

# **Testimony - SB 633 - FINAL.pdf**

Uploaded by: Brenda Fried

Position: FAV

The Maryland Condo Law, as it currently exists, places an undue burden upon the condominium community at large. It states that unit owners are responsible for the maintenance, repair, and replacement within their unit; however, there are no consequences for those who choose not to. Essentially, when a resident neglects their responsibilities to upkeep their units and there is an insurance event, once they've paid their deductible, typically \$250 or \$500, their insurance policy pays the next \$10,000 and the balance is then the responsibility of the community-at-large.

Here is one specific example:

This water event was due to a leaking water heater expansion tank. A resident with a 14-year-old water heater had refused numerous requests from the property manager to replace the water heater, as the average life span is 10 years. This resident mopped up water around her water heater for several days, not realizing that the expansion tank was leaking. The neighbors on the floors below saw water damage in their units and informed the property manager. This is a case of clear neglect on the part of the resident, yet she is only responsible for her deductible and her insurance covers the 1st \$10,000, leaving the community with the balance.

Damage costs average \$30,000 to \$50,000, leaving the community liable for \$20,000 - \$40,000. A water heater that costs \$1,500 - \$2,000 costs the community exponentially.

Unfortunately, the current Law does not distinguish between irresponsibility and neglect of the resident and other non-unit events.

If enough claims are filed with the insurance carrier, it is likely they will be canceled due to the number of claims, as happened to us. Our annual premium went from \$53,000 with a \$10,000 deductible to \$200,000 with a \$50,000 deductible. We now had no recourse but to self-insure that costs every member of the condo community with increased condo dues.

Revising the current law will put the responsibility of unit owner-caused events back where they belong—in the hands of the unit owner.

Thank you for your time and relieving the undue financial burden from condominium communities throughout the State of Maryland.

Respectfully,

*Brenda Fried*

Brenda Fried  
Vice President  
Winifred Manor Condo Association

# **SB 633 Condominiums - Unit Owner Responsibility te**

Uploaded by: Justin Ready

Position: FAV

JUSTIN READY  
Legislative District 5  
Carroll County

MINORITY WHIP  
Finance Committee



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## THE SENATE OF MARYLAND

ANNAPOLIS, MARYLAND 21401

February 18, 2026

### **SB 633 Condominiums - Unit Owner Responsibility for Damage or Destruction**

Chair Smith, Vice Chair Waldstreicher, and member of the Judicial Proceedings Committee:

Senate Bill 633 intends to remedy an issue that condominium owners have found allows some owners to not maintain their residences, and as a result, place a financial burden on other owners in their buildings.

The Maryland Condo Law that was passed in October 2012, as it currently exists, places an undue burden upon the condominium community at large. Even though Section 11-108.1, at the bottom of page 18, states that owners are responsible for the maintenance, repair, and replacement within their unit, there are no consequences for those who choose not to maintain or repair appliances, toilets, etc. Essentially, when a resident neglects their responsibilities to upkeep their units and there is an insurance event, once they've paid their deductible, typically \$250 or \$500, their insurance policy pays the next \$10,000 (originally \$5,000 until it was changed several years ago), and the balance is then the responsibility of the community-at-large. This is in Section 11-114, Required Insurance Coverage: Reconstruction, specifically on page 37, (g) (2) and ending on page 38.

In an example provided by one of my constituents, a resident with a 14-year-old water heater refused numerous times to replace a leaking water heater. The average water heater's life span is 10 years. Neighbors on the second and first floor saw water damage in their units and informed the property manager. This is a case of clear neglect on the part of the resident, yet the individual resident is only responsible for their deductible and insurance coverage of \$10,000. The neglectful tenant walks away with damage repaired for only out-of-pocket expense being the deductible. In this condo association, over the last number of years, events like these events cost anywhere between \$30,000 to almost \$50,000 to repair the damage. This means that the community is liable for \$20,000 - \$40,000 for each occurrence. A water heater costs \$1,500 - \$2,000 yet the cost to the community is so much greater. The Maryland Condo Law does not distinguish between events that are not the fault of the resident, and irresponsibility and neglect of the resident.

Unfortunately, due to the number of claims and a former Board member paying a premium late, their insurance company took the opportunity to cancel the policy due to the number of water

claims. Overnight, the annual premium went from \$53,000 with a \$10,000 deductible to \$200,000 with a \$50,000 deductible with Lloyd's of London, a last resort insurer. They had no recourse but to self-insure over the past several years. This condo association consists of 152 units where the vast majority are retired on a fixed income, and the average age is over 80. They have had to increase the HOA dues mid-year and again at the beginning of the next year, and every year due to this and other increasing expenses.

