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February 10, 2026

[kris.valderrama@house.maryland.gov](mailto:kris.valderrama@house.maryland.gov)  
[lorig.charkoudian@house.maryland.gov](mailto:lorig.charkoudian@house.maryland.gov)

Delegate Kriselda Valderrama, Chair  
Delegate Lorig Charkoudian, Vice Chair  
House Economic Matters Committee  
231 Taylor House Office Building  
6 Bladen Street  
Annapolis, Maryland 21401

**Re: House Bill 469**  
**Condominiums – Mandatory Insurance Coverage**  
**Hearing Date: February 12, 2026 – 1:00 p.m.**  
**Position: Support with Amendments**

Dear Chair Valderrama, Vice-Chair Charkoudian, and Members of the Economic Matters Committee:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI represents individuals and professionals who reside in or work with community associations (condominiums, homeowners’ associations, and cooperatives) throughout the State of Maryland.

Maryland LAC generally supports HB 469, but the bill, as it has been drafted, is actually a re-introduction of HB 1541, which was first dropped in the 2025 legislative session, which was intended at that time to be a companion bill to HB 449. Maryland LAC supported HB449 (Condominiums – Property Insurance Deductibles – Unit Owner Responsibility), which sought to increase a Unit Owner’s responsibility for paying a council of unit owners’ master policy property insurance deductible, from \$10,000 to \$25,000.

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As proposed in 2025's HB 1541—and now again in the instant bill, HB 469, the additional requirement imposed upon the Unit Owner to obtain an HO-6 policy, and reliance upon that policy's coverage for loss assessment, was and remains the funding mechanism to protect the Unit Owner if s/he is charged the master policy deductible because the loss originated in that owner's Unit. In other words, the Unit Owner can insure his or her responsibility, thereby avoiding costly out-of-pocket expenses when a loss originates in his or her Unit or from a component that services only that Unit.

Unfortunately, neither HB 449 nor HB1541 passed in 2025, but the urgent need for this legislation remains. Otherwise, condominium associations who are struggling to cope with surging insurance premiums and the demands of insurance carriers to accept higher deductibles as a condition of renewal will be forced also to absorb, at common expense, the difference between the deductible they had to accept and the insufficient portion thereof which they are permitted to charge back to the owner(s) of the Unit where a loss originates.

We support HB469 in its soon-to-be revised form, which will (1) permit a condominium association to hold a Unit Owner responsible for up to \$25,000 of the restoration costs when the insured loss originates in the Unit or from a component exclusively servicing the Unit; and, (2) require that all condominium Unit Owners carry an individual condominium unit owners' (HO-6) policy. Although the instant bill, as introduced, contains language requiring a full menu of unit owner policy insurance coverages (including Dwelling/Building Property Coverage of \$25,000, Personal Liability of at least \$300,000, adequate Personal Property/Contents, Additional Living Expense/Loss of Use, and Loss Assessment Coverage), we have previously agreed with the sponsor and other supporting legislators that the intent of the bill will be served by merely requiring Unit Owners to obtain HO-6 policies that include at least Dwelling/Building Property Coverage and Loss Assessment Coverage sufficient to insure the Unit Owner's liability for the increased portion of responsibility for restoration costs, not to exceed \$25,000. In this way, we protect the financial interest of the Unit Owner, while allowing him/her the discretion to make personal coverage and coverage limit decisions where the other coverage forms are concerned.

MD-LAC believes strongly that the minimal HO-6 coverage mandated by the instant legislation, as it is expected to be revised, will enable condominium unit owners to avoid substantial out of pocket expenses should a loss originate from their Unit or from a component exclusively serving said Unit.

In a revised HB 469, the mandate to obtain sufficient HO-6 coverages to cover an owner's responsibility would become part of a larger, more robust bill, which also seeks to raise the current statutory requirement for payment of the lesser of a condominium association's deductible, or the costs of repairs and replacement, not to exceed \$25,000, increasing that responsibility from the current limit of \$10,000.

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As the Committee may be aware, Section 11-114 of the Maryland Condominium Act (the last relevant amendment, which became effective October 1, 2020) presently allows for a condominium association's master policy property damage deductible – up to \$10,000 – to be assigned to the owner of a condominium unit when a loss originates in that unit or from a component that services only that unit. Conversely, the deductible is deemed a common expense when losses originate from the common elements or from an event that occurs outside of the condominium regime. The law is intentionally based upon the point of origination of the cause of the loss, and not on any negligence standard because assigning responsibility based upon negligence had been demonstrated to lead to time consuming disputes between condominium associations and their unit owners, not to mention costly litigation.

While only six years have passed since MD-LAC successfully pursued legislation which increased the deductible responsibility cap (from the \$5,000 passed in 2009 to \$10,000 in 2020), in that relatively brief time, the insurance market has changed dramatically. The \$10,000 deductible commonly attached to many condominiums' master policy property damage coverages in 2020 is utilized far less frequently today. Catastrophic losses (tornados, wildfires, and hurricanes) have impacted the market significantly in recent years. While the commercial insurance market is seeing some recovery, that recovery has been slower for the habitational market, where the average condominium is 30 years old. Accidental losses and those resulting from deferred maintenance continue to impact condominiums, resulting in escalating premiums and deductibles.

