

Eileen Benecke  
New Market, Maryland  
District 4 Frederick County  
February 28, 2024

Senator William C. Smith, Chair  
[will.smith@senate.state.md.us](mailto:will.smith@senate.state.md.us)  
Senator Jeff Waldstreicher, Vice Chair  
Judicial Proceedings Committee  
[Jeff.waldstreicher@senate.state.md.us](mailto:Jeff.waldstreicher@senate.state.md.us)  
2 East Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

Re: Senate Bill 1015 Condominiums – Mandatory Insurance Coverage -- Alterations  
Hearing Date: February 29, 2024. Position: **Support**

Dear Senator Smith, Senator Waldstreicher and Judicial Proceedings Committee Members,

I am a member of the 2023 HB98 Task Group formed by the Board of Directors of Signature Club at Greenview Condominium in September 2023 to address the impacts of HB98 on our association and our detached condominium owners.

As you know, 2023 HB98 was intended to introduce another option for affordable housing in Maryland by altering the master policy requirements for all detached condominiums. However, there were unintended impacts on condominium associations with attached and detached homes as suddenly the Boards had the option to exclude detached homes from the master policy coverage. While the Board of Signature Club elected to continue covering the detached homes, association counsel recommended at a community meeting called to review 2023 HB98 that “shall” means shall so detached owners should secure their own building coverage.

After 17 years of master policy coverage on all condos, attached and detached, and governing documents that treated all ownership equally in all respects, the relationship between owners changed. Detached owners had to figure out what coverage they needed, and they found insurance agents were caught unaware of HB98 and did not understand the changes nor impacts. In some cases, agents indicated they did not have existing policy forms to match the law.

Our HB98 Task Group heard at the Maryland Insurance Administration’s HB98 Listening Session that a representative of the insurance industry was concerned about who may have an insurable interest at the time of a loss i.e. the master policy holder or the condominium unit owner’s insurance. Concern was also noted that agents may have written a “good” policy but may now have one that does not comply with HB98 law putting the owner and the insurance agent and company at risk for non-compliance and worse.

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There are other administrative impacts to note regarding 2023 HB98:

1. The Association, management companies and insurance companies did not have an existing data basis of detached owners. My insurance company, Erie, sent a notice to me, an attached condo owner, asking for my attached or detached status. Nor did the association community (management companies, lawyers, insurance agents, etc.) have a way to identify the mixed associations short of reviewing all condominium governing documents filed in land records.
2. Our HB98 Task Group was able to find five other similarly mixed condominiums in Frederick, Howard, Carroll and Baltimore Counties impacting 1261 homes. These mixed communities originated between 1997 and 2005. Most likely, there are others.
3. Because association insurance is issued annually, the Board would need to review or confirm its decision to cover/not cover detached condos under the master policy. This would mean annual notices are necessary to let detached condo owners know the status of coverage, as would their mortgage companies, insurance agents, and real estate agents (if detached owners were selling).

Senate Bill 1015/House Bill 1227 as filed will end all the unintended impacts of 2023 HB98 by making master policy coverage mandatory again for all condominium units with mixed attached and detached units and will also mean detached owners can return to using the HO6 owner policy that works as a complement to the master policy.

Thank you for your support of this change to exempt mixed attached and detached condominium from 2023 HB98 insurance law. We appreciate your prompt attention to corrections in 2024.

Sincerely,

*Eileen Benecke*