

2026 -- S 2896 SUBSTITUTE A

LC005233/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO PROPERTY -- CONDOMINIUM OWNERSHIP

Introduced By: Senators McKenney, Bissailon, Appollonio, Famiglietti, and Murray

Date Introduced: March 04, 2026

Referred To: Senate Housing & Municipal Government

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 34-36-29 of the General Laws in Chapter 34-36 entitled
2 "Condominium Ownership" is hereby amended to read as follows:

3 **34-36-29. Insurance.**

4 (a) ~~The manager, management committee, or association of unit owners, if required by the~~
5 ~~declaration, bylaws, or by a majority of the unit owners, or at the request of a mortgagee having a~~
6 ~~first mortgage of record covering a unit, shall have the authority to, and shall, obtain insurance for~~
7 ~~the property against loss or damage by fire and other hazards under the terms and for amounts as~~
8 ~~shall be required or requested. Insurance coverage shall be written on the property in the name of~~
9 ~~the manager, management committee, or association of unit owners, as trustee for each of the unit~~
10 ~~owners in the percentages established in the declaration. Premiums on insurance shall be common~~
11 ~~expenses. Provision for insurance shall be without prejudice to the right of each unit owner to insure~~
12 ~~his or her own unit for his or her benefit. Provided, however, a unit's owners insurance policy shall~~
13 ~~become the primary insurance policy with respect to any loss covered by the association's policy~~
14 ~~but not payable under the association's policy because of the application of the deductible. The~~
15 provisions of § 34-36.1-3.13, as amended, shall apply.

16 (b) In the event a unit owner sustains damage to their unit as a result of an event that is
17 covered under the insurance coverage purchased in accordance with subsection (a), then, upon
18 written request to the condominium association, the unit owner shall be entitled to a written copy
19 from the condominium association of the insurance company damage appraisal, or any damage

1 appraisal in regard to damage to the owner's unit, within fourteen (14) calendar days of the date of
2 the unit owner's request, or within fourteen (14) days of the association's receipt of the damage
3 appraisal, whichever is later. If coverage for the damage to a unit is denied for any reason, or is
4 deemed to be valued below the policy deductible, then the unit owner shall also be entitled to
5 receive, from the association, a copy of the letter detailing the determination.

6 SECTION 2. Sections 34-36.1-1.02 and 34-36.1-3.13 of the General Laws in Chapter 34-
7 36.1 entitled "Condominium Law" are hereby amended to read as follows:

8 **34-36.1-1.02. Applicability.**

9 (a)(1) This chapter applies to all condominiums created within this state after July 1, 1982,
10 except that any condominium created within this state prior to July 1, 1982, may voluntarily accept
11 the provisions of this chapter in lieu of the provisions under which it was originally organized.
12 Acceptance shall be evidenced by an agreement in writing executed by and in behalf of the
13 condominium association and by all of the owners of all of the individual condominium units within
14 the condominium, in which agreement it is clearly stated that they all accept the provisions of this
15 chapter in lieu of those in the statute under which the condominium was organized and wish to be
16 governed in the future by the provisions of this chapter. The agreement shall be recorded in the
17 land evidence records of each and every town or city where all or any part of the land in the
18 condominium concerned may be located and shall become effective when first so recorded. The
19 acceptance shall only apply to the governance of the condominium concerned as to all matters
20 which are prospective or executory in nature; and nothing herein shall be deemed to abrogate,
21 amend, limit, effect, or impair the continued effectiveness, legality, or validity of all actions
22 lawfully taken by or in behalf of the condominium prior to the effective date of the acceptance,
23 including, but without limitation, the condominium declaration and all amendments thereto, the by-
24 laws of the condominium and/or of its association, all deeds, mortgages, leases, and any further
25 documents affecting the titles or rights of unit owners, or of the condominium or the prior lawful
26 acts or deeds of any kind, of the condominium association, its officers, directors, or members.

