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Bulletin 17-07

Date: July 25, 2017

**To: All Property & Casualty Insurers
All Property & Casualty Producers**

**Re: Senate Bill 0403 / House Bill 0005 (Chapter 0815 / 0020, Acts of 2017) / Private Passenger
Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage**

This Bulletin provides important information for all Property & Casualty insurers and producers with respect to the passage of Senate Bill 0403 / House Bill 0005 – **Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage** (“EUIM”). The new law becomes effective on October 1, 2017 and is applicable to private passenger automobile policies purchased on or after July 1, 2018.

The law requires the Maryland Insurance Administration (“Insurance Administration”) to develop a form for the purpose of making the mandatory offer of EUIM coverage. Insurers must make the offer using the “form required by the Insurance Commissioner” (See § 19-509.1 (E) of the Insurance Article). The Insurance Administration developed a draft of the form and previously posted the draft on our website for solicitation of comments from interested parties. The comment period closed on June 21, 2017 and the Insurance Administration reviewed and responded to each comment received. Based upon feedback received, the original draft form was revised and is attached to this Bulletin as the final form required by the Insurance Commissioner to be used by all private passenger motor vehicle liability insurers.

During the comment period, several questions were received and responded to by the Insurance Administration. We are posting the most frequently asked questions here with responses for your information.

1. Is an EUIM offer required for commercial automobile policies that may insure private passenger type automobiles?

No. The required offer of EUIM is only applicable to private passenger motor vehicle liability policies. If a policy is filed as a commercial automobile policy, the offer of EUIM is not required even if the policy insures a private passenger type vehicle.

2. Is an EUIM offer required for policy renewals?

No. The offer of EUIM is required at the “time of purchase” of the policy.

3. Can the form developed by the Insurance Administration be modified with substantially similar language for use by an insurer?

No. The law requires the insurer to use “the form required by the Insurance Commissioner.”

4. Does the purchase of EUIM coverage by the insured mean that there is no coverage available if the at-fault vehicle has no insurance?

No. The definition of an “underinsured motor vehicle” found in § 19-509.1 includes “a motor vehicle with [liability coverage] less than, more than or equal to” the insured party’s coverage. Therefore, EUIM coverage includes coverage for an at-fault vehicle with no insurance (i.e., a vehicle with coverage less than the insured party’s coverage).

5. Is an EUIM offer required for motorcycle policies?

Yes. Motorcycle policies are filed as private passenger motor vehicle liability forms.

6. Can EUIM be purchased on a minimum limits liability policy?

Yes. The law requires the EUIM coverage limit to be the same as the insured party’s liability coverage limit.

7. Is an offset for workers compensation benefits allowed under EUIM?

No. There is no workers compensation offset provision in the law as there is for traditional UM coverage.

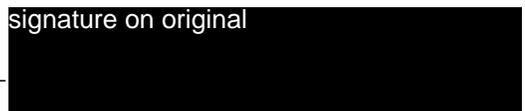
The Insurance Administration thanks everyone who participated in the legislative process and in the post-legislative dialogue concerning EUIM. We remind all private passenger motor vehicle liability insurers that they must submit an EUIM coverage form and corresponding rate / rule for review by the Property & Casualty Rates & Forms Unit. We encourage insurers to make these filings as a stand-alone form filing and a stand-alone rate / rule filing in order to expedite our review.

Please direct any questions regarding this Bulletin to Robert Baron, Associate Commissioner, Property & Casualty (410.468.2353 / Robert.Baron@Maryland.gov).

**Alfred W. Redmer, Jr.
Commissioner**

signature on original

By: _



Required Notice of Uninsured Motorist (“UM”) Coverage and Enhanced Underinsured Motorist (“EUIM”) Coverage and Option Selection Form

Notice Concerning the UM and EUIM Coverage Options Available in Maryland (Private Passenger Motor Vehicle Liability Policies)

Maryland law requires all private passenger motor vehicle liability policies to have **UM** or **EUIM** coverage. The limits of such coverage must equal the policy’s liability coverage limit unless you elect to carry **UM** limits for less than your liability limits. The minimum required limits for both liability and **UM** or **EUIM** is \$30,000 per person / \$60,000 per accident for bodily injury and \$15,000 per accident for property damage (30/60/15) or a combined single limit of \$75,000 for bodily injury and property damage per accident.

Both **UM** and **EUIM** provide protection for you and certain other individuals under your policy arising from an accident when the at-fault vehicle is uninsured or underinsured. This form will explain the three (3) available options from which you must choose just one (1). Before making your decision, please read this form in its entirety.

OPTION 1 – Uninsured Motorists (“UM”) Coverage

UM coverage provides protection against owners or operators of uninsured motor vehicles. A motor vehicle is uninsured if:

1. there is no liability insurance or other security applicable to the motor vehicle to pay for damages sustained by others because of an accident; or
2. there is liability insurance or other security applicable to the motor vehicle to pay for such damages but the amount available is less than your **UM** coverage; or,
3. the owner or operator of the at-fault vehicle cannot be identified.

