



Understanding Enhanced Underinsured Motorist Coverage



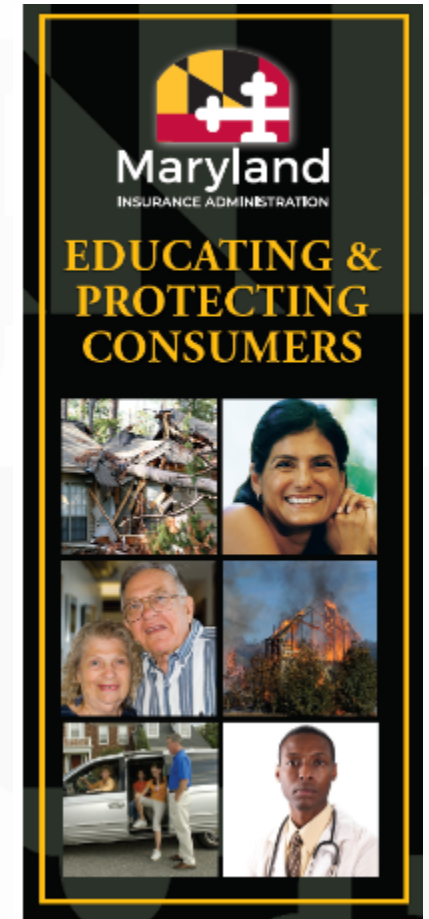
This presentation does not provide legal advice.
You should discuss specific questions with your
trusted financial advisor or insurance producer.



What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms.
- Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.



[Video: How the MIA can help](#)



What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.

Minimum Required Coverages

Maryland car owners are required to get certain auto insurance coverages to be able to register their vehicles and obtain tags. Let's take a look at those requirements and some changes that will be coming in the next few months for newly issued policies.



Minimum Required Coverages

In order to get tags, the Maryland Motor Vehicle Administration will require the owner of a car to present proof of liability insurance. Liability insurance is the coverage that will pay another person if their property, such as their car, is damaged or if they are injured in an accident in which you are found to be at fault.



Minimum Required Coverages

The minimum amount of liability coverage required by Maryland law is \$15,000 of property damage coverage and \$30,000 per person/\$60,000 per accident (if more than one person is injured) of bodily injury coverage. You are also required to have at least \$15,000 uninsured/underinsured property damage and \$30,000/\$60,000 uninsured/underinsured bodily injury coverage, though your coverage for uninsured/underinsured may not exceed the amount of liability coverage under your policy.



Uninsured/Underinsured Motorist Coverage Amounts

Uninsured motorist coverage will protect you if you are involved in an accident where the at-fault person does not have insurance or is unknown, such as a hit-and-run. Underinsured motorist coverage protects you if the at-fault person doesn't have enough coverage to fully pay your claim. Sometimes this happens when there is more than one person injured or more than one car damaged.



Uninsured/Underinsured Motorist Coverage Amounts

The amount of coverage for uninsured and underinsured motorist coverage is the same as the amount of your liability coverage.

True or False?



Uninsured/Underinsured Motorist Coverage Amounts

True! Generally, the amount of coverage for uninsured and underinsured motorist is the same as the amount of liability coverage you purchase. So, if you get the minimum amount of liability coverage-- \$15,000 property damage, and \$30,000/\$60,000 bodily injury-- then your uninsured and underinsured amounts will be the same.



Waiving Uninsured/Underinsured Matching Limits

But if you buy \$50,000 in property damage coverage and \$250,000/\$500,000 in bodily injury coverage, then the coverage limits for your uninsured and underinsured coverage would be \$50,000 in property damage coverage and \$250,000/\$500,000 in bodily injury coverage, unless you waive the excess coverage. If you waive the excess coverage in writing, you will still have the minimum amounts required by Maryland law -- \$15,000 property damage and \$30,000/\$60,000 bodily injury coverage in uninsured and underinsured motorist coverage.



Claim Settlement

Now, let's look at how these coverages work. For example, you are hit by a driver and their insurer agrees that they are at fault. The insurer tells you that they will be settling your claim and that your car is a total loss. Your car is new and in great condition.

Great news? Maybe not.



Claim Settlement

The insurer tells you that they determined your car is worth \$25,000, but the at-fault driver's policy only has the minimum property damage liability coverage amount of \$15,000. They make an offer to settle your total loss for \$15,000. That is less than what your car is worth! Even worse, you still owe over \$20,000 on your car loan. Don't they at least have to pay an amount equal to the balance on your loan?



Claim Settlement

Yes or No?