27 (2) Sections 34-36.1-1.05 (separate titles and taxation), 34-36.1-1.06 (applicability of local
28 ordinances, regulations, and building codes), 34-36.1-1.07 (eminent domain), 34-36.1-2.03
29 (construction and validity of declaration and bylaws), 34-36.1-2.04 (description of units), 34-36.1-
30 2.19(b) (mortgage approval), 34-36.1-3.02(a)(1) — (6) and (11) — (17) (powers of unit owners'
31 association), 34-36.1-3.06(c) — (d) (bylaws), 34-36.1-3.08 (meetings and notice), 34-36.1-3.11
32 (tort and contract liability), 34-36.1-3.13~~(d) and (k) (unit owner responsibility for master policy~~
33 ~~deductibles)~~ ([insurance](#)), 34-36.1-3.16 (lien for assessments), 34-36.1-3.18 (association records),
34 34-36.1-4.09 (resale of units), and 34-36.1-4.17 (effect of violation on rights of action; attorney's

1 fees), § 34-36.1-3.20 (enforcement of declaration, bylaws and rules), and 34-36.1-1.03
2 (definitions), to the extent necessary in construing any of those sections, apply to all condominiums
3 created in this state before July 1, 1982; but those sections apply only with respect to events and
4 circumstances occurring after July 1, 1982, and do not invalidate existing provisions of the
5 declaration, bylaws, plats, or plans of those condominiums.

6 (3) A condominium created as an additional phase by amendment of a condominium
7 created prior to July 1, 1982, if the original declaration contemplated the amendment, shall be
8 deemed to be a condominium created prior to July 1, 1982; provided, however, the provisions of
9 subdivision (a)(2) shall apply as defined therein.

10 (4) Section 34-36.1-3.21 (foreclosure of condominium lien) applies, with respect to all
11 condominiums created in this state prior to June 19, 1991, only with respect to events and
12 circumstances occurring after June 18, 1991, does not invalidate existing provisions of the
13 declarations, bylaws, plats, or plans of those condominiums, and applies in all respects to all
14 condominiums created in this state after June 18, 1991.

15 (b) The provisions of the Condominium Ownership Act, chapter 36 of this title, do not
16 apply to condominiums created after July 1, 1982, and do not invalidate any amendment to the
17 declaration, bylaws, plats, and plans of any condominium created before July 1, 1982, if the
18 amendment would be permitted by this chapter. The amendment must be adopted in conformity
19 with the procedures and requirements specified by those instruments and by chapter 36 of this title.
20 If the amendment grants to any person any rights, powers, or privileges permitted by this chapter,
21 all correlative obligations, liabilities, and restrictions in this chapter also apply to that person.

22 (c) This chapter does not apply to condominiums or units located outside this state, but the
23 public offering statement provisions (§§ 34-36.1-4.02 — 34-36.1-4.07) apply to all contracts for
24 the disposition thereof signed in this state by any party unless exempt under § 34-36.1-4.01(b).

25 **34-36.1-3.13. Insurance.**

26 (a) Commencing not later than the time of the first conveyance of a unit to a person other
27 than a declarant, the association shall maintain, at a minimum, to the extent reasonably available:

28 (1) Property insurance on the common elements insuring against all risks of direct, physical
29 loss commonly insured against ~~or, in the case of a conversion building, against fire and extended~~
30 ~~coverage perils.~~ The association shall also maintain insurance on the units as originally built or on
31 the units including improvements and betterments added by unit owners if required in the
32 declaration or bylaws. The total amount of insurance after application of any deductibles shall be
33 not less than eighty percent (80%) of the actual cash value of the insured property at the time the
34 insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and

1 other items normally excluded from property policies; and

2 (2) Liability insurance, including medical payments insurance, in an amount determined
3 by the executive board, but not less than any amount specified in the declaration, covering all
4 occurrences commonly insured against for death, bodily injury, and property damage arising out
5 of, or in connection with, the use, ownership, or maintenance of the common elements and any
6 property owned or leased by the association.

7 ~~(b) In the case of a building containing units having horizontal boundaries described in the
8 declaration, the insurance maintained under subdivision (a)(1), to the extent reasonably available,
9 shall include the units, but need not include improvements and betterments installed by unit owners.~~

10 ~~(e)~~(b) If the insurance described in ~~subsections (a) and (b)~~ subsection (a) of this section is
11 not reasonably available, the association promptly shall cause notice of that fact to be hand
12 delivered or sent prepaid by United States mail to all unit owners.

13 (c) The declaration may require the association to carry any other insurance, and the
14 association in any event may carry any other insurance it deems appropriate to protect the
15 association or the unit owners.

