

SB0747_OCChamber_Thompson_FAV.pdf

Uploaded by: DENNIS RASMUSSEN

Position: FAV



Ocean City, Maryland Chamber of Commerce

410-213-0144 info@oceancity.org
oceancity.org 12320 Ocean Gateway, Ocean City, MD 21842

TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY MARYLAND CHAMBER OF COMMERCE

FAVORABLE WITH AMENDMENTS TO: SB0747 – Condominiums – Mandatory Insurance Coverage

Before:
Senate Judicial Proceedings Committee
Hearing: 3/5/2026 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing more than 700 regional businesses and job creators, **SUPPORTS SENATE BILL 0747 - Condominiums - Mandatory Insurance Coverage.**

This legislation requires a certain condominium unit owner to obtain a condominium unit owner insurance policy or a substantially similar property insurance policy for the unit; requires a certain insurance policy to include certain provisions; and authorizes a council of unit owners to acquire an insurance policy on behalf of a unit owner who does not maintain a certain required insurance policy and charge the insurance premium as an assessment to the unit owner.

The bill's beneficial provisions include requiring insurance for structural damages not only for a single condo unit but also for additional units. It makes up the cost difference of common damages with the loss of a condo loss assessment.

The Greater Ocean City Chamber respectfully requests a **FAVORABLE REPORT, on SB0747**. Please feel free to contact the Chamber directly on 410-213-0144 should you have any questions.

Respectfully submitted,

Amy Thompson

Amy Thompson
Executive Director
amy@oceancity.org

Bob Thompson

Bob Thompson
Legislative Committee Chair
bob@t1built.com

SB 747 - Condo Insurance - FAV - REALTORS.pdf

Uploaded by: Lisa May

Position: FAV



Senate Bill 747 – Condominiums - Mandatory Insurance Coverage

Position: Support

Maryland REALTORS® supports SB 747 as a practical and necessary step to protect condominium owners, associations, and the broader housing market.

This bill appropriately requires condominium unit owners to maintain their own insurance policy, ensuring coverage for losses, liability, loss assessments, and master policy deductibles that are not covered by an association's master insurance policy. When individual unit owners lack adequate coverage, losses are often shifted to the association's master policy, driving up premiums and increasing costs for all residents.

These rising costs directly affect housing affordability, marketability, and consumer confidence—key concerns for REALTORS® working with buyers, sellers, and condominium associations across Maryland. SB 747 promotes fairness by aligning financial responsibility with individual ownership and risk.

We support the bill's framework, including provisions allowing associations to secure coverage for noncompliant owners and recover associated costs, and we ask for your favorable report.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

SB 747 - Written Testimony - JPR.pdf

Uploaded by: Mike McKay

Position: FAV

MIKE MCKAY
Legislative District 1
Garrett, Allegany, and Washington Counties



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 416
Annapolis, Maryland 21401
410-841-3565
800-492-7122 Ext. 3565
Mike.McKay@senate.maryland.gov

Judicial Proceedings Committee
Executive Nominations Committee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Cumberland Office
100N Mechanic Street
Cumberland, Maryland 21502
240-362-7040

Joint Committees
Administrative, Executive,
and Legislative Review
Children, Youth, and Families
Program Open Space and Agricultural
Land Preservation

Williamsport Office
2N Conococheque Street
Williamsport Town Hall
Williamsport, Maryland

Senate Bill 747 – Condominiums - Mandatory Insurance Coverage

March 5, 2026

Dear Chair Smith, Vice Chair Waldstreicher, and Members of the Committee,

I am writing to express strong support for Senate Bill 747, Condominiums – Mandatory Insurance Coverage. This legislation provides critical protections for condominium communities by requiring unit owners to maintain adequate insurance coverage for their property and personal liability. By establishing minimum standards, including coverage for the council’s deductible, personal property, loss of use, and liability—SB 747 ensures that residents are better prepared for unforeseen events and that financial responsibility is clearly defined. These measures will reduce disputes, protect homeowners from catastrophic loss, and promote stability within condominium associations.

