

SENATE BILL 747

N1

6lr3534
CF HB 469

By: **Senator McKay**

Introduced and read first time: February 6, 2026

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2026

CHAPTER _____

1 AN ACT concerning

2 **Condominiums – Unit Owner Responsibility for Damage or Destruction and**
3 **Mandatory Insurance Coverage**

4 FOR the purpose of providing that a certain unit owner is responsible for a certain cost of
5 repair or replacement for certain portions of a condominium under certain
6 circumstances; requiring a council of unit owners to inform unit owners annually of
7 certain responsibilities; requiring a certain condominium unit owner to obtain a
8 certain insurance policy for the unit; requiring a certain insurance policy to include
9 certain provisions; ~~authorizing a council of unit owners to acquire a certain insurance~~
10 ~~policy and charge a certain assessment under certain circumstances;~~ and generally
11 relating to unit owner responsibility for damage or destruction and mandatory
12 insurance coverage for condominiums.

13 BY repealing and reenacting, with amendments,

14 Article – Real Property

15 Section 11–114

16 Annotated Code of Maryland

17 (2023 Replacement Volume and 2025 Supplement)

18 BY adding to

19 Article – Real Property

20 Section 11–114.3

21 Annotated Code of Maryland

22 (2023 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Real Property**

4 11-114.

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

8 (1) Property insurance against risks of direct physical loss commonly
9 insured against in amounts determined by the council of unit owners, but not less than any
10 amounts specified in the declaration or bylaws:

11 (i) For attached units, multifamily dwelling units, or detached units
12 located within a condominium not composed entirely of similar detached units, on the
13 common elements and units, exclusive of improvements and betterments installed in units
14 by unit owners other than the developer; and

15 (ii) For detached units located within a condominium composed
16 entirely of similar detached units, on the common elements; and

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

22 (b) (1) (i) The council of unit owners shall give notice to all unit owners of
23 the termination of any insurance policy within 10 days of termination.

24 (ii) The declaration or bylaws may require the council of unit owners
25 to carry any other insurance, and the council of unit owners in any event may carry any
26 other insurance it deems appropriate to protect the council of unit owners or the unit
27 owners.

28 (2) (i) The council of unit owners shall give an annual notice, in writing,
29 of any obligation of an owner of a residential, detached unit to obtain property insurance
30 coverage on the unit.

31 (ii) If there is a change in any obligation under subparagraph (i) of
32 this paragraph, the council of unit owners shall promptly provide the unit owner with an
33 updated notice.

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

1 (e) (1) [An] IN ADDITION TO THE REQUIREMENT IMPOSED ON A UNIT
2 OWNER UNDER § 11-114.3 OF THIS TITLE, AN insurance policy issued to the council of
3 unit owners does not prevent a unit owner from obtaining ADDITIONAL insurance for his
4 own benefit.

5 (2) Unless a council of unit owners exercises the authority under
6 paragraph (3) of this subsection, an owner of a residential, detached unit located within a
7 condominium composed entirely of similar detached units, shall carry homeowners
8 insurance coverage on the entirety of the unit.

9 (3) A council of unit owners may carry homeowners insurance on the
10 entirety of all detached units located within a condominium composed entirely of similar
11 detached units.

12 (f) (1) An insurer that has issued an insurance policy under this section shall
13 issue certificates or memoranda of insurance to the council of unit owners and, upon
14 request, to any unit owner, mortgagee, or beneficiary under a deed of trust.

15 (2) An insurer may cancel an insurance policy issued under this section in
16 accordance with § 27-603 of the Insurance Article.

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

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

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

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

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

1 (iii) 1. If the cause of any damage to or destruction of any portion
2 of the condominium originates from a unit, the owner of the unit where the cause of the
3 damage or destruction originated is responsible for **THE LEAST OF:**

4 A. **THE TOTAL COST OF THE REPAIR OR REPLACEMENT;**

5 B. **THE AMOUNT OF** the council of unit owners' property
6 insurance deductible [not to exceed \$10,000] **AS SPECIFIED IN THE COUNCIL OF UNIT**
7 **OWNERS' PROPERTY INSURANCE POLICY; OR**

8 C. **\$25,000.**

9 2. The council of unit owners shall inform each unit owner
10 annually in writing of:

11 A. The unit owner's responsibility [for the council of unit
12 owners' property insurance deductible] **UNDER SUBSUBPARAGRAPH 1 OF THIS**
13 **SUBPARAGRAPH; and**

14 B. The amount of the **COUNCIL OF UNIT OWNERS'**
15 deductible **AS SPECIFIED IN THE COUNCIL OF UNIT OWNERS' PROPERTY INSURANCE**
16 **POLICY.**

17 3. The **ACTUAL AMOUNT OF THE** council of unit owners'
18 property insurance deductible amount exceeding the [**\$10,000**] responsibility of the unit
19 owner **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH** is a common expense.

20 (iv) In the same manner as provided under § 11-110 of this title, the
21 council of unit owners may make an [annual] assessment against the unit owner
22 responsible under subparagraph (iii) of this paragraph.

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

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

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

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

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

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

8 (h) The council of unit owners shall maintain and make available for inspection a
 9 copy of all insurance policies maintained by the council of unit owners.

