

*Executive Committee*

Igor Conev, CMCA, AMS, PCAM, CIRMS – Chair	Scott J. Silverman, Esq. – Vice Chair
Susan Grace Saltsman, CMCA, AMS – Federal Liaison	Brenda Wakefield, CMCA, AMS – Secretary
Cynthia Hitt Kent, Esq. – Assistant Secretary	Marie Fowler, CMCA, AMS, PCAM – Treasurer
Tricia A. Walsh, CISR – Assistant Treasurer	

*LAC Membership*

Hillary A. Collins, Esq.	Barbara Leonard
Nura Rafati, Esq.	Angela Vazquez, CMCA, AMS, PCAM
Vicki Caine	John Latham
John M. Oliveri, Esq.	Chris C. Petrik, CMCA, AMS, PCAM
Ellen Throop, Esq.	Saundra Utley
Katleen Elmore, Esq. (Emeritus Member)	Sara H. Arthur, Esq. (Non-Voting Member)
Robin C. Manougian, CIRMS, EBP	Julianne Dymowski, Esq.
Charlene Morazzani Hood, MS, MS, CMCA, AMS, PCAM (Emeritus Member)	

---

February 16, 2026

**will.smith@senate.state.md.us**  
**jeff.waldstreicher@senate.state.md.us**

Senator William C. Smith, Jr., Chair  
Senator Jeff Waldstreicher, Vice Chair  
Judicial Proceedings Committee  
2 East Miller Senate Office Building  
11 Bladen Street  
Annapolis, MD 21401

**Re: Senate Bill 633**  
**Condominiums – Unit Owner Responsibility for Damage or Destruction**  
**Hearing Date: February 18, 2026 – 1:00 p.m.**  
**Position: Oppose**

Dear Chair Smith, Vice-Chair Waldstreicher, and Members of the Judicial Proceedings 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.

As you know, Maryland LAC has testified before this Committee many times over the past several years concerning a variety of bills pertaining to the management, operation, and governance of community associations. In particular, we testified on February 3<sup>rd</sup> on the proposed SB 332, which is sponsored by Sen. Ben Kramer. In addition to SB 332 and the instant bill, SB 633, there are two other condominium insurance bills now pending.

**Page 2, Senate Bill 633**  
**Community Associations Institute**

They are Sen. Mike McKay's SB 747, which is cross-filed with a bill numbered HB 649, which is sponsored by Del. Marvin Holmes. We were privileged to offer testimony of HB 649 on February 12<sup>th</sup> before the House Economic Matters Committee. For your information, the cross-filed bills HB 649 and SB 747 are now in the process of being amended by bill drafting at the request of their sponsors, who support those amendments.

As amended, the cross-filed HB 649 and SB 747 bills will, if adopted, increase a unit owner's responsibility for paying a portion of the total cost of repair or replacement or the council of unit owners' property insurance deductible, from the current \$10,000 to \$25,000; provided, however, that the loss originates in the owner's unit or from a component of the Condominium exclusively serving the owner's unit. These bills, as amended, will also require that all unit owners carry a condominium unit owners' (HO-6) policy that includes, at a minimum, Dwelling/Building Property Coverage of \$25,000 and Loss Assessment Coverage of \$25,000. The mandated unit owner's insurance coverage will effectively fund the unit owner's responsibility for the cost of repairs, or the master policy deductible, thereby ensuring that a unit owner is not left with a substantial out-of-pocket expense should a loss originate in his or her unit, or from a component that services only that unit (current law assigns owner responsibility only in cases where the loss originates from the unit. In cases where the cause of any damage to or destruction of any portion of the condominium originates from the common elements or from an event outside the condominium units and common elements, current law provides that the deductible is a common expense).