Additionally, SB 747 offers a practical enforcement mechanism by allowing councils of unit owners to secure insurance on behalf of non-compliant owners and assess the cost accordingly. This provision safeguards the entire community from gaps in coverage that could otherwise lead to costly litigation or financial strain on associations. By requiring annual proof of insurance and permitting bylaws to set higher coverage limits, the bill strikes an appropriate balance between individual responsibility and collective security.

I thank you for your time and I urge a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike McKay".

Senator Mike McKay
Representing the Appalachia Region of Maryland
Serving Garrett, Allegany, and Washington Counties

Testimony in support of SB0747 - Condominiums - Ma

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0747_RichardKaplowitz_FAV

03/05/2026

Richard Keith Kaplowitz

Frederick, MD 21703

TESTIMONY ON SB#0747- POSITION: FAVORABLE

Condominiums - Mandatory Insurance Coverage

TO: Chair Smith, Jr., Vice Chair Waldstreicher, and members of the Judicial Proceedings Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#0747, **Condominiums - Mandatory Insurance Coverage**

This bill will require a unit owner to maintain a condominium unit owner insurance policy or a substantially similar property insurance policy on the unit. An insurance policy shall include:

- coverage for the council of unit owners' property insurance deductible or a portion of the deductible
- a coverage limit that is sufficient to repair or replace the unit owner's personal property or the contents of the unit
- loss of use coverage in an amount sufficient to provide alternate housing for at least 12 months if the unit owner cannot live in the unit
- personal liability coverage of at least \$500,000
- loss assessment coverage of at least \$25,000
- dwelling or building property coverage of at least the greater of \$25,000; or the amount necessary to repair and replace
- alterations, additions, betterments, and investments made or acquired by the current unit owner
- upgrades conveyed to the unit owner that are the responsibility of the unit owner to insure under the bylaws of the condominium.

This bill will require a certain condominium unit owner to obtain a condominium unit owner insurance policy or a substantially similar property insurance policy for the unit; requiring a certain insurance policy to include certain provisions; and authorizing a council of unit owners to acquire an insurance policy on behalf of a unit owner who does not maintain a certain required insurance policy and charge the insurance premium as an assessment to the unit owner.

This is an important protection being required of condominium owners for their tenants.

I respectfully urge this committee to return a favorable report on SB#0747.

SB0747 testimony.pdf

Uploaded by: Jim Lieberman

Position: FWA

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

**TESTIMONY OF THE LEISURE WORLD COMMUNITY CORPORATION
ON MARCH 5, 2026
BEFORE THE SENATE JUDICIAL PROCEEDINGS
SB 747-CONDOMINIUMS-MANDATORY INSURANCE**

FAVORABLE WITH AMENDMENTS

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. Leisure World is a senior (55+) adult community in Silver Spring Maryland, including 27 condominiums, one cooperative housing corporation, and one homeowners' association. Leisure World has 5600 units with more than 8500 residents, most of whom would be impacted by this bill. Housing units run the gamut from Sec. 8 subsidized housing to moderately expensive town houses and stand-alone houses. Our residents average 78 years of age, many of which are on fixed or limited incomes.

SB 747 would require mandatory insurance for unit owners of condominiums other than detached units of condominiums. The bill specifies the content of the insurance policy provisions and authorizes the council of unit owners to purchase the policy on behalf of an owner who does not comply and assess the owner for the cost.

Leisure World supports the concept that unit owners have the resources to cover any damage to a condominium for which they might be responsible which currently under section 11-114 of the Maryland Condominium Act is \$10,000. Insurance is a cost-effective method to ensure that unit owners have sufficient resources as this benefits the unit owner causing the damage as well as other unit owners. Consequently, Leisure World supports section 11-114.3 (B)(2)(i).

