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March 12, 2025

To: The Honorable Marc Korman  
Chair, Environment & Transportation Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: House Bill 1541 – Condominiums – Mandatory Insurance Coverage (SUPPORT WITH AMENDMENTS)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 1541 submitted by Delegate Marvin E. Holmes, Jr. with amendments. This bill mandates that unit owners in a residential condominium maintain insurance coverage with minimum specified limits to include loss assessment coverage and deductible coverage. If the unit owner fails to maintain such insurance, the bill further permits the association to obtain coverage for the unit owner and bill the unit owner accordingly. While we support this bill, we recommend an amendment to remove the waiver of subrogation as well as an additional technical amendment.

While the law does not mandate insurance for homeowners in all cases, a condominium association is unique because unit owners must blend the comfort of a private residence with shared community spaces. In the event of a loss suffered by an individual unit without insurance, financial strain on the affected owner, potential disputes among residents, and an increased burden on the association's insurance may occur. Accordingly, most association governing documents already require insurance. This bill simply codifies this requirement into law and sets forth certain minimum coverages and limits.

The Consumer Protection Division recommends, however, that the bill's prescription for a waiver of subrogation be removed. The Consumer Protection Division often receives complaints concerning losses that could be easily covered by insurance but the association refuses to provide information on the loss to its insurer. In addition, these associations are often slow to resolve the concerns of the unit owner and make the necessary repairs or replacements. Alternatively, a

master policy insurer may disagree on value or responsibility for the loss. In these instances, a unit owner should be able to seek coverage under his or her own policy and have that policy seek reimbursement from the master policy for the losses.

For these reasons, we ask that the Environment and Transportation Committee return a favorable report on this bill with amendments.

cc: The Honorable Marvin E. Holmes, Jr.  
Members, Environment and Transportation Committee

AMENDMENT TO HB 1514 (2025)

Amendment 1

On page 2, strike lines 3 through 4, inclusive.

Amendment 2

On page 2, line 5, strike “(II)” and add “(I)”.

Amendment 3

On page 2, line 8, strike “(III)” and add “(II)”.

Amendment 4

On page 2, line 10, strike “(IV)” and add “(III)”.

Amendment 5

On page 2, line 13, strike “(V)” and add “(IV)”.

Amendment 6

On page 2, line 14, strike “(VI)” and add “(V)”.

Amendment 7

On page 2, line 15, strike “(VII)” and add “(VI)”.

Amendment 8

On page 2, line 20, strike “investments” and add “improvements”.