16 (d) Insurance policies carried pursuant to subsection (a) must provide that:

17 (1) Each unit owner is an insured person under the policy with respect to liability arising
18 out of the owner's interest in the common elements or membership in the association;

19 (2) The insurer waives its right to subrogation under the policy against any unit owner or
20 member of the owner's household;

21 (3) No act or omission by any unit owner, unless acting within the scope of his or her
22 authority on behalf of the association, will void the policy or be a condition to recovery under the
23 policy; and

24 (4) If, at the time of a loss under the policy, there is other insurance in the name of a unit
25 owner covering the same risk covered by the policy, the association's policy provides primary
26 insurance. Provided, however, a unit owner's insurance policy shall become the primary insurance
27 policy with respect to any amount of loss to their unit covered by the association's policy but not
28 payable under the association's policy because of the application of the deductible. If a unit owner
29 fails to comply with obligations pursuant to subsection (k) of this section, the unit owner shall have
30 the obligation for expenses related to the owner's unit after a unit loss in the amount of the
31 deductible of the association property insurance applicable to the unit. The association shall provide
32 written notice to the unit owners setting forth the amount of deductible for the association property
33 insurance for their units at least thirty (30) days after notice to the association by the insurance
34 carrier of any change in the association property insurance deductible. The notice shall include a

1 statement asserting the unit owner's legal obligation to notify its mortgagee of the change in any
2 deductible.

3 (i) If the covered loss is solely to the common elements, the amount of the loss up to the
4 association's deductible amount and any amount remaining unpaid after the payment(s) from the
5 association's policy, shall be a common expense.

6 (ii) If the covered loss is solely to one unit and there is one singular deductible for the
7 association's policy applicable to such loss, the amount of the loss up to the association's deductible
8 amount and any amount remaining unpaid after the payment(s) from the association's policy, shall
9 be the responsibility of the owner of said unit.

10 (iii) If the covered loss is to one or more units and there is a 'per unit' deductible applicable
11 to such loss, the amount of the loss up to the association's per unit deductible amount assigned to
12 each unit and any amount remaining unpaid after the payment(s) from the association's policy for
13 damage sustained to that unit, shall be the responsibility of the owner of said unit(s).

14 (iv) In the event that there is a covered loss to more than one unit or a covered loss to a
15 unit(s) and the common elements and there is one singular deductible for the association's policy
16 applicable to such loss, the association's policy deductible shall be apportioned to and borne by the
17 unit(s) and the association, if applicable, in the same proportion as applies to the amount of the
18 damages to or among such units and the common elements with respect to such loss and any
19 amounts remaining unpaid after the payment(s) from the association's policy for damage sustained
20 to that unit or common elements, shall be the responsibility of the owner of said unit(s),
21 respectively, and a common expense with respect to the common elements.

22 (v) In the event that there is a covered loss to one or more units and a covered loss to the
23 common elements, and there is a "per unit" deductible and "per occurrence" deductible for the
24 association's policy applicable to such loss, the amount of the loss up to the association's per unit
25 deductible amount assigned to each unit and any amount remaining unpaid for those unit(s) after
26 the payment(s) from the association's policy for damage sustained to that unit, shall be the
27 responsibility of the owner of said unit(s) and the amount of the loss up to the association's per
28 occurrence deductible amount and any amount remaining unpaid for the common elements after
29 the payment(s) from the association's policy shall be a common expense.

30 (e) Any loss covered by the property policy under subdivision (a)(1) and subsection (b)
31 must be adjusted with the association, but the insurance proceeds for that loss are payable to any
32 insurance trustee designated for that purpose, or otherwise to the association, and not to any
33 mortgagee or beneficiary under a deed of trust. The insurance trustee or the association shall hold
34 any insurance proceeds in trust for unit owners and lien holders as their interests may appear.

1 Subject to the provisions of subsection (h), the proceeds must be disbursed first for the repair or
2 restoration of the damaged property, and unit owners and lien holders are not entitled to receive
3 payment of any portion of the proceeds unless there is a surplus of proceeds after the property has
4 been completed, repaired or restored, or the condominium is terminated.

5 (f) An insurance policy issued to the association does not prevent a unit owner from
6 obtaining insurance for his or her own benefit.

7 (g) An insurer that has issued an insurance policy under this section shall issue certificates
8 or memoranda of insurance to the association and, upon written request, to any unit owner,
9 mortgagee, or beneficiary under a deed of trust. The insurer issuing the policy may not cancel or
10 refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has
11 been mailed to the association, each unit owner, and each mortgagee or beneficiary under a deed
12 of trust to whom a certificate or memorandum of insurance has been issued at their respective last
13 known addresses.