However, this bill mandates further coverage for individuals in section 11-114.3(B)(2)(ii)-(vi). These sections address such coverage as personal liability, the cost of temporarily vacating a damaged unit, loss assessment, and damage to upgrades and changes made by the unit owner. While this is well intended, these provisions will drive up the cost of the policy. We

live in a community mainly of retirees with many living on fixed incomes. Inflation has narrowed their disposable income. These provisions make home ownership less affordable and may force some residents to leave their units as a result of increased housing costs.

In addition, the specific coverage is unclear as to what is required. How much is needed to replace the contents of a unit or how much is needed for living expenses? Who makes those decisions? The provisions required by (B)(2)(ii)-(vi) are similar to coverage under homeowners insurance policies (type HO-6) that cover improvements and betterments, personal property, liability, etc. While we support unit owners purchasing these extra provisions required by (B)(2)(ii)-(vi) through HO-6 policies and selecting the amount of coverage, this should be the choice of the unit owner and not the State. Moreover, we are not aware of any other class of homeowners across Maryland that are required by State law to carry HO-6 type insurance.

Consequently, HB 469 should be amended to remove (B)(2)(ii)-(vi).

It is noteworthy that this bill is inconsistent with the provisions of section 11-114(e)(2) that requires unit owners of detached condominiums to purchase homeowners insurance. The Maryland Insurance Administration's Bulletin 24-22 (September 9, 2024) defines that provision as requiring property insurance. The Administrator noted that it does not include the coverage in (B)(2)(ii)-(vi) such as improvements and betterments, personal property, liability, etc.

Leisure World notes that this legislation only applies to condominiums. Given that members of cooperatives may face the same obligations as unit owners of condominiums, this bill should be revised to address cooperatives.

For these reasons with **amending the bill to remove section 11-114 (B)(2)(ii)-(vi) and expand SB 747 to cover cooperatives** we request a favorable vote.

Respectfully submitted,

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

SB747 Testimony MD LAC (3-5-26 Hearing).pdf

Uploaded by: Scott Silverman

Position: FWA

Executive Committee

Igor Conev, CMCA, AMS, PCAM, CIRMS – Chair
Susan Grace Saltsman, CMCA, AMS – Federal Liaison
Cynthia Hitt Kent, Esq. – Assistant Secretary
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Saundra Utley
Kathleen Elmore, Esq. (Emeritus Member)
Julie Dymowski, Esq.

March 03, 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 747
Condominiums – Mandatory Insurance Coverage
Hearing Date: March 05, 2026 – 1:00 p.m.
Position: Support with Amendments

Dear Chairman 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, MD-LAC appeared before this committee on February 03 to support with amendments SB 332 (Sen. Ben Kramer); at that time, Sen. Mike McKay’s bill (the instant bill, SB 747) had yet to be introduced. MD-LAC is unsure as to the disposition of SB 332, though the thought at the February 03 hearing was for the senators to collaborate on a more comprehensive bill.

Page 2, Senate Bill 747
Community Associations Institute

Maryland LAC generally supports SB 747, but the bill as presented is a prior introduction from the 2025 legislative session in the House only (HB 1541 in 2025) designed to be a companion bill to HB 449 (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. HB 1541 in 2025 and now HB 469 cross-filed with SB 747 was and remains the funding mechanism to pay that responsibility so that a unit owner can insure his or her responsibility and avoid any costly out-of-pocket expenses when a loss originates in his or her unit or from a component that services only that unit.

HB 449, HB 1541, and SB 446 failed to move forward in 2025, but understanding that there remains an urgent need to assist condominium associations to cope with surging insurance costs and master policies subject to rising deductibles, MD LAC on behalf of its many condominium association and resident members understands that this legislation remains urgently necessary.

