



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 117

Testimony by Delegate Vaughn Stewart

January 18, 2022 • Environment and Transportation Committee

HB117 corrects what appears to be an oversight in state law by extending an existing section of the HOA Act and the Condominium Act to the Co-Op Act. This bill allows the boards of housing cooperatives to require co-op members to purchase an insurance policy.

A housing cooperative or “co-op” is a type of residential housing option. A co-op is a corporation whereby the owners do not own their units outright; instead, each resident is a shareholder in the corporation based in part on the relative size of the unit that they live in.

Co-op boards should be able to require proof of insurance for two reasons. First, this bill would help to resolve conflicts between co-op members, and between a member and the building. When conduct by one shareholder causes damage to another shareholder, or to the building (the most frequent instance being a leak), the conflict is more easily resolved if the shareholder responsible for the damages does not have to personally come out-of-pocket to reimburse for the damages, and the damages can be resolved by an insurance company.

Second, this bill helps to ensure the solvency of cooperative associations. Most associations cannot afford the astronomical cost of a master policy that incorporates individual units, including damages to televisions, clothing, wallpaper, and carpeting. And yet, if a shareholder lacks both insurance and the financial means to cover any damages emanating from their unit, the association—and therefore all other shareholders—will ultimately be on the hook for the cost.

This bill is a common-sense amendment to the Co-Op Act that the General Assembly has already adopted for both the HOA Act and the Condominium Act. I urge a favorable report.