



Maryland

INSURANCE ADMINISTRATION

CONSUMER ADVISORY

ENHANCED UNDERINSURED AUTOMOBILE INSURANCE COVERAGE

Maryland automobile insurance policies include coverage for property damage and bodily injury caused by uninsured and underinsured motorists (UM/UIM). This is a mandatory coverage required by Maryland law. The amount of this coverage will be the same as the amount of your liability coverage, unless you specifically choose a different amount, and will always be at least at the state minimum requirements of \$30,000 per person/\$60,000 bodily injury per accident when there is more than one person injured and \$15,000 property damage¹.

If your automobile insurance policy has higher limits, then generally, your uninsured and underinsured motorist limits will be higher and will be the same as your liability coverage amounts. For example, if your liability limits are \$100,000/\$250,000 for bodily injury and \$50,000 for property damage, then your uninsured and underinsured limits will be \$100,000/\$250,00 for bodily injury, \$50,000 for property damage, unless you choose different limits. Your uninsured and underinsured coverages will not apply if you are found at fault for the accident, even partially, regardless if the other driver is uninsured or underinsured. For instance, you are backing out of a parking space at the mall. Another car is also backing out and you back into each other. In this case, both drivers may be found to be at-fault for the accident. Even if the other driver is uninsured, your insurance company may deny coverage under your uninsured motorist coverage.

¹Liability coverage is the part of your policy that pays for damages or injuries of another person when you are found to be at-fault.

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What if the driver that caused the accident doesn't have enough insurance coverage to fully pay your claim? In this case, your underinsured motorist coverage may provide additional payments if your coverages are higher than the at-fault driver's. If you carry underinsured coverage that is higher than the state minimum, your insurer will issue a payment for the balance of your damage and may negotiate an additional settlement if you are injured, up to your policy limits. However, if you and the other driver both carry the minimum amount of coverage, you cannot receive any additional payments from your insurer. The amounts can't be "stacked." That means the coverage amounts can't be added together. The most you can be paid by both insurers in total is the maximum amount of your coverage.

Let's break this down:

At-Fault Driver's Coverage	Your UM/UIM Coverage	Your EUIM Coverage	Total Amount for Settlement
\$15,000	\$15,000	N/A	\$15,000
\$15,000	\$50,000	N/A	\$50,000
\$15,000	N/A	\$15,000	\$30,000

Same applies for bodily injury (BI) claims:

At-Fault Driver's Coverage	Your UM/UIM Coverage	Your EUIM Coverage	Total Amount for Settlement
\$30,000	\$30,000	N/A	\$30,000
\$30,000	\$100,000	N/A	\$100,000
\$30,000	N/A	\$30,000	\$60,000

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EXAMPLE

As an example of the above comparison, let's assume both you and the driver who caused the accident have property damage limits of \$15,000. Your car is found to be a total loss. The at-fault driver's insurance company agreed that their insured was responsible and offered to pay you the full amount of their property damage coverage but the value of your car is \$25,000. Because your coverage amount is the same as the at-fault driver, you are not entitled to an additional payment under your policy's uninsured and underinsured coverage. Again, the amounts cannot be "stacked" and your insurance company owes nothing for this loss. There are two options from which you can choose to protect yourself in case you are involved in a loss with an underinsured motorist. The first option would be to choose limits higher than the state minimum. So, instead of the minimum of \$15,000 property damage, \$30,000/\$60,000 bodily injury amounts of coverage, you could select a higher amount of coverage. The other way is to carry something called Enhanced Underinsured Motorist coverage (EUM).

Should you carry higher limits or enhanced underinsured motorist coverage? If you decide to carry higher limits, one advantage would be that you may be better protected in the event you have an accident and are found to be at fault. If you don't have enough coverage to settle the claim, you may be held personally responsible for the additional amount of the property damage and bodily injury settlement. Carrying higher limits may increase your premium.

Choosing enhanced underinsured motorist coverage will allow you to carry the state minimum amount of coverages, however, this option will also cause an increase in your premium. You should speak with your trusted insurance producer, that is your agent or broker, to determine which is the best option for you. When speaking with your insurance producer or insurance company, consider asking for quotes for a policy that includes higher liability and uninsured and underinsured coverages, and also a quote for a policy with enhanced underinsured motorist coverage. Once you have prices for both, underinsured and enhanced underinsured motorist, you may want to ask for advice as to which would better serve your needs and offer you the best coverage while keeping your premiums affordable for you.

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Currently, automobile insurance policies are issued with the standard underinsured motorist coverage, again matching your liability coverages. Enhanced underinsured motorist coverage is an optional coverage you must specifically ask to be added to your policy. Beginning July 1, 2024, however, that will change for all newly issued automobile insurance policies. After that date, enhanced underinsured motorist coverage will become the default selection, and if you do not want to carry enhanced underinsured motorist coverage, you will need to “opt out.” This means you should let your insurance producer know if you don’t want enhanced underinsured motorist coverage, and you will need to sign an opt out form saying you don’t want enhanced underinsured motorist coverage. If you do not sign this form, enhanced underinsured motorist coverage will be added to your policy and your premium will be increased to pay for this coverage. Enhanced underinsured motorist coverage will not be added to existing policies at this time, only new policies.

For additional information on the coverages provided by an automobile insurance policy, you may speak with your insurance producer or visit our website at insurance.maryland.gov.