Claim Settlement

Well, the answer is “**no**”. They are only legally obligated to pay up to the amount of coverage limits on the at fault driver’s policy.

So, what can you do?



Claim Settlement

Would underinsured motorist coverage pay the difference to fully settle the claim?

The answer depends upon the amounts and types of coverage under your policy.

Let's look at the various options.



Claim Settlement - Standard Uninsured/Underinsured Coverage

If you have standard uninsured and underinsured motorist coverage and your policy only has the minimum amounts of liability coverage -- \$15,000 for property damage -- your underinsured motorist coverage would not apply since the at-fault party's coverage amount and your underinsured coverage amount can't be added together under Maryland law. As a result, if you carry only the minimum amount of standard underinsured motorist coverage, generally the most you can collect from both insurance companies is \$15,000.

\$15,000

Claim Settlement - Standard Uninsured/Underinsured Coverage

Now let's say your coverage limits are higher. For this example, your liability coverage amounts are \$50,000 for property damage and \$50,000/\$100,000 for bodily injury coverage. You also have standard uninsured/underinsured coverage for the same amounts. In this scenario, the insurer for the at-fault party would pay \$15,000 for your car and your insurer would pay the remaining \$10,000, fully settling your claim.

\$15,000

+ Difference

=



Claim Settlement - Enhanced Uninsured/Underinsured Coverage

If you have enhanced underinsured motorist coverage, the final claim settlement may also be better than if you only have the minimum amounts of standard uninsured and underinsured motorist coverage.

What is “enhanced underinsured motorist coverage”?



Claim Settlement - Enhanced Uninsured/Underinsured Coverage

Enhanced underinsured motorist coverage provides coverage, subject to the policy's limits, for bodily injuries and property damage resulting from an accident caused by the underinsured, at-fault driver. By law, the amount of enhanced underinsured motorist coverage must equal the amount of liability coverage for property damage and bodily injury under the policy.



Claim Settlement - Enhanced Uninsured/Underinsured Coverage

Additionally, under Maryland law, with this type of coverage, a surviving relative of the insured is entitled to recover if the insured dies as a result of an accident arising out of the ownership, maintenance or use of the underinsured motor vehicle.



Claim Settlement - Enhanced Uninsured/Underinsured Coverage

Now let's see what would happen in the scenario we talked about earlier if you have enhanced underinsured motorist coverage (EUIM).

EUIM

**ENHANCED UNDERINSURED
MOTORIST COVERAGE**

Claim Settlement - Enhanced Uninsured/Underinsured Coverage

Even with enhanced underinsured motorist coverage, if your policy has the minimum liability coverage of \$15,000 property damage and \$30,000/\$60,000 bodily injury, then you would have the same coverage limits for uninsured and underinsured coverage. But in the scenario described you could recover more in settling the claim.

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 |

Claim Settlement – Enhanced Uninsured/Underinsured Coverage

With enhanced underinsured motorist coverage, you can add the amounts of coverage under your policy and the at fault driver's policy together. In the scenario here, the amount paid by the at fault driver's insurer is \$15,000. But since you can add the amounts of coverage together, there would be enough coverage under your policy to pay the \$10,000 needed to fully settle your claim.



Claim Settlement – Enhanced Uninsured/Underinsured Coverage continued

It is important to note that when adding the amount of the at-fault driver's coverage to your enhanced underinsured motorist coverage of \$15,000 you get a total of \$30,000 in available coverage. This is important to note because if your damage had been greater than \$25,000, you would not have had enough coverage without the enhanced underinsured motorist coverage.



Current Automobile Insurance Policies

For policies purchased **before** July 1, 2024, enhanced underinsured motorist coverage is optional. So if you want this coverage, you have to ask your insurance producer (agent or broker) for it. Generally, adding enhanced underinsured motorist coverage will cause an increase in your auto insurance premiums.



New Automobile Insurance Policies and Changes in the Law

Enhanced Underinsured Motorist coverage will be added to all automobile insurance policies **effective July 1, 2024.**

True or False?

New Automobile Insurance Policies and Changes in the Law

False! Beginning on July 1, 2024, this coverage will be automatically added to all new auto insurance policies. If you do not want enhanced underinsured motorist coverage, you will have to opt out and sign a form provided by the insurer stating that you do not wish to add this coverage to your policy. However, enhanced underinsured motorist coverage will not be automatically added to existing policies, but you may ask your insurer to add it to your existing policy.

Automatic



Opt Out



New Automobile Insurance Policies and Changes in the Law

Here is the form that will needed to be filled out and signed for all new automobile insurance policies after July 1, 2024. If at any time while the policy is in effect you wish to change your coverages, you will need to do so in writing. You cannot just call your producer or insurer to make changes to your uninsured motorist coverage over the phone. This must be done in writing, which includes both paper forms and electronic e-sign forms.