The concept of shifting some responsibility (but not the entirety of the loss) to the unit owner in whose unit a loss originates was first incorporated into Section 11-114 of the Maryland Condominium Act in 2009, at which time the maximum amount that could be charged to the unit owner was \$5,000. The law was later amended in 2020 to increase that amount to \$10,000, at which time Section 11-114 was also clarified to provide that the master policy deductible is a common expense if the loss originates from an event outside of the Condominium. Shifting responsibility for up to \$10,000 of an association's master policy deductible and proposed at \$25,000 in SB 332 and through forthcoming amendments to SB 747 and HB 469 is, and remains, a means of assigning some degree of responsibility based on the point of origin of the loss, without having to litigate responsibility based upon common law negligence principles or in accordance with the provisions of the condominium's governing documents concerning maintenance and repair.

Indeed, the Maryland LAC purposely rejected any negligence standard beginning in 2009 because proving negligence is often difficult, time consuming, and expensive. Moreover, not all losses that occur in or from a condominium unit are the result of negligence. By assigning responsibility for payment of the master policy deductible based on point of origination, condominiums could collect the deductible (again, up to the current cap of \$10,000 with a proposed increase this year to \$25,000) on every loss, rather than being required to prove negligence or being unable to recover any portion of the master policy deductible in the absence of negligence.

**Page 3, Senate Bill 633**  
**Community Associations Institute**

That said, because a unit owner has no control over the common elements, or what may occur outside the condominium building(s) (such as from a weather event), Maryland LAC recognized in 2009 that assigning responsibility for the master policy deductible or the cost of repair and replacement following a casualty event in those cases would not be feasible. Let's take, for example, condominiums on the Eastern Shore, which frequently have master policy property coverage subject to wind deductibles of 1%, 2%, 3%, or sometimes 4% of a single building's replacement value. A building with a \$5,000,000 replacement value and a 2% wind deductible would result in a \$100,000 deductible. The liability portion of a condominium unit owners' (HO-6) policy would not pay the deductible in such cases since wind is not the liability of any owner, and so making these events a common expense paid by all unit owners was the better option. Making the master policy deductible a common expense for losses that originate from the common elements also promotes maintenance of those common elements by a council of unit owners' board of directors. Very often claims originate from, for example, a common element pipe that is the condominium association's responsibility to maintain through its budget and/or reserves (and that may or may not have been properly maintained by the council of unit owners); or from a roof that is past its useful life, resulting in water infiltration and damage to the condominium units. The owners whose units are damaged, either singularly or collectively, should not suffer the consequences of paying a portion of the master policy deductible stemming from a casualty loss they could not prevent.

While Maryland LAC understands the pressure many condominium boards of directors are under in the current insurance climate, where there are fewer insurance carriers writing condominium master policy insurance and those that remain are more selective and are increasing premiums and deductibles, particularly when an association has a history of loss frequency and/or severity, SB 633 is onerous because it seeks to make the entire loss the responsibility of the unit owner in whose unit a loss originates – without any cap or restriction – which runs counter to how §11-114 of the Maryland Condominium Act has been written and interpreted since July 01, 1982.

In fact, SB 633 does not address at all those portions of existing law that outline how the units are to be insured, specifically:

**§11–114. Required insurance coverage; reconstruction**

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

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

**Page 4, Senate Bill 633**  
**Community Associations Institute**

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

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

The provision above requires a condominium regime to cover the units exclusive of any improvements and betterments installed in the units by unit owners other than the developer and exclusive of the unit owner's personal property. To assert that a unit owner should be responsible for the full cost of repair and replacement, when a loss originates in that unit conflicts with a long-standing provision of the Maryland Condominium Act.

While Maryland LAC also understands that amending this portion of the Act could be done, it is important to understand the larger picture of why we insure the units on an original specifications basis in the first place (roughly 70% of the United States insures condominiums this way) and why shifting full insuring responsibility to the unit owner when a loss originates in his/her unit is problematic:

(1) When the Association rather than the unit owners is responsible for insuring the original specifications of a unit (original grade floor, ceiling, and wall coverings, cabinets, countertops, appliances, fixtures, and equipment), the association can be certain that adequate insurance is in place and the board of directors can examine that adequacy with their insurance professional on an annual basis. Owners, then, are only responsible for insuring their own improvements, betterments, alterations, and additions (made or acquired from any prior owner).

(2) Because the Board is responsible for adjusting all losses and making certain that repairs are made (i.e., § 11-114 (d) (1) provides that, *Subject to the applicable coverage specified under subsection (a)(1) of this section, any loss covered by the property policy shall be adjusted with the council of unit owners, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the council of unit owners, and not to any mortgagee.*), a council of unit owners' board of directors can best ensure that repairs following a casualty loss are made consistent with the original specifications of the unit. In this way too, consistent and uniform repairs, made in a timely manner, help to maintain not only the overall aesthetic of the property, but the property values of all owners.

**Page 5, Senate Bill 633**  
**Community Associations Institute**

(3) SB633 makes no provision or requirement for unit owners to carry a condominium unit owners' policy, but if it did, it would put a board of directors in the untenable position of having to: collect evidence of insurance from all unit owners annually (likely with inconsistent effective dates); determine the adequacy of each owner's Dwelling limit (including whether the HO-6 carrier meets the AM Best rating of the governing documents); and, force-place such coverage in the absence of evidence of coverage (a provision that was stricken in our soon-to-be amended SB 747 and HB 469 over liability concerns).

(4) While claims may be reduced under the master policy, the cost of insurance for unit owners under the HO-6 policy would increase astronomically, while doing little to reduce premiums under the master policy.

(5) Senate Bill 633 would make a *portion* of the master policy's property damage deductible the unit owner's responsibility "IF DAMAGE OR DESTRUCTION OF ANY PORTION OF THE CONDOMINIUM ORIGINATES FROM THE COMMON ELEMENTS OR AN EVENT OUTSIDE THE CONDOMINIUM...". Such a provision not only penalizes an owner for a loss he or she could do nothing to prevent, but that "portion" of the deductible for which an owner is responsible appears to be uncapped, which could result in condominiums unnecessarily raising their property damage deductibles in order to shift primacy of a loss to the owners' HO-6 policies, but also delay necessary regular repairs and replacements of common areas and common elements.

(6) Finally, SB633 provides that, "*If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the owner of the unit where the cause of the damage or destruction originated is responsible for the [council of unit owners' property insurance deductible not to exceed \$10,000] **FULL COST OF REPAIR OR REPLACEMENT OF THE DAMAGED OR DESTROYED PORTION OF THE CONDOMINIUM,***" which is highly problematic. The ability for a single unit owner to obtain insurance theoretically for the full cost of repair or replacement of not just his or her unit, but of other affected units, and potentially of the entire building (or other buildings should a loss such as a fire spread to adjacent buildings) is likely not commercially available under a unit owner's policy. In this provision, for example, if a unit owner fell asleep smoking and burned down a building with a replacement value of \$5,000,000, the unit owner would be responsible for the full cost of the repair or replacement of the damaged or destroyed portion of the building – even if the "portion" were the entire structure. Such scenarios could lead to foreclosure or worse, such as failure of the entire condominium regime if it cannot rebuild.

Maryland LAC does not believe that the bill has been well considered and questions whether there has been any research conducted as to the availability of coverage under an HO-6 policy. Within the current market, no HO-6 policy will cover the potentially large casualty losses SB 633 could expose a unit owner to, which would leave condominium associations vulnerable to uninsured losses.

**Page 6, Senate Bill 633**  
**Community Associations Institute**

Maryland LAC believes that Maryland's condominium associations are better served, and better and more adequately insured, by maintaining primary insurance coverage within an association's master policy, while still allowing unit owners to continue to insure their improvements and betterments, and to cover the costs of repair and replacement through increased deductible and financial responsibility up to \$25,000, when a loss originates in a unit as we are seeking through SB747 and HB469. For the foregoing reasons, MD-LAC requests an **unfavorable** report by this Committee on the instant bill SB 633.

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

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than fifty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose, state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.