reallocated upon the vote as if the unit had been condemned under §  
6 11-112 of this title, and the council of unit owners promptly shall prepare, execute, and  
7 record an amendment to the declaration reflecting the reallocations.

8 (ii) Notwithstanding the provisions of this subsection, § 11-123 of  
9 this title governs the distribution of insurance proceeds if the condominium is terminated.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
11 policies of property and casualty insurance issued, delivered, or renewed in the State to a  
12 condominium council of unit owners as required under § 11-114 of the Real Property Article  
13 on or after October 1, 2025.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2025.