UM coverage is payable if the accident is the result of the ownership, maintenance or use of the

uninsured motor vehicle and you are legally entitled to recover damages from its owner or operator. In the event of a claim, your **UM** coverage limit is reduced by the amount of any available coverage from the at-fault party’s insurer.

UM –bodily injury protection covers you and your family members residing in your household for injuries sustained in an accident involving an uninsured motor vehicle unless such vehicle is owned by you or your resident relative(s). Any other person is also covered while occupying your insured automobile.

UM – property damage protection covers your insured automobile if it is damaged in an accident (subject to any applicable deductible) involving an uninsured motor vehicle that is not owned by you or your resident relative(s). It also insures your property, the property of your resident relative(s) and other persons occupying your insured automobile if such property is contained in your automobile at the time of an accident involving an uninsured motor vehicle.

Under **OPTION 1 – UM**, your coverage limit will equal the limit of your liability coverage. To select this option mark the box for **Option 1** on page two and sign your name.

OPTION 2 – Uninsured Motorists (“UM”) Coverage Waived to less than my liability limits

If your policy has liability limits higher than the mandatory minimum, you may choose this option and select **UM** limits for a lesser amount but not less than the minimum required coverage amount of \$30,000 per person / \$60,000 per accident for bodily injury and \$15,000 per accident for property damage (30/60/15) or \$75,000 for bodily injury and property damage per accident. In the event of a claim, your **UM** coverage limit is reduced by the amount of any available coverage from the at-fault party’s insurer

In order to select this option, you must make an affirmative waiver of UM coverage limits equal to the liability limits of the policy by signing the waiver found under **OPTION 2** on page two of this form.

OPTION 3 – Enhanced Underinsured Motorists (“EUIM”) Coverage

EUIM coverage provides the same benefits as UM coverage but, in the event of a claim, the EUIM coverage limit is not reduced by the amount of any available coverage from the at-fault party’s insurer. To select this option mark the box for **Option 3** on page two and sign your name.

reduced by the amount of any available coverage from the at-fault party’s insurer.

I affirmatively waive UM limits in an amount equal to my liability limits and instead elect to purchase lower UM limits of \$_____ / \$_____ (bodily injury) and \$_____ (property damage) or \$_____ combined single limit, at a total premium of \$_____ (annually / policy period*), subject to the minimum limits required by Maryland law.

X _____ / _____ / _____
Signature of First Named Insured / Date

SELECT YOUR UM or EUIM COVERAGE

I confirm that I have fully read and understood this notice. By marking a box below and signing my name, I am selecting the indicated option.

I select **OPTION 1- UM**. My UM limits will equal my liability limits.

This is to certify that I am the first named insured and I have been offered UM coverage in amounts equal to my liability limits of \$_____ / \$_____ (bodily injury) and \$_____ (property damage) or \$_____ combined single limit, at a total premium of \$_____ (annually / policy period*). In the event of a claim, my UM coverage limit will be reduced by the amount of any available coverage from the at-fault party’s insurer.

X _____ / _____ / _____
Signature of First Named Insured / Date

I select **OPTION 2- UM Waived** to less than my liability limits.

My UM limits will be less than my liability limits but not less than the required minimum of \$30,000 per person / \$60,000 per accident for bodily injury and \$15,000 per accident for property damage (30/60/15) or \$75,000 for bodily injury and property damage per accident. In the event of a claim, my UM coverage limit will be

I select **OPTION 3 – Enhanced Underinsured Motorists (“EUIM”) Coverage**. My EUIM limit will equal my liability limits. In the event of a claim, my EUIM coverage limit will not be reduced by the amount of any available coverage from the at-fault party’s insurer.

This is to certify that I am the first named insured and I have been offered EUIM coverage in amounts equal to my liability limits of \$_____ / \$_____ (bodily injury) and \$_____ (property damage) or \$_____ combined single limit, at a total premium of \$_____ (annually / policy period*).

X _____ / _____ / _____
Signature of First Named Insured / Date

I UNDERSTAND AND AGREE THAT MY SELECTION SHALL BE CONSTRUED TO BE APPLICABLE TO THE POLICY OR BINDER OF INSURANCE DESCRIBED BELOW, ON ALL FUTURE RENEWALS OF THE POLICY AND ON ALL REPLACEMENT POLICIES UNLESS I NOTIFY THE COMPANY IN WRITING TO THE CONTRARY, WITH THE EFFECTIVE DATE OF SUCH CHANGE BEING NO EARLIER THAN THE RECEIPT DATE BY THE COMPANY OF MY WRITTEN NOTIFICATION.

IMPORTANT NOTE: If you do not make a selection of one of the three options listed above your insurer must provide you with **OPTION 1 – UM** coverage.

First Named Insured:

Policy Number or Binder Number:

Insurance Company:

Producer Name and Code:

(Editorial Note: These items are variable information that must be provided by the insurer.)*