

COUNCIL OF UNIT OWNERS
Rock Creek Gardens Condominium
Silver Spring, Maryland
COMMUNITY RULES AND REGULATIONS

<i>Rule No.</i>	<i>Title</i>	<i>Effective Date:</i>	<i>Page</i>	<i>No of pages</i>
14	Insurance Requirements	07/11/2019	1	2
<i>Bylaw Reference(s)</i>		<i>Maryland Condominium Act Reference(s)</i>		
Articles XIII and XIV		Sections 11-104(e)(2)(ii); 11-111(d), 11-114; 11-114.1; 11-114.2		

14-1. PURPOSE

This rule identifies types and amounts of commercial [insurance](#) that must be purchased and maintained by both the [Council of Unit Owners](#) and individual unit owners. It does not address the receipt, control, and use of insurance proceeds that may be paid to the Council of Unit Owners in the event of loss, damage, or destruction of any part of the [general common elements](#), which is separately addressed in Article XII of the [Bylaws](#).

14-2. POLICY

- a. The Council of Unit Owners is responsible for the repair, rehabilitation, or replacement of any and all parts of the general common elements that are lost, damaged, or destroyed because of a casualty caused by fire, structural failure, natural disaster, and other hazard.
- b. The Council of Unit Owners is also responsible for the repair, rehabilitation, or replacement of dwelling [units](#), except for installed betterments and improvements, which are damaged or destroyed because of a casualty. Betterments and improvements include interior contents such as appliances, electronic equipment, cabinetry, furniture, carpeting, draperies, lighting fixtures, heat pumps, and the like.
- c. As allowed by state law and stipulated in the Bylaws, unit owners are responsible for the first \$10,000 of the master casualty insurance policy deductible carried by the Council of Unit Owners, provided that the damage to or destruction of any unit(s) or any part of the general common elements was caused by or originated within an owned unit.
- d. In addition to recovering the insurance deductible, the Council of Unit Owners may seek to recover additional damages as allowed by state law from any unit owner within whose unit the casualty originated if there is reason to believe that the casualty resulted from neglect, any wanton or reckless act, or any violation of the Bylaws or rules and regulations committed by any resident of the owned unit in which the casualty originated.
- e. Owners of units where a casualty loss was found to originate are wholly liable for payment of the deductible amount specified above and any additional damages awarded by a court, even if the loss was caused by the actions, neglect, or omissions of a tenant. Unit owners may subsequently recover against a tenant as provided for in state law.
- f. Copies of the certificate of insurance for the condominium master policy are available on request from the insurance agency listed in the [community directory](#). Evidence of insurance coverage for all or parts of the [general common elements](#) are frequently required by lenders, insurance carriers, and others. Additionally, original insurance documents may be inspected upon advance request to the [on-site office](#).
- g. Should the property or general liability insurance be terminated for any reason, the [Board of Directors](#) will provide written notice to each unit owner within 10 days of the termination date.

Rule No.	Title	Page	No of pages
14	Insurance Requirements	2	2
<p>14-3. COUNCIL OF UNIT OWNERS INSURANCE REQUIREMENTS</p> <p>The Board of Directors shall purchase and maintain, on behalf of the Council of Unit Owners and at common expense, the following forms of insurance:</p> <ol style="list-style-type: none"> a. Property and casualty insurance, including all endorsements specified in the Bylaws, in an amount equal to the full replacement value of the general common elements, less land, foundations, and excavations, to protect against losses resulting from fire, structural failure, natural disasters, and other hazards. b. General liability insurance, including all endorsements specified in the Bylaws, with a coverage amount of not less than \$1 million to indemnify the Council of Unit Owners against illness, personal injury, medical expenses, and other claims resulting from the operation, maintenance, or use of the general common elements. c. Directors' and Officers' liability insurance (also known as a legal expense indemnity endorsement) in an amount of not less than \$1 million to indemnify members of the Board of Directors against claims resulting from the good faith performance of their duties. d. Worker's compensation insurance for direct employees of the Council of Unit Owners in the amount prescribed by state law. e. Fidelity bonds (also known as fidelity insurance) in the amount of \$3 million or the value of three months' gross annual assessments, plus the total amount held in bank and investment accounts at the time the coverage is purchased, whichever is less, for all officers, directors, employees, agents, and others involved in the handling and management of the funds of the Council of Unit Owners. <p>14-4. INDIVIDUAL UNIT OWNER INSURANCE REQUIREMENTS</p> <ol style="list-style-type: none"> a. Unit owners are required by the Bylaws to obtain and maintain, at personal expense, casualty insurance in an amount that, at a minimum, satisfies the \$10,000 deductible described in Paragraph 14-2(c), commonly known as Form HO-6, which is available from any insurance carrier or agent licensed in Maryland. b. Each unit owner is required to provide current proof of the required minimum insurance coverage as part of the annual community census described in Rule 5. Parking permits and pool passes will not be issued unless suitable proof of insurance is produced. <p>14-5. INSURANCE COVERAGE FOR TENANTS</p> <p>Unless otherwise specified in the lease documents, tenants are encouraged, but not required, to obtain personal articles coverage to protect against loss, damage, or destruction of personal property maintained within a leased unit, as well as personal liability coverage to protect against acts or omissions by a tenant occupying a leased unit. Various levels of coverage are available from insurance carriers or agents licensed to operate in Maryland.</p>			