14 (h) Any portion of the condominium for which insurance is required under this section that
15 is damaged or destroyed shall be repaired or replaced promptly by the association unless: (1) ~~The~~
16 ~~condominium is terminated. The loss is solely to a unit(s) and the amount of the loss does not~~
17 ~~exceed the association's policy deductible;~~ (2) ~~Repair or replacement would be illegal under any~~
18 ~~state or local health or safety statute or ordinance. The condominium is terminated;~~ or (3) ~~Eighty~~
19 ~~percent (80%) of the unit owners, including every owner of a unit or assigned, limited common~~
20 ~~element that will not be rebuilt, vote not to rebuild unless insurance proceeds are adequate to rebuild~~
21 Repair or replacement would be illegal under any state or local health or safety statute or ordinance;
22 or (4) Eighty percent (80%) of the unit owners, including every owner of a unit or assigned, limited
23 common element that will not be rebuilt, vote not to rebuild unless insurance proceeds are adequate
24 to rebuild. The cost of repair or replacement in excess of insurance proceeds, after the application
25 of the association's policy deductible, is a common expense, unless the declaration or bylaws
26 provide otherwise. In the event of a loss where there is coverage and insurance proceeds from both
27 the unit owner's policy and the association's policy, the repair or replacement of any damaged or
28 destroyed portion of the condominium shall be carried out as the governing board shall determine.
29 The governing board shall use and disburse the applicable insurance proceeds, to carry out any
30 repairs to the common elements and the unit(s) upon reasonable terms and conditions aligned with
31 the progress of repairs. In lieu of the distribution of the insurance proceeds to the unit owner(s),
32 the governing board, may carry out the repairs or reconstruction of the unit(s). If the entire
33 condominium is not repaired or replaced, (1) The insurance proceeds attributable to the damaged
34 common elements must be used to restore the damaged area to a condition compatible with the

1 remainder of the condominium; (2) The insurance proceeds attributable to units and limited
2 common elements that are not rebuilt must be distributed to the owners of those units and the
3 owners of the units to which those limited common elements were allocated, or to lienholders, as
4 their interests may appear; and (3) The remainder of the proceeds must be distributed to all the unit
5 owners or lienholders, as their interests may appear, in proportion to the common element interests
6 of all the units. If the unit owners vote not to rebuild any unit, that unit's allocated interests are
7 automatically reallocated upon the vote as if the unit had been condemned under § 34-36.1-1.07(a)
8 and the association promptly shall prepare, execute, and record an amendment to the declaration
9 reflecting the reallocations. Notwithstanding the provisions of this subsection, § 34-36.1-2.18
10 governs the distribution of insurance proceeds if the condominium is terminated.

11 (i) In the event a unit owner sustains damage to the owner's unit as a result of an event that
12 is covered under the insurance coverage purchased in accordance with this section, then upon
13 written request to the condominium association, the unit owner shall be entitled to a written copy
14 from the condominium association of the insurance company damage appraisal or any damage
15 appraisal in regard to damage to the owner's unit, within fourteen (14) calendar days of the date of
16 the unit owner's request, or within fourteen (14) days of the association's receipt of the damage
17 appraisal, whichever is later. If coverage for the damage to a unit is denied for any reason or is
18 deemed to be valued below the policy deductible, then the unit owner shall also be entitled to
19 receive, from the association, a copy of the letter detailing the determination.

20 (j) The provisions of this section may be varied or waived in the case of a condominium
21 all of whose units are restricted to nonresidential use.

22 (k) If the association maintains property insurance on the units, unit owners shall maintain,
23 to the extent reasonably available, the following insurance:

24 (1) Property insurance for improvements and betterments installed in their units after the
25 first conveyances of the units to persons other than a declarant, if the association does not maintain
26 such coverage.

27 (2) Insurance for any amount of loss covered by the association property insurance policy
28 but not payable under the association property insurance policy because of the application of the
29 deductible. There shall be no obligation on an association to apply common expenses related to a
30 unit after a unit loss if the unit owner fails to comply with this section.

31 (l) If the association does not maintain property insurance on the units, unit owners shall
32 maintain property insurance on their units as defined in the association's declaration and/or bylaws.
33 There shall be no obligation on an association to apply common expenses related to a unit after a
34 unit loss if the unit owner fails to comply with this section.

1 SECTION 3. This act shall take effect upon passage.

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LC005233/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PROPERTY -- CONDOMINIUM OWNERSHIP

1 This act would clarify how condominium insurance deductibles and unpaid losses are
2 divided between associations and unit owners, require owners to insure units if associations do not,
3 and allow boards to manage and use insurance proceeds for repairs.

4 This act would take effect upon passage.

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