



Maryland

INSURANCE ADMINISTRATION

CONSUMER ADVISORY

CONDOMINIUM MASTER POLICY COVERAGE AND COVERAGE FOR RESIDENTIAL DETACHED CONDOMINIUM UNITS

Effective October 1, 2023

The Maryland General Assembly this past legislative session enacted House Bill 98, which, effective October 1, 2023, makes changes to the Real Property Article of the Annotated Code of Maryland relating to insurance required by the council of unit owners of a condominium and the owners of residential detached condominium units. See Md. Acts 2023, Ch. 186 and <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0098>.

Maryland law requires the Council of Unit Owners to maintain property insurance on the common elements^[1] as well as for all attached or multi-family units, exclusive of improvements and betterments^[2] installed in units by the unit owners. This insurance policy is generally referred to as the master policy. The cost of the policy is a common expense of the Condo Association. As of October 1, the law will no longer require coverage of a residential detached unit under this master policy.

If the council does not voluntarily provide coverage to the owner of a residential detached unit, the unit owner of a detached unit will need to obtain a homeowners insurance policy, such as an HO2 or HO3. The unit owner of a detached policy should speak with their insurance producer (agent or broker) or their insurance company to purchase a homeowners policy.

[1] The description of the common elements shall include the following improvements to the extent that the improvements are shared by or serve more than one unit or serve any portion of the common elements:

- A. Roofs;
- B. Foundations;
- C. External and supporting walls;
- D. Mechanical, electrical, and plumbing systems;
- E. Other structural elements.

[2] Improvements and betterments are upgrades or additions installed in units by unit owners.

[3] If the council of unit owners' property insurance deductible amount exceeds the \$10,000, the excess is a common expense.

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Under existing law, 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, if any, not to exceed \$10,000. 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; and
- B. The amount of the deductible.

For additional information regarding homeowners insurance or condominium master policy coverage, please visit our website at www.insurance.maryland.gov.

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Website:

Homeowners and Renters Insurance



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