While Lloyd's of London reduced the premium to \$160,000 after a time, it took two years to re-establish the community with a traditional insurance company, but the premium was still much higher than before - \$86,000. Their premium has increased steadily each year and is now over \$100,000.

Senate Bill 633 would require that if any type of event is clearly the responsibility of the resident due to non-maintenance/replacement of their units, they and their insurance company should be responsible for the total cost of repair, not the condominium community association.

I respectfully request a favorable on SB 633, so condo owners take more responsibility and not cause undue burden to their neighbors.

# **SB 633 - Condo Damages - FWA - REALTORS.pdf**

Uploaded by: Lisa May

Position: FWA



**Senate Bill 633 – Condominiums - Unit Owner Responsibility for Damage or Destruction**

**Position: Support with Amendments**

Maryland REALTORS® supports the intent of SB 633 to promote unit owner accountability when damage originates within a condominium unit. Requiring owners to bear responsibility for damages they cause—rather than shifting those costs to the association’s master insurance policy—helps protect other unit owners from higher premiums, increased deductibles, and special assessments. However, REALTORS® have concerns that the bill does not fully address several common real-world scenarios.

First, the legislation is silent on units occupied by tenants. When damage is caused by tenant actions, the bill does not clarify how responsibility is allocated between the unit owner, the tenant, and their respective insurance coverages. Without clarification, this could create confusion, disputes, and unintended liability for owners and associations.

Second, the bill does not distinguish between damage that originates in a unit due to owner fault and damage that originates in a unit but is not the owner’s responsibility, such as a sprinkler system malfunction or failure of a similar quasi-common element. Automatically assigning costs to the unit owner in these cases may be inequitable and inconsistent with condominium governance practices.

A more effective approach is to require unit owners to maintain sufficient insurance coverage, including coverage for association deductibles and loss assessments, to mitigate impacts on the association and other owners when damage originates in a unit.

For these reasons, Maryland REALTORS® support SB 633 with amendments to clarify tenant-related damages, address no-fault scenarios, and prioritize adequate unit owner insurance coverage as the primary tool for protecting condominium communities.

**For more information contact [lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org) or  
[christa.mcgee@mdrealtor.org](mailto:christa.mcgee@mdrealtor.org)**

**SB 633\_MAMIC\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

February 16, 2026

The Honorable William C. Smith, Jr., Chairman  
Senate Judicial Proceedings Committee  
2 East Miller Senate Office Building  
Annapolis, MD 21401

RE: Senate Bill 633 - *Condominiums - Unit Owner Responsibility for Damage or Destruction* UNFAVORABLE

Dear Chairman Smith and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), we respectfully oppose Senate Bill 633.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

Senate Bill 633 addresses a subject that is quite familiar to the members of this Committee and the General Assembly as a whole. That subject is the degree of responsibility of an individual condominium unit owner should have when a loss originates in a unit that spreads beyond to the condominium at large. Various proposals have been introduced – some enacted – that place a limit on liability for an individual condominium unit owner. By contrast, Senate Bill 633 requires an individual unit owner to be responsible for all damage when a loss originates within an owner's unit.

MAMIC respectfully submits that, while this provision of Senate Bill 633 may seem fair, the better approach is the existing statutory language that places a limit on individual unit owner responsibility. From an insurance perspective, the formula under current law permits an insurer to fairly allocate loss costs between the condominium association and an individual owner. While the amount of an individual unit owner's liability may change, and can be fairly debated in a legislative setting, the sweeping liability contemplated under Senate Bill 633 could place significant burdens on individual condominium unit owners.

For these reasons, MAMIC respectfully requests an unfavorable report on Senate Bill 633.

Thank you for your consideration.

Very truly yours,

Melissa Shelley  
President – MAMIC

cc: Bryson Popham

# **TESTIMONY2.pdf**

Uploaded by: David Kiefaber

Position: UNF

**TESTIMONY BEFORE THE JUDICIAL PROCEEDINGS COMMITTEE:  
SB0633 – Condominiums - Unit Owner Responsibility for Damage or Destruction**

I am a condo owner in the Village of Cross Keys, Baltimore City. Our insurance deductibles have increased from \$5,000 to \$10,000 in the past two years, with further increases suggested on behalf of the insurance industry, and the proposed SB0633 will require condo owners in Maryland to be responsible for 100% of any damage to any other unit or any common area caused by the unit owner's condo.

