

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



Maryland

INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202

Direct Dial: 410-468-2000 Fax: 410-468-2020

1-800-492-6116 TTY: 1-800-735-2258

www.insurance.maryland.gov

KATHLEEN A. BIRRANE
Commissioner

GREGORY M. DERWART
Deputy Commissioner

Consumer Advisory

Understanding your options for Uninsured and Underinsured Motorist Coverage In Maryland

BALTIMORE – Uninsured Motorist (UM) coverage protects you and others in your automobile if you are involved in an accident where the other driver is at fault but has no liability insurance, or not enough liability insurance, to pay your claim(s). UM coverage also protects you if the at-fault driver cannot be identified (such as accidents caused by a hit-and-run driver). UM coverage is required to be purchased for at least the minimum mandatory liability coverage limits of \$30,000 per person/\$60,000 per accident for bodily injury and \$15,000 per accident for property damage (30/60/15). Generally, you are required to select one of the following three UM coverage options when you purchase a policy for your automobile:

Option #1 : UM coverage with the same limit as your liability coverage

Option #2 : UM coverage waived to less than your liability limits

Option #3 : Enhanced Underinsured Motorists coverage (EUIM)

The three available options provide protection against owners or operators of uninsured (or underinsured) motor vehicles in different ways and at different costs. As always, you should consult with a trusted insurance professional when making your coverage selection.

Option #1: UM coverage is purchased with the same coverage limit as your policy's liability coverage limit. This means that you are buying equivalent coverage for yourself (and others in your vehicle) when you are injured by an at-fault uninsured or underinsured motorist as you have purchased to protect others when you are at fault for an accident. Here are two examples:

Example #1: You have liability coverage in the amount of \$100,000 and you have selected Option #1 providing UM coverage in the amount of \$100,000. If you are hit by an at-fault uninsured motorist with no liability coverage, you have \$100,000 of protection for your claim from your policy's UM coverage.

Example #2: If the at-fault driver has only \$30,000 of coverage and you have a \$100,000 claim, you will get \$30,000 from the at-fault driver's policy and the remaining \$70,000 from your policy's UM coverage.

With option #1, your insurer gets to offset your total claim by the amount you collect from the at-fault driver's policy. If the at-fault driver has limits that are sufficient to cover your claim, or that equal or exceed your own UM coverage limit, then you cannot collect from your own policy's UM coverage. With option #1, you will have coverage up to the amount of your UM coverage limit, but you must collect all you can from the at-fault driver's available liability coverage. This can then be supplemented by your own UM coverage if necessary.

Option #2: UM coverage waived to less than your liability coverage amount means that you have purchased less protection for yourself and others in your car when injured by an uninsured or underinsured motorist than you purchased for others if you are at fault for an accident. Here are two examples:

Example #1: You have purchased liability coverage limits of \$100,000, but you have chosen Option #2 and waived your UM limit down to the state minimums of 30/60/15. If you are not at fault, and the other driver has no insurance, you will have \$30,000 under your insurance policy's UM coverage to respond to your claim.

Example #2: Once again, you have selected Option # 2 and your UM limits are 30/60/15. If the at-fault driver has \$30,000 of liability coverage available, then you are unable to collect anything from your UM coverage limit of \$30,000 because your insurer can offset your claim by the amount you recover from the at-fault driver's policy.

Option #2 may cost you less than Option #1, but it provides less coverage for you and those in your car when the at-fault driver is uninsured or underinsured than you have purchased to protect others when you are at fault in an accident.

Option #3: Enhanced Underinsured Motorists coverage (EUIM) must be purchased with the same coverage limit as your liability coverage limit. With EUIM coverage, your insurer **cannot** offset your total claim value by the amount collected from the at-fault driver's policy. Here are two examples:

Example #1: You have selected EUIM and your liability limit and EUIM limit are both \$100,000. You are hit by an uninsured driver who is at fault. You have coverage up to your \$100,000 EUIM limit.

Example #2: You have selected EUIM coverage and your liability limit and EUIM limit are both \$100,000. You are hit by an at-fault driver who has a \$30,000 liability coverage limit. After you have successfully collected \$30,000 from the at-fault driver's insurer, you can collect up to an additional \$100,000 from your own policy's EUIM limit, because with EUIM, your insurer cannot offset your total claim by the amount you collect from the at-fault driver. However, even if your coverage selection permits you to collect from both the at-fault driver's coverage and your own insurance coverage, Maryland law does not allow you to collect more money than your actual damages.

EUIM will cost more than Option #1 or Option #2 because your insurer cannot offset your EUIM claim by any amount you collect from the at-fault driver's insurer.

When considering your options for UM coverage, remember:

- Option #1 provides the same protection against uninsured and under-insured motorists for you and others in your car that you have purchased to protect others when you are at fault for an accident;
- Option #2, which may cost less than Option #1, provides you and others in your car with less protection than Option #1; and,
- Option #3, EUIM, costs more than the other options and only provides additional coverage when your total claim value exceeds the amount of the at-fault driver's coverage. There are also other possible options for obtaining increased protection against uninsured motorists, such as choosing Option #1 and then increasing your liability limit.

Insurers must provide policy purchasers with written notice of their UM and EUIM coverage options. A consumer must "opt in" affirmatively and choose one of the three options. If a consumer fails to select an option, the default coverage is Option #1, UM coverage with the same limits as the liability limits.

For additional information on automobile insurance, please visit our website, www.insurance.maryland.gov.