



## **Consumer Advisory: Condominiums – Increase in Deductible for Owners**

As of October 1, 2020

Condominium owners and their units are typically covered by two different types of insurance policies. The first is the master policy. Maryland law requires your Condominium Association or Homeowner's Association ("the Association") to obtain this policy. The cost of the policy is a common expense of the Association.

The master policy provides coverage for the structures and common areas against risks of direct physical loss commonly insured against. The policy has a deductible like a homeowners policy. 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 Association's master policy deductible is a common expense of the Association.

If the cause of any damage to – or destruction of – any portion of the condominium originates from within a unit, the owner of the unit where the cause of the damage or destruction originated may be responsible for all or a portion of the Association's master policy deductible expense. Prior to October 1, 2020, the unit owner could not be held responsible by the Association for more than \$5,000 of the master policy deductible amount. As of October 1, 2020, this maximum amount has been increased to \$10,000.

The Association shall inform each unit owner annually in writing of the unit owner's responsibility for the master policy deductible and the amount of the deductible.

The second type of policy is the unit owner's policy, which is purchased by the unit owner. This type of policy provides coverage for contents and personal belongings, additions, alterations and betterments, liability coverage and additional living expenses following a covered loss. This type of policy typically provides limited coverage for loss assessments made by the Association against all unit owners for losses arising from a peril. Unit owners can check with their insurer or insurance producer (also known as an agent or broker) to determine how much loss assessment coverage they currently have and how much it will cost to purchase a higher limit. It is also a good idea to ask your insurer or insurance producer if your policy will provide coverage for up to \$10,000 of

the master policy deductible expense if a covered loss under the master policy originates from your unit.

For further information, please visit our website at [www.insurance.maryland.gov](http://www.insurance.maryland.gov) or our Facebook page at [www.facebook.com/MdInsuranceAdmin](https://www.facebook.com/MdInsuranceAdmin). You may also contact us at 410-468-2000 or 1-800-492-6116.