

# UNLIMITED PROPERTY MANAGEMENT, INC.

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## IMPORTANT NOTICE

### CONDOMINIUM MASTER INSURANCE POLICY DEDUCTIBLE INCREASE

During the 2020 Maryland legislative session, House Bill 108 and Senate Bill 175 were introduced to **increase** a condominium unit owner's deductible responsibility from \$5,000 to \$10,000 if a casualty (insurance) loss originates in a unit or from a component that services only one unit. The bills were overwhelmingly approved in the House and Senate and will become law October 1, 2020.

Currently, if an insurance loss originates inside your unit, the most you can be responsible for is \$5,000 towards the master condominium insurance deductible. This is regardless of the actual master policy deductible amount.

***The new law that goes into effect October 1, 2020 increases that responsibility to \$10,000.*** This will likely result in an increase in your condominium master insurance policy deductible once the new laws go into effect.

***It is strongly recommended that you contact your personal HO-6 insurance carrier to have the increased deductible responsibility covered under that policy.*** This is described as "Building Property Coverage" and should include at least \$10,000 to cover the increased master policy deductible limit plus the replacement value of your personal property and any upgrades/improvements/betterments not covered by the master policy. This will ensure that in the event of an insurance loss originating from your unit or from a component that services only your unit, your personal HO-6 insurance policy will cover the cost of the master insurance policy deductible as well as the replacement value of your personal belongings and any upgrades you have made to your unit that are not covered by the condominium master insurance policy. Otherwise, you will be out of pocket for the entire cost (or remaining balance if your coverage is inadequate) of the master insurance policy deductible.

An owner can only be held responsible for the master insurance policy deductible regardless of amount. If your association opts to retain a lower deductible amount, you would only be responsible for the lower deductible amount. If your association's master insurance policy deductible is higher than \$10,000, you can only be held responsible for the first \$10,000 and the remainder is a common expense of the condominium association.

Please note that our office is not able to provide insurance advice and we strongly encourage you to reach out to your HO-6 insurance carrier with questions related to the new laws that go into effect October 1, 2020 and how you will be affected.

Thank you.