I am submitting testimony **in opposition** to SB633, as it imposes unnecessary and inequitable financial burdens on condo owners in the state. Further, the insurance industry's blatant avarice shouldn't be reinforced by state law, and this bill is an especially egregious overreach by insurance companies at the expense of condo owners. I would also kindly remind the committee that insurance companies do not vote, but condo owners do; condo ownership constitutes approximately 30% of homeownership in Maryland, and thus an important demographic to consider. If the committee wants condo ownership to remain an affordable housing option in this state, it will not pass SB0633.

Thank you for your time.

Dave Kiefaber  
Dunn's Grove Condo Assn. member

**testimony SB 633docx.pdf**

Uploaded by: Jim Lieberman

Position: UNF

Board of Directors  
Leisure World Community Corporation  
3701 Rossmoor Boulevard  
Silver Spring, MD 20906

**TESTIMONY OF THE LEISURE WORLD COMMUNITY CORPORATION  
ON FEBRUARY 18, 2026  
BEFORE THE SENATE JUDICIAL PROCEEDINGS  
SB 633 – CONDOMINIUMS - UNIT OWNER RESPONSIBILITY FOR DAMAGE OR  
DESTRUCTION**

**UNFAVORABLE**

Honorable Chair William C. Smith, Vice-Chair Jeff Waldstreicher, and Members of the Senate Judicial Proceedings Committee:

This testimony is being submitted on behalf of the Leisure World Community Corporation. The Leisure World Community Corporation is a master homeowners association consisting of 29 common ownership communities: 27 condominiums, 1 cooperative, and 1 home owner association. It is a senior (55+) adult community in Silver Spring Maryland, located on 610 acres. More than 8500 residents live in Leisure World.

Under current law the Maryland Condominium Act provides in section 11-114(g)(2)(iii) that when damage in a condominium originates from a unit owner's unit, the unit owner is only responsible only up to \$10,000 for damage outside the unit owner's unit. This bill would make the "full cost of repair or replacement of the damaged or destroyed portion of the condominium" the responsibility of a unit owner. This responsibility will fall on the unit owner whether or not the owner's actions caused the damage as the owners' negligence is irrelevant to their responsibility for the costs.

This bill will have a disastrous adverse impact on the unit owners of our 27 condominiums in Leisure World as well as all other owners of condominium units in the State of Maryland. It will have especially significant impacts on unit owners in multi-storied buildings in light of the potential damage caused by water percolating through lower floors increasing the damage costs throughout the building.

Replacement value of condominiums is in the millions of dollars. Holding residents fully responsible for damage at condominiums whether damage is from fires or water leaks is expensive. A resident to protect themselves from exposure to the full cost of damages will

need to obtain insurance which is likely to be extremely expensive especially for residents in taller buildings.

The law currently requires condominiums to obtain master insurance policies to cover damages in their buildings. If residents are fully responsible for damages, condominiums may choose to raise substantially their insurance deductible amounts to decrease their premium costs. Alternatively, condominiums when faced with damages may seek payment from the residents to cover those damages rather than utilize their master insurance policies to avoid increasing premium costs. In either case, unit owners face higher risks and increased premiums for their condo policies.

Consequently, this bill, if passed, can only result in further increases to the cost of housing as unit owners seek insurance to cover their exposure to the “full cost of repair or replacement of the damaged or destroyed portion of the condominium” as required by this bill. If legislators are concerned over the increasing cost of housing, this bill cannot be allowed to pass.

For these reasons, Leisure World recommends that the committee issue an unfavorable report on this bill.

Respectfully submitted,

Colette Collier Trohan  
Chair of the Board of Directors  
Leisure World Community Corporation

# **SB 633 Letter of Opposition.pdf**

Uploaded by: Karen Straughn

Position: UNF

**CAROLYN A. QUATTROCKI**  
*Chief Deputy Attorney General*

**LEONARD J. HOWIE III**  
*Deputy Attorney General*

**CARRIE J. WILLIAMS**  
*Deputy Attorney General*

**SHARON S. MERRIWEATHER**  
*Deputy Attorney General*

**ZENITA WICKHAM HURLEY**  
*Deputy Attorney General*



**STATE OF MARYLAND  
OFFICE OF THE ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
MEDIATION UNIT**

**ANTHONY G. BROWN**  
*Attorney General*

**WILLIAM D. GRUHN**  
*Division Chief*

**KAREN S. STRAUGHN**  
*Unit Director*

**PETER V. BERNS**  
*General Counsel*

**CHRISTIAN E. BARRERA**  
*Chief of Staff*

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February 18, 2026

To: The Honorable William C. Smith, Jr.  
Chair, Judicial Proceedings Committee

From: Karen S. Straughn  
Consumer Protection Division

Re: Senate Bill 633 – Condominiums – Unit Owner Responsibility for Damage or  
Destruction (OPPOSE)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in opposition to Senate Bill 633 submitted by Senator Justin Ready. This bill would shift the full responsibility for a loss in a condominium from the association to the individual owner of the unit where the loss originated.

In April of 2008, the Court of Appeals of Maryland ruled in *Anderson v. Council of Unit Owners of the Gables on Tuckerman Condominium*, 404 Md. 560, 948 A.2d 11 (2008), that the Maryland Condominium Act did not require associations to repair or replace property within individual units. This decision was a complete reversal of how condominiums generally operated prior to that time and resulted in the legislature amending the laws to reflect that the determination of responsibility for a loss depends upon where the loss originated. Following these changes in the law, regardless of negligence, a unit owner is only responsible for the association policy deductible if the cause of loss originates in their unit; the Council of Unit Owners bears responsibility for the damage if the cause of loss originates in the common elements. Senate Bill 633 proposes to amend the law once again to make a unit owner responsible for the full loss, regardless of negligence, as long as the cause of loss originates in their unit.

There are many losses that originate in a unit that do not result from any negligence by the unit owner. By transferring the responsibility to unit owners for amounts above the deductible, as opposed to the association, it imposes unlimited liability on the unit owners and makes it difficult for them to properly protect themselves in the event of a loss. In addition, it essentially transfers responsibility for insuring the association's property to individual unit owners rather than to the association as a whole. In essence, multiple individual unit owners would necessarily have to insure the same common elements to protect themselves in the event of a large loss. This is not only impractical, but it increases the overall costs to individual unit owners who wish to ensure that they are properly insured in the event of a loss and will result in multiple policies covering the same property, which is more efficiently covered by the Association.

For these reasons, we ask that the Judicial Proceedings Committee return an unfavorable report on this bill.

cc: The Honorable Justin Ready  
Members, Judicial Proceedings Committee

**SB633 MD LAC Testimony (2-18-26 hearing).pdf**

Uploaded by: Robin Manougian

Position: UNF

*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
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Nura Rafati, Esq.	Angela Vazquez, CMCA, AMS, PCAM
Vicki Caine	John Latham
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Robin C. Manougian, CIRMS, EBP	Julianne Dymowski, Esq.
Charlene Morazzani Hood, MS, MS, CMCA, AMS, PCAM (Emeritus Member)	

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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.

# **SB633 unit owner responsibility tja.pdf**

Uploaded by: Thomas Allen

Position: INFO

Testimony by Thomas Allen, resident of Anne Arundel County

## SB633 (2026 Session)

### Condominiums - Unit Owner Responsibility for Damage or Destruction

#### INFORMATION ONLY

##### Themes:

Individual responsibility

Socialism

Use of Common Funds for Personal Benefit

Double Standards

Accountability

Attorney Fees

I am writing to you about SB633 sponsored by Senator Ready.

SB633 mandates individual responsibility for the damage that homeowners cause, rather than socializing the costs of accidents. In that spirit, I hope you will offer an amendment to the bill so that board members are responsible for the damage they cause, too.

The paid-in-common expense of directors and officers (D&O) liability insurance effectively gives license to violate the governing documents. Directors and officers **avoid personal responsibility**, while the unit owners pay for the protection of the violators. Rather than socialize this insurance, an amendment should establish that D&O insurance shall not be a common expense. Unlike fidelity insurance, D&O insurance is not required by law and is not a common benefit for all unit owners, so it should not be a common expense. Otherwise, legislators support **socialism for elites** and individual responsibility for everyone else.

Under 11-113 and 11-119 of the Real Property Article, *plaintiff* homeowners are not able to recover attorney fees even if they win. Here again, a double standard. Attorney fees are socialized for the ruling class. Section 5-422 of the Courts and Judicial Procedures Article may also have to be amended.

Thank you.