We support SB 747, then, which requires that all condominium unit owners carry an individual condominium unit owners’ (HO-6) policy, but with forthcoming sponsors’ amendments (Sen. McKay on SB 747 and Del. Holmes on HB 469). The instant bill requires a full menu of unit owner policy insurance coverages including Dwelling/Building Property Coverage of \$25,000, Personal Liability of at least \$300,000, an adequate limit of Personal Property/Contents, Additional Living Expense/Loss of Use, and Loss Assessment Coverage. That said, because the intent of the bill was and remains to ensure that an owner’s master policy deductible or damage up to the association’s deductible not to exceed \$25,000 is covered by their own policy, we are recommending that only the Dwelling/Building Property Coverage and Loss Assessment Coverage be statutory requirements. In this way, we protect the financial interest of the owner while allowing Maryland’s condominium unit owners the ability to make personal coverage and coverage limit decisions where the other coverage forms are concerned. MD-LAC believes strongly that at a minimum such coverage will help condominium unit owners to avoid substantial out-of-pocket expenses should they be required to pay a council of unit owners’ deductible and/or the costs of repair and replacement not to exceed \$25,000 when a loss originates in the owner’s unit or from some component that services only that unit.

This requirement would then become part of a larger, more robust bill that also seeks to raise the current statutory requirement for payment of the lesser of an association’s deductible or the costs of repairs and replacement not to exceed \$25,000, increasing that responsibility from the current \$10,000. Again, these changes are pending sponsors’ amendments.

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

Page 3, Senate Bill 747
Community Associations Institute

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 habitation 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.

When a loss originates in a unit, the current law requires only that the owner of the unit where the loss originates pay the first \$10,000 – even if the master policy's actual deductible is higher. However, *the Association and all its members* pay the difference between the \$10,000 for which the unit owner is responsible and the actual amount of the deductible, whatever that amount might be. Example: A unit owner leaves the water running in his bathtub on the ninth floor; the tub

Page 4, Senate Bill 747
Community Associations Institute

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 where the loss originates would cover the first \$10,000, 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 were higher, and many Maryland condominium associations are able to obtain insurance only if it is subject to deductibles of \$25,000, \$50,000, \$100,000, or more either because of lack of availability of affordable coverage or due to an adverse claims history.

The forthcoming sponsors' changes will mandate that owners carry an HO-6 policy with at least \$25,000 of Dwelling/Building Property Coverage and \$25,000 of Loss Assessment Coverage, but to also increase the current \$10,000 statutory shift of an owner's responsibility for payment of the council of unit owner's master policy deductible not to exceed \$25,000, inclusive of the total cost of repair and replacement up to that \$25,000 threshold. Such an 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 to associations (and subsidization of payment of some of the balance of higher deductibles as a common expense by the rest of the owners).

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

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

Page 4, Senate Bill 747
Community Associations Institute

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, or Robin Manougian, Member and Insurance Sub-Committee Chair of the MD-LAC, at (240) 401-0855, or by e-mail at rcmanougian@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, or Igor Conev, Chair of the MD-LAC, at (443) 614-2787, or by e-mail at 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

cc: Senator Mike McKay

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.

WRITTEN TESTIMONY OF STEVE LEVEN ON SB 747 (with H

Uploaded by: Steve Leven

Position: FWA

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

From: Steve Leven
410-241-4019
sleven@comcast.net

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).

Contents:

[Current Bill – as originally submitted - OPPOSED](#)

[Rationale](#)

[Amendment to the Bill – IN FAVOR](#)

[Condo Insurance Background](#)

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 amount¹.

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.

Steve Leven, president
2700/2800 Stonecliff Condominium Association, Inc.
2700 Stone Cliff Drive Unit 313
Baltimore, MD 21209
410-241-4019
sleven@comcast.net

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

¹ 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 1st 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

By: **Delegate Holmes**

Introduced and read first time: January 23, 2026

Assigned to: Economic Matters

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.