10 (i) The provisions of this section do not apply to a condominium all of whose units
 11 are intended for nonresidential use.

12 **11-114.3.**

13 (A) (1) **THIS SECTION APPLIES ONLY TO A CONDOMINIUM COMPOSED**
 14 **ENTIRELY OF UNITS INTENDED FOR RESIDENTIAL USE.**

15 (2) **THIS SECTION DOES NOT APPLY TO DETACHED UNITS OF A**
 16 **CONDOMINIUM COMPOSED ENTIRELY OF SIMILAR DETACHED UNITS.**

17 (B) (1) **A UNIT OWNER SHALL MAINTAIN A CONDOMINIUM UNIT OWNER**
 18 **INSURANCE POLICY OR A SUBSTANTIALLY SIMILAR PROPERTY INSURANCE POLICY**
 19 **ON THE UNIT.**

20 (2) **AN INSURANCE POLICY REQUIRED UNDER PARAGRAPH (1) OF**
 21 **THIS SUBSECTION SHALL INCLUDE:**

22 (I) **COVERAGE FOR THE COUNCIL OF UNIT OWNERS' PROPERTY**
 23 **INSURANCE DEDUCTIBLE OR A PORTION OF THE DEDUCTIBLE REQUIRED UNDER §**
 24 **11-114 OF THIS TITLE;**

25 (II) ~~**A COVERAGE LIMIT THAT IS SUFFICIENT TO REPAIR OR**~~
 26 ~~**REPLACE THE UNIT OWNER'S PERSONAL PROPERTY OR THE CONTENTS OF THE UNIT;**~~

27 (III) ~~**LOSS OF USE COVERAGE IN AN AMOUNT SUFFICIENT TO**~~
 28 ~~**PROVIDE ALTERNATE HOUSING FOR AT LEAST 12 MONTHS IF THE UNIT OWNER**~~
 29 ~~**CANNOT LIVE IN THE UNIT;**~~

30 (IV) ~~**PERSONAL LIABILITY COVERAGE OF AT LEAST \$500,000;**~~

31 (V) **LOSS ASSESSMENT COVERAGE OF AT LEAST \$25,000; AND**

1 ~~(VI)~~ (III) DWELLING OR BUILDING PROPERTY COVERAGE OF AT
2 LEAST THE GREATER OF:

3 1. \$25,000; OR

4 2. THE AMOUNT NECESSARY TO REPAIR AND REPLACE:

5 A. ALTERATIONS, ADDITIONS, IMPROVEMENTS AND
6 BETTERMENTS, AND INVESTMENTS MADE BY THE CURRENT OWNER OR ACQUIRED
7 BY THE CURRENT UNIT FROM ANY PREVIOUS OWNER OTHER THAN THE DEVELOPER;
8 AND

9 B. UPGRADES CONVEYED TO THE UNIT OWNER THAT
10 ARE THE RESPONSIBILITY OF THE UNIT OWNER TO INSURE UNDER THE BYLAWS OF
11 THE CONDOMINIUM.

12 (C) THE BYLAWS OF A CONDOMINIUM MAY REQUIRE A UNIT OWNER TO
13 MAINTAIN AN INSURANCE POLICY THAT INCLUDES COVERAGE AMOUNTS IN EXCESS
14 OF THE REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION.

15 (D) EACH UNIT OWNER SHALL PROVIDE EVIDENCE OF THE INSURANCE
16 POLICY REQUIRED UNDER SUBSECTION (B) OF THIS SECTION TO THE COUNCIL OF
17 UNIT OWNERS:

18 (1) ANNUALLY; AND

19 (2) ON REQUEST BY THE COUNCIL OF UNIT OWNERS.

20 (E) ~~(1) IF A UNIT OWNER DOES NOT MAINTAIN AN INSURANCE POLICY AS~~
21 ~~REQUIRED UNDER SUBSECTION (B) OF THIS SECTION, THE COUNCIL OF UNIT~~
22 ~~OWNERS MAY ACQUIRE AN INSURANCE POLICY ON BEHALF OF THE UNIT OWNER.~~

23 ~~(2) A COUNCIL OF UNIT OWNERS THAT ACQUIRES AN INSURANCE~~
24 ~~POLICY ON BEHALF OF A UNIT OWNER UNDER PARAGRAPH (1) OF THIS SUBSECTION~~
25 ~~MAY CHARGE THE INSURANCE PREMIUM AS AN ASSESSMENT TO THE UNIT OWNER.~~

26 ~~(3) FOR AN INSURANCE POLICY ACQUIRED ON BEHALF OF A UNIT~~
27 ~~OWNER UNDER THIS SUBSECTION, THE INSURANCE CARRIER SHALL PAY DIRECTLY~~
28 ~~TO THE COUNCIL OF UNIT OWNERS THE PORTION OF THE COUNCIL'S DEDUCTIBLE~~
29 ~~THAT THE UNIT OWNER IS RESPONSIBLE FOR UNDER § 11-114 OF THIS TITLE THE~~
30 ABSENCE OF INSURANCE COVERAGE UNDER THIS SECTION DOES NOT LIMIT A UNIT
31 OWNER'S RESPONSIBILITY UNDER § 11-114(G)(2)(III) OF THIS TITLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, ~~2026~~ 2027.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.