Government of the District of Columbia
Office of the Chief Financial Officer

**Glen Lee**
Chief Financial Officer

**MEMORANDUM**

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| **TO:** | **The Honorable Phil Mendelson**<br>**Chairman, Council of the District of Columbia** |
| **FROM:** | **Glen Lee**<br>**Chief Financial Officer** |
| **DATE:** | **November 4, 2026** |
| **SUBJECT:** | **Fiscal Impact Statement – Condominium Insurance Amendment Act of 2025** |
| **REFERENCE:** | **Bill 26-495, Draft Committee Print as provided to the Office of Revenue Analysis on August 26, 2026** |

## Conclusion

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

## Background

The Condominium Act of 1976 (Act)[1] is a set of laws that governs the creation, operation, and management of condominium associations in the District. It outlines the legal framework that developers, boards, and unit owners must follow to maintain compliance. The Act provides clarity on ownership rights, board responsibilities, budget processes, disclosure obligations, and rules related to the common elements of a property and grants associations the authority to manage and maintain common elements, enforce rules, and make decisions on behalf of the association.[2]

When the cost for a master insurance policy rises for condominiums, associations generally pass these increases on to unit owners through higher fees or special assessments. The bill raises the deductible that can be recovered from a unit owner when damage originates in that owner's unit. Currently, an individual unit owner is responsible for the first $5,000 of the deductible, with any remaining amount covered by the association's master insurance policy and shared by all owners, regardless of where the damage occurred. The bill changes this process by increasing the deductible

[1] Effective March 29, 1977 (D.C. Law 1-89; D.C. Official Code § 42–1901.01 et. seq.).
[2] Subchapter III, Chapter 19, Title 42.

responsibility from $5,000 to $25,000 and allowing the association to assign the deductible directly to the owner of the unit where the loss began. The affected owners would use their own condominium unit insurance policies to settle claims, rather than relying on the association's master policy.

District law[3] requires a unit owners' association that has obtained an insurance policy to promptly notify all unit owners of any changes to or termination of the policy.[4] Individual unit owners are required to obtain to the extent reasonably available condominium owner's insurance that must include at least $10,000 in dwelling/property coverage and at least $300,000 in personal liability coverage[5]. The bill amends the policy requirements to include:

- At least $25,000 in dwelling or building property coverage, or a higher amount sufficient to cover any improvements, upgrades, alterations, or additions the owner is responsible for under the condominium's bylaws;
- Adequate coverage to repair or replace the owner's personal property;
- At least $500,000 in personal liability coverage;
- Additional living expense or loss-of-use coverage sufficient to provide alternative housing for at least 12 months after a covered event;
- At least $25,000 in loss assessment coverage; and
- Coverage for the association's property insurance deductible or any portion the owner is responsible for.

The bill requires all insurance policies obtained by unit owners include a waiver of subrogation regarding the unit owners' association and its insurance policies. A waiver of subrogation is a provision in which one party agrees to waive their right to seek reimbursement from the other party for losses or damages covered by insurance. It prevents an insurance company from suing or seeking financial reimbursement after a claim is paid out. Further, each unit owner must provide proof of insurance to the association every year, or more often if requested. If a unit owner does not obtain or maintain the required coverage, the bill authorizes an association to purchase a policy on the unit owner's behalf; allows for any deductible payments to be payable to the association; and for the insurance premium amount to be billed to the unit owner as an assessment.

Current law[6] requires condominium bylaws specify what insurance coverage and limits apply to common elements, and indicate who is responsible for paying any insurance deductible, and specifies:

- If damage originates in the common elements, the association's property insurance deductible is a common expense.
- If damage originates in a unit and the bylaws do not designate who pays the deductible, the unit owner where the damage originated is responsible for no more than $5,000 of the

[3] D.C. Official Code § 42–1903.10(a).
[4] The officer who normally sends meeting notices is responsible for sending these insurance notices, pursuant to D.C. Official Code § 42-1903.03.
[5] The executive board may raise these minimum coverage amounts, as long as the increase is approved at a properly noticed meeting.
[6] D.C. Official Code § 42–1903.10(j).

association's deductible.[7] The deductible amount or any uncovered loss[8] may be assessed to that unit.

The bill amends the law[9] to require condominium bylaws specify what insurance coverage and limits apply to common elements and specifies:

- If damage originates in a unit, the unit owner is responsible for the association's property insurance deductible or any uncovered loss, up to $25,000[10], unless the governing documents allow or require a higher amount.
- If damage originates from the common elements or from outside the building, the association's insurance deductible is treated as a common expense.
- Any deductible or uncovered loss up to $25,000 that a unit owner is responsible for must be assessed to that owner's unit.
- If a loss affects multiple units and the insurance policy applies a per-unit deductible, each affected unit owner must pay the deductible for their own unit, up to $25,000.

**Financial Plan Impact**

Funds are sufficient in the fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill. The bill increases the deductible a condominium unit owner must pay when damage originates in their unit from $5,000 to $25,000 and allows associations to assign this deductible directly to the responsible owner. The bill also raises minimum insurance requirements for unit owners, including higher dwelling, liability, loss-of-use, and loss-assessment coverage; and requires policies to include a waiver of subrogation and unit owners to provide proof of insurance to the association every year. Lastly, the bill requires condominium bylaws to specify what insurance coverage and limits apply to common elements.

The Department of Insurance, Securities and Banking (DISB) regulates financial-service businesses, including insurance companies, insurance producers and captive insurance companies, by administering applicable insurance, securities and banking laws, rules, and regulations. The Department of Housing and Community Development (DHCD) administers the Act primarily through its Rental Conversion and Sale Division by regulating condominium formation and registration of condominium units before a developer may offer units to interested buyers, including overseeing the Structure Defect Warranty Claim Program.

The bill's requirements apply to private condominium associations and unit owners and do not require resources of DISB or DHCD.

[7] Provided that the unit owners' association affords notice to unit owners of this responsibility before the damage is caused.
[8] Up to $5,000.
[9] D.C. Official Code § 42–1903.10(j).
[10] Either in the aggregate or per unit.