Enhanced Uninsured/Underinsured Motorist Coverages Form

**YOU HAVE AN IMPORTANT DECISION TO MAKE
THAT WILL AFFECT YOUR AUTO INSURANCE COVERAGE AND
PREMIUM.**

Under Maryland law, auto insurance policies must include *uninsured motorist and underinsured motorist* (UM/UIM) coverage. UM/UIM coverage protects you and other covered individuals if you are in an accident with an at-fault driver who is uninsured or whose liability limit is less than your UM/UIM limit, or if the at-fault driver cannot be identified. You have decisions to make about **how much** UM/UIM coverage you want and **what kind** of coverage you want. Once you make these decisions, they will continue to apply each time your policy renews, unless you change them in writing.

IMPORTANT: YOUR CHOICE ON THIS FORM WILL AFFECT YOUR PREMIUM AND YOUR BENEFITS. YOUR SIGNATURE AT THE END OF THIS FORM CONFIRMS YOUR CHOICE.

PLEASE READ THE ENTIRE FORM CAREFULLY BEFORE SIGNING.

| | |
|---|---|
| <p>OPTION #1: YOUR POLICY INCLUDES ENHANCED UNDERINSURED MOTORISTS COVERAGE ("EUIM") WITHIN THE TOTAL PREMIUM OF:</p> <p>[\$_____.]</p> | <p>If you select Option #1, the amount of Enhanced UIM coverage that you carry will be the same as the amount of liability coverage that you choose. In the event of a covered claim, the amount available will not be reduced by the amount of any insurance the at-fault party has.</p> |
| <p>OPTION #2: IF YOU OPT-OUT OF EUIM COVERAGE AND SELECT STANDARD UNINSURED / UNDERINSURED MOTORISTS ("UM/UIM") COVERAGE, YOUR POLICY PREMIUM WILL BE:</p> <p>[\$_____.]</p> | <p>If you select Option #2, the amount of underinsured motorist coverage that you carry will be the same as the amount of liability coverage that you choose. In the event of a covered claim, the amount available will be reduced by the amount of insurance that the at-fault party has.</p> |

| | |
|--|---|
| <p>OPTION #3: IF YOU ELECT TO WAIVE YOUR UM/UIM COVERAGE TO LESS THAN YOUR LIABILITY LIMITS, YOUR POLICY PREMIUM WILL BE:</p> <p>[\$_____.]</p> <p>THIS PREMIUM IS BASED ON YOUR CHOSEN COVERAGE UM/UIM COVERAGE LIMIT OF:</p> <p>[\$_____.]</p> | <p>If you select Option #3, you will not have uninsured motorist coverage in the same amount as your liability coverage. <u>This means that you will have less protection for yourself if an uninsured motorist injures you than you are buying to protect yourself against the claims of others when you are at fault for an accident.</u> However, you will still have UM/UIM coverage in at least the mandatory minimum amount of \$30,000 per person and \$60,000 per accident for bodily injury, and \$15,000 for property damage. This amount of UM/UIM coverage is required by law.</p> <p>An insurer may not refuse to underwrite your policy because you refuse to waive EUIM coverage pursuant to this option.</p> |
|--|---|

IMPORTANT NOTE: You may be able to achieve increased protection against uninsured motorists at a lower cost by choosing option #2 and raising your policy's liability coverage limit. Ask for the cost of that option to fully inform your choices.

I UNDERSTAND AND AGREE THAT THE SELECTION I AM MAKING BELOW APPLIES TO THE POLICY OR BINDER OF INSURANCE DESCRIBED BELOW **AND** TO ALL FUTURE RENEWALS OF THE POLICY, UNLESS I NOTIFY THE COMPANY IN WRITING TO CHANGE MY SELECTION. THE EFFECTIVE DATE OF SUCH A CHANGE IS NO EARLIER THAN THE DATE THE COMPANY RECEIVES MY WRITTEN NOTIFICATION.

Enhanced Uninsured/Underinsured Motorist Coverages Form

| | |
|--|--|
| <p>OPTION #3: IF YOU ELECT TO WAIVE YOUR UM/UIM COVERAGE TO LESS THAN YOUR LIABILITY LIMITS, YOUR POLICY PREMIUM WILL BE:</p> <p>[S_____.]</p> <p>THIS PREMIUM IS BASED ON YOUR CHOSEN COVERAGE UM/UIM COVERAGE LIMIT OF:</p> <p>[S_____.]</p> | <p>If you select Option #3, