

**WRITTEN TESTIMONY OF STEVE LEVEN ON SB 747 – THURSDAY March 5, 2026  
FAVORABLE WITH AN AMENDMENT THAT IS ATTACHED HERETO**

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This testimony is  
**IN FAVOR, WITH AMENDMENTS.**

Good afternoon Members of the Committee

My name is Steve Leven. I am a retired engineer and for over 12 years have been President and Board Chair of the 2700/2800 Stonecliff Condominium Association, Inc., located in Baltimore County in District 11 in the Quarry Lake community. I have been working for the past several years with Representative Dana Stein, members of the MD-LAC, and board personnel from other condo associations regarding insurance laws and costs and the detrimental effect they may have on condominium associations, and therefore on all residents of the condominium(s).

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**Current Bill – as originally submitted - OPPOSED**

The current Bill, as originally submitted, unfortunately represents a prior bill from the 2025 session. The intention of this bill is for all condominium Unit Owners to be required to purchase their own H06 policies (which most currently do) with specific coverages, most of which do no good in protecting them from costs if damage originates in their Unit, and which are not permitted to be assessed by condominium associations in case of such loss. Associations are limited by 11-114 (g) (2) (iii) to the deductible of the association’s master insurance policy with a maximum (currently) of \$10,000, regardless of how much the damage is or how much insurance the responsible owner has.

We are completely **OPPOSED** to this bill **as originally submitted**.

**Amendment to the Bill – IN FAVOR**

My understanding is that the sponsor has agreed to an amendment to the originally-submitted legislation that would:

- (1) Amend 11-114 to
  - a. Increase the maximum charge to a Unit Owner responsible for damage from \$10,000 to \$25,000.

- b. Add clarifying language to remove an ambiguity in the current wording of 11-114.
- (2) Change the language of proposed 11-114.3 to
- a. Remove extraneous insurance coverage
  - b. Remove Section E from the originally-submitted bill (that would allow an association to acquire insurance on behalf of and at the expense of the Unit Owner).

We are **IN FAVOR** of this bill **with the sponsor's amendments** as we understand them.

### **Rationale**

The most important part of this amended bill is to raise the maximum amount that a Unit Owner who is responsible for damage can be assessed from \$10,000 to \$25,000 in Section 11-114(g)(2)(iii)1.

- A. A change from \$10K to \$25K maximum **solves an insurance issue** that affects everyone who lives in a condominium in Maryland (please see "Condo Insurance Background – It May Not Be What You Think", below). **It is really important to increase the maximum amount for which a Unit Owner is responsible to \$25,000.**
- B. Many condo associations are forced to have a \$25,000 or larger deductible, either because policies with a \$10,000 deductible result in much higher premiums or because they cannot find an insurance company that will provide them a policy with a lower deductible. Written testimony from MD-LAC has more information on this.
- C. Note that premiums are common operating expenses that are shared among all Unit Owners in the condominium; therefore a \$20,000 (for example) premium increase for a 50-unit condominium will cost each Unit Owner an additional \$400 per year.
- D. It is estimated that between 75% and 95% of all condo insurable losses originate in a Unit Owner's unit. Therefore, the Unit Owner is currently responsible for the cost of the repair up to a maximum of \$10,000. If the condominium's master insurance policy has a deductible of \$25,000, the condominium would be responsible for up to \$15,000 before the insurance kicks in. Using our 50-unit example, that would cost each Unit Owner \$300 for each such incident.
- E. So, raising the maximum from \$10,000 to \$25,000 will make a big positive difference to all condo associations, and all condominium Unit Owners, in Maryland and is a **consumer-friendly** move for all concerned.

The next area of importance is to remove from the originally-submitted bill the requirement for Unit Owners to obtain insurance that is not usable in payment of assessment by the association for amounts greater than provided by the statute. Why force someone to have \$500,000 in

personal liability, for example, when the association cannot assess them any of that, even if they cause a fire that burns down an entire building. Requiring that the Unit Owner be insured for more than they can be assessed by the association puts extra financial burden on the Unit Owners, which we are trying to reduce by the amended bill.

And third, section E must be eliminated because it puts condo associations in a no-win situation with regard to the unit-owners' insurance. First, just because the Unit Owner submits evidence of having a policy under section D, there is no guarantee that he will still have that policy in force the next day! And secondly, allowing an association to purchase insurance for and at the expense of a Unit Owner can put the association in legal jeopardy: If the association does not purchase such insurance for ALL those who do not have it, even if the association does not know if a Unit Owner's policy has lapsed or been cancelled, then it can be sued for unequal treatment or discrimination.

### **Condo Insurance Background – It May Not Be What You Think**

If you have not lived in a condominium and have not had damage originate in your unit for which you are responsible, chances are that you are not familiar with how insurance works under the Maryland Condominium Act.

In short, if the damage originates in a Unit the Unit Owner is responsible for the amount of the damage up to the maximum of the condo association's deductible in its master policy, with a current statutory limit of \$10,000. This limit means that if the condo association's deductible is \$10,000 or higher, the maximum that can be assessed against the responsible Unit Owner is \$10,000, regardless of how much the total cost of repair is. The condo association, or its insurer, is responsible for the remainder above the condo association's deductible.

A couple of quick examples under the current law:

Example 1: The condo association's master policy deductible is \$5,000. The Unit Owner is responsible for a leak that originates in his unit which costs \$50,000 to repair. The Unit Owner can only be assessed \$5,000 and the \$45,000 balance is the responsibility (A) of the condo association (if the condo association does not file a claim with the its insurer) or (B) of the condo association's master policy insurer (if the condo association does file a claim with its insurer).

Example 2: The condo association's master policy deductible is \$25,000. The Unit Owner is responsible for a leak that originates in his unit which costs \$50,000 to repair. The Unit Owner can only be assessed \$10,000 (the statutory maximum). The next \$15,000 of the \$40,000 balance is the responsibility of the condo association, and the remaining \$25,000 is the responsibility (A) of the condo association (if the

condo association does not file a claim with the its insurer) or (B) of the condo association's master policy insurer (if the condo association does file a claim with its insurer).

Note that the statute DOES NOT PERMIT assessing a "responsible" Unit Owner any greater amount<sup>1</sup>.

Since all expenses of the condo association, including its master insurance policy premiums, deductibles and repairs performed, are divided proportionally among all Unit Owners in the condominium, such sudden or increased expenses often cause either an increase in the Unit Owners' monthly or annual condo fees, or a special assessment levied against each Unit Owner.

In one case, a nearby condo association's master insurance policy's annual premium quintupled from \$24,000 to \$120,000 over a 2 year period, causing a \$100/month per unit condo assessment increase (\$1,200 per unit per year) JUST to cover the condo association's increased master insurance premiums.

**Thank you**

Thank you for your time, and I will be willing to answer any questions you might have.

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Proposed Amendment to HB469 (House version of this Bill) begins on next page.

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<sup>1</sup> Note that the amounts discussed here are SOLELY for repair and replacement to the building and the units up to the level that the developer provided to the first buyer. This does not include improvements or betterments added by any owner after the 1<sup>st</sup> sale by the developer. Also, any damage to personal property and "new" improvements or betterments, as well as loss of use expenses, would be the responsibility of each Unit Owner and could be covered under such Unit Owner's own HO6 personal condominium policy.

# HOUSE BILL 469

N1  
HB 1541/25 – ENT

6lr1701

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By: **Delegate Holmes**  
Introduced and read first time: January 23, 2026  
Assigned to: Economic Matters

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## A BILL ENTITLED

- 1 AN ACT concerning
- 2 **Condominiums – Unit Owner Responsibility for Damage or Destruction and Mandatory Insurance Coverage**
- 3 FOR the purpose of providing that a certain unit owner is responsible for a certain cost of  
4 repair or replacement for certain portions of a condominium under certain circumstances;  
5 requiring a council of unit owners to inform unit owners annually of certain responsibilities;  
6 requiring a certain condominium unit owner to obtain a certain  
7 insurance policy for the unit; requiring a certain insurance policy to include certain  
8 provisions; ~~authorizing a council of unit owners to acquire a certain insurance policy~~  
9 and charge a certain assessment under certain circumstances; and generally relating  
10 to unit owner responsibility for damage or destruction and mandatory insurance coverage  
11 for condominiums.

BY repealing and reenacting, with amendments,

Article - Real Property  
Section 11-114  
Annotated Code of Maryland  
(2023 Replacement Volume and 2025 Supplement)

- 8 BY adding to
- 9 Article – Real Property
- 10 Section 11–114.3
- 11 Annotated Code of Maryland
- 12 (2023 Replacement Volume and 2025 Supplement)

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

15 **Article – Real Property**

11–114.

(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;

(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

(2) Comprehensive general liability insurance, including medical  
payments insurance, in an amount determined by the council of unit owners, but not  
less than any amount specified in the declaration or bylaws, covering occurrences  
commonly insured against for death, bodily injury, and property damage arising out

of or in connection with the use, ownership, or maintenance of the common elements.

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

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

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

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

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

(1) Subject to the applicable coverage specified under subsection (a) (1) of this section, each unit owner is an insured person under the policy with respect to liability arising out of the unit owner's ownership of an undivided interest in the common elements or membership in the council of unit owners for property and casualty losses to the common elements and the units, exclusive of improvements and betterments installed in the units by unit owners other than the developer;

(2) The insurer waives its right to subrogation under the policy against any unit owner of the condominium or members of his household;

(3) An act or omission by any unit owner, unless acting within the scope of his authority on behalf of the council of unit owners, does not void the policy and is not a condition to recovery under the policy; and

(4) **[If] SUBJECT TO THE RESPONSIBILITY OF A UNIT OWNER UNDER SUBSECTION (G)(2)(III) OF THIS SECTION, IF,** at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) (1) 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.

(2) The insurance trustee or the council of unit owners shall hold any insurance proceeds in trust for unit owners and lien holders as their interests may appear.

(3) (i) Subject to the provisions of subsection (g) of this section, the proceeds shall be disbursed first for the repair or restoration of the damaged common elements and, for condominiums with attached units, multifamily units, or detached units located within a condominium not composed entirely of similar detached units that must maintain a property insurance policy on the units, the damaged units.

(ii) Unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless:

1. There is a surplus of proceeds after the common elements and, for condominiums with attached units, multifamily units, or detached units located within a condominium not composed entirely of similar detached units that must maintain a property insurance policy on the units, the units have been completely repaired or restored; or

2. The condominium is terminated.

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

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

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

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

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

(g) (1) Subject to the applicable coverage specified under subsection (a)(1) of this section, any portion of the common elements and the units, exclusive of improvements and betterments installed in the units by unit owners other than the developer, damaged or destroyed shall be repaired or replaced promptly by the council of unit owners unless:

(i) The condominium is terminated;

(ii) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or

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

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

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

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

(iii) 1. 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 LEAST OF:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 **11-114.3.**

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

19 **(2) THIS SECTION DOES NOT APPLY TO DETACHED UNITS OF A**  
20 **CONDOMINIUM.**

21 **(B) (1) A UNIT OWNER SHALL MAINTAIN A CONDOMINIUM UNIT OWNER**  
22 **INSURANCE POLICY OR A SUBSTANTIALLY SIMILAR PROPERTY INSURANCE POLICY**  
23 **ON THE UNIT.**

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

3 (I) COVERAGE FOR THE COUNCIL OF UNIT OWNERS' PROPERTY  
4 INSURANCE DEDUCTIBLE OR A PORTION OF THE DEDUCTIBLE REQUIRED UNDER §  
5 11-114 OF THIS TITLE;

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

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

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

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

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

15 1. \$25,000; OR

16 2. THE AMOUNT NECESSARY TO REPAIR AND REPLACE:

17 A. ALTERATIONS, ADDITIONS, BETTERMENTS, AND  
18 INVESTMENTS MADE OR ACQUIRED BY THE CURRENT UNIT OWNER; AND

19 B. UPGRADES CONVEYED TO THE UNIT OWNER THAT  
20 ARE THE RESPONSIBILITY OF THE UNIT OWNER TO INSURE UNDER THE BYLAWS OF  
21 THE CONDOMINIUM.

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

25 (D) EACH UNIT OWNER SHALL PROVIDE EVIDENCE OF THE INSURANCE  
26 POLICY REQUIRED UNDER SUBSECTION (B) OF THIS SECTION TO THE COUNCIL OF  
27 UNIT OWNERS:

28 (1) ANNUALLY; AND

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

3 REPRINT OF HOUSE BILL 469 as amended by HB0469/933022/1 02/11/26 at 4:46 PM

1 (E) ~~(1) If a unit owner does not maintain an insurance policy as~~  
2 ~~required under subsection (b) of this section, the council of unit~~  
3 ~~owners may acquire an insurance policy on behalf of the unit owner.~~

4 ~~(2) A council of unit owners that acquires an insurance~~  
5 ~~policy on behalf of a unit owner under paragraph (1) of this subsection~~  
6 ~~may charge the insurance premium as an assessment to the unit owner.~~

7 ~~(3) For an insurance policy acquired on behalf of a unit~~  
8 ~~owner under this subsection, the insurance carrier shall pay directly~~  
9 ~~to the council of unit owners the portion of the council's deductible~~  
10 ~~that the unit owner is responsible for under § 11-114 of this title. The absence of insurance~~  
coverage under this section does not limit a unit owner's responsibility under § 11-114(g)(2)  
(iii) of this title.

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