Although condominium associations in Maryland have largely been spared the impact of natural/catastrophic loss events in recent years, they have nevertheless been affected by premium increases driven by those same catastrophic events. Insurance policies are written to protect policyholders as a pool of risks, with all insureds funding and paying into the carriers' reserves to pay claims for all insureds. Because major carriers have voluntarily withdrawn from our own market due to poor results or to protect themselves from insolvency, those carriers that continue to insure condominiums in Maryland have become much more selective. Moreover, they are safeguarding their programs through the use of higher deductibles to address loss frequency and severity. If insurance represents the transfer of risk, carriers applying higher deductibles are doing so to transfer back some of that risk to remain viable and to promote regular maintenance and risk management among insureds.

The \$10,000 deductible is ever more scarcely seen, as carriers are routinely applying deductibles of \$25,000 or higher, particularly for condominium associations containing buildings with four or more stories, and/or in condominium associations whose loss ratios (a measurement of claims paid in proportion to premiums earned) are outside of expected norms (typically in excess of 35% to 40% of written premium). Even without losses, many carriers are liberally applying higher deductibles to older associations to prevent claims and compel maintenance.

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When a loss originates in a unit or from a component exclusively serving a single unit, irrespective of the component's location, the current law requires that the owner of the unit where the loss originates pays only the first \$10,000, even if the master policy's actual deductible is higher. However, *all of the members of the condominium association, including the owner(s) of the Unit where the loss originates*, end up paying the difference between the \$10,000 for which the unit owner may be held responsible and the actual amount of the deductible, whatever that amount might be, because that differential must be absorbed as a common expense. Consider this scenario for example: A unit owner leaves the water running in his bathtub on the ninth floor; the tub overflows, damaging multiple units on several lower levels. The total loss is \$100,000, subject to the condominium's property damage deductible of \$25,000. The condominium's policy is primary coverage as a matter of law, because Section 11-114 of the Act requires the condominium to insure the common elements and all units, exclusive of improvements and betterments and the unit owner's personal property. Under current law, the owner of the unit where the loss originates would cover the first \$10,000 of the master policy deductible, but the Association would pay, as a *common expense*, the difference of \$15,000. The resulting common expense would be even greater if the policy's deductible was higher, and many Maryland condominium associations are required to carry deductibles even higher than \$25,000, such as \$50,000 or \$100,000 or more, either because of lack of available affordable coverage or due to an adverse claims history.

While the increase in the unit owner's responsibility may appear to be substantial, it is essential to enable Maryland condominium associations and the members who support them to function in an insurance market that has become increasingly difficult to negotiate and navigate. The increase from \$10,000 to \$25,000 tracks already filed and approved deductible schedules by insurance carriers in the State of Maryland. Moreover, any amount of deductible responsibility less than \$25,000 will become obsolete very soon. By combining the concepts of increasing unit owner financial responsibility with a requirement for unit owners to carry their own HO-6 insurance that funds that responsibility, we help condominium associations *and their members* by protecting all of them – the ones whose units did not sustain a loss, and the ones who did – from excessive financial burden.

Again, the instant HB469 is expected to be amended soon by its sponsor, Del. Marvin Holmes (if those amendments have not already been added by the time of the bill's upcoming hearing before your Committee on February 12, 2026). As amended, the bill will (1) mandate that unit owners carry an HO-6 policy inclusive of \$25,000 of Dwelling/Building Property Coverage and \$25,000 of Loss Assessment Coverage; and (2) increase from \$10,000 to \$25,000 the portion of the master policy deductible (or the cost of restoration) that can be assessed against the owner(s) of the unit where a loss originates. This increase will track more commonly used higher master policy deductibles, will promote regular in-unit maintenance and risk management by condominium unit owners, and will alleviate at least some of the financial burden (and subsidization of payment of some of the balance of higher deductibles as a common expense by the rest of the owners).

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For the foregoing reasons, MD-LAC requests a **favorable** report by this Committee **with the forthcoming (or already added) sponsor's amendments**. Thank you for your time and attention to this important legislation.

We are available to answer any questions the Committee Members may have. Please feel free to contact Lisa Harris Jones, lobbyist for the MD-LAC, at (410) 366-1500, or by e-mail at [lisa.jones@mdlobbyist.com](mailto:lisa.jones@mdlobbyist.com), or Robin Manougian, Member and Insurance Sub-Committee Chair of the MD-LAC, at (240) 401-0855, or by e-mail at [rmanougian@gmail.com](mailto:rmanougian@gmail.com), Scott Silverman, Vice-Chair of the Insurance Sub-Committee and Vice-Chair of the MD-LAC, at (410) 707-6363, or by e-mail at [scott@naglezaller.com](mailto:scott@naglezaller.com), or Igor Conev, Chair of the MD-LAC, at (443) 614-2787, or by e-mail at [igor@ocmannproperties.com](mailto:igor@ocmannproperties.com).

Sincerely,

*Robin C. Manougian*

Robin C. Manougian, CIRMS  
Member; Insurance Sub-Committee Chair  
CAI MD-LAC

*Scott J. Silverman*

Scott J. Silverman, Esq.  
Insurance Sub-Committee Vice Chair  
and Vice-Chair CAI MD-LAC

*Igor Conev*

Igor Conev, CMCA, AMS, PCAM, CIRMS  
Chair, CAI MD-LAC