State Farm Testimony on SB747 (Condo Mandatory Ins

Uploaded by: Marta Harting

Position: UNF

STATE FARM INSURANCE COMPANIES

Senate Bill 747 (Condominiums – Mandatory Insurance Coverage)

Position: Opposed

State Farm opposes Senate Bill 747 because it will unnecessarily increase the insurance premiums that unit owners must pay to insure their units and eliminate their ability to make coverage elections on their own behalf that match the risk they are looking to insure.

SB747 will require many customers to be overinsured, paying higher premiums for insurance they don't want or need. It also reduces an insurer's ability to offer lower-limit, lower-premium options to consumers. A "one size fits all" insurance scheme is not appropriate in a market in which insurance needs are varied.

The bill would require high, mandatory minimum coverages that exceed the basic limits of a standard, unendorsed ISO HO-6 policy, contributing to the affordability issues already being experienced in the State. Further, the bill allows the condo association to require unit owners to maintain coverage amounts in excess of the already-high mandatory minimums in the bill.

Here are key differences between requirements of SB747 and the ISO HO6 form used by many insurers for condo insurance:

Coverage Area	HB469 Requirement	Standard ISO HO-6 Form (Basic/Typical)
Personal Liability	Minimum of \$500,000	Varies, often starts at \$100,000 or \$300,000; highly customizable. (State Farm also varies depending on customer request)
Loss Assessment	Minimum of \$25,000	Standard limit is typically \$1,000 , requires endorsement for higher limits.
Loss of Use (ALE)	Minimum of 12 months alternate housing	Typically, a percentage of Coverage C (Personal Property); duration not explicitly guaranteed.

Deductible Coverage	Must cover the Council of Unit Owners' property insurance deductible	Requires specific loss assessment coverage (often \$1k limit) to cover the <i>owner's share</i> of the master
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If SB747 becomes law, State Farm will no longer be able to offer the same condo unit owners policy in Maryland that we offer in other states. Creating state exceptions increases costs because it will require updating of systems and processes to offer a state-specific product. This inconsistency may also cause some insurers to leave the condo insurance market or prevent new or smaller insurers from entering that market, thus reducing competition and creating availability issues

Further, the requirement that condo associations “force-place” an insurance policy on any unit owner that does not comply with the insurance requirement will inevitably result in an increase in inquiries and complaints to the insurance company from unit owners who are unhappy with having been forced to pay for a policy that they do not want. This will also add to the increased administrative costs and risk to insurers that will result from this bill.

Lastly, the effective date of October 1, 2026 in the bill is unworkable SB747 would require insurers to rewrite their policy forms and file them for approval with the Maryland Insurance Administration, send notices of change in terms to customers, bill customers for the increase premiums, create new rating structures, file for and receive approval of the new rates and update their systems and processes to accommodate what is essentially a new insurance product. Accordingly, State Farm requests a delayed effective date of January 1, 2028 to allow sufficient time to implement this legislation.

SB 747 Letter of Concern.pdf

Uploaded by: Karen Straughn

Position: INFO

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March 5, 2026

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

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 747 – Condominiums – Mandatory Insurance Coverage (LETTER OF CONCERN)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony concerning Senate Bill 747 submitted by Senator Mike McKay. 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. The bill also permits associations to increase the amounts of coverage that unit owners are required to maintain. 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 recognize the importance of maintaining insurance in the event of a loss, we recommend an amendment to remove the ability of associations to raise the mandatory minimums, 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, many 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 provision allowing the governing documents to mandate higher limits be removed. State mandated minimums strike a balance between protecting the building and other owners while keeping costs affordable and predictable. However, higher limits increase individual costs and may result in unit owners being unable to afford the insurance policy. Providing an association with an unlimited ability to set mandatory insurance coverage amounts could create a hardship for some owners.

For these reasons, we wanted to provide information to the Judicial Proceedings Committee regarding our limited concerns.

cc: The Honorable Mike McKay
Members, Judicial Proceedings Committee