

Department of Legislative Services  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 747

(Senator McKay)

Judicial Proceedings

Economic Matters

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**Condominiums - Unit Owner Responsibility for Damage or Destruction and  
Mandatory Insurance Coverage**

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This bill requires unit owners in residential condominiums, subject to limited exception, to maintain certain insurance coverage that meets specified requirements. The bill also alters the liability of a unit owner when damage to the condominium originates from the owner's unit. Further, the bill (1) requires unit owners to provide proof of the insurance to the council of unit owners annually and upon request and (2) removes the limitation for the governing body to only *annually* assess owners responsible for damage. The absence of insurance coverage required under the bill does not limit an owner's responsibility for damages, as specified. **The bill takes effect October 1, 2027.**

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State finances or operations.

**Local Effect:** The bill is not anticipated to materially affect local government finances or operations.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary/Current Law:** Generally, the Maryland Condominium Act (MCA) and the applicable governing documents (bylaws, rules, etc.) govern and regulate the operation and administration of condominiums in the State. MCA authorizes the bylaws of a condominium to require each unit owner to maintain a condominium unit owner insurance policy on the unit. If the bylaws require each unit owner to maintain unit

owner insurance, the bylaws must also require each unit owner to provide evidence of the insurance coverage to the governing body on an annual basis.

### *Insurance Policies Held by the Governing Body*

MCA specifies that no later than the first conveyance of a condominium unit to a person other than the developer, the council of unit owners must maintain, to the extent reasonably available:

- property insurance in amounts determined by the council of unit owners, but no less than any amount specified in the declaration or bylaws (1) for attached, multifamily dwelling units, or detached units located within a condominium not composed entirely of similarly detached units, on the common elements and units, exclusive of improvements and betterments installed in units by unit owners other than the developer and (2) for detached units located within a condominium composed entirely of similar detached units, on the common elements only; and
- comprehensive general liability insurance, as specified.

Under current law, if any portion of the common elements and the units (generally exclusive of improvements/betterments installed in the units by owners) is damaged or destroyed, it must promptly be repaired or replaced by the council of unit owners unless (1) the condominium is terminated; (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (3) 80% of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

Generally under current law, the cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds. When damage or destruction within the condominium originates from a unit, the owner of that unit is responsible for the council of unit owners' property insurance deductible, up to a maximum of \$10,000. The bill alters this limitation and instead establishes that the owner is responsible for the least of (1) the total costs of the repair or replacement; (2) the amount of the council of unit owners' property insurance deductible, as specified in the council's property insurance policy; or (3) \$25,000.

Existing statute requires that unit owners be informed annually in writing of their responsibility for the council of unit owners' property insurance deductible and the deductible's amount. The bill makes conforming changes to this notice requirement to generally incorporate the new liability of unit owners under the bill.

## *Condominium Unit Owner's Property Insurance – Responsibility*

The bill's insurance requirements for owners only apply to condominiums intended entirely for residential use and do not apply to detached units of a condominium composed entirely of similar detached units. The insurance policy required under the bill must include:

- coverage for the council of unit owners' property insurance deductible or a portion of the deductible, as specified;
- loss assessment coverage of at least \$25,000; and
- dwelling or building property coverage of at least the greater of (1) \$25,000 or (2) the amount necessary to repair and replace improvements and betterments made by the current owner or acquired from any previous owner other than the developer and upgrades conveyed to the unit owner that the owner is responsible for insuring under the bylaws.

The bill also (1) authorizes the bylaws of a condominium to require a unit owner to maintain an insurance policy with coverage in excess of that required under the bill and (2) specifies that an insurance policy issued to the council of unit owners does not prohibit a unit owner from obtaining additional insurance for the owner's benefit.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 1541 of 2025.

**Designated Cross File:** HB 469 (Delegate Holmes) - Economic Matters.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 20, 2026  
jg/jkb Third Reader - March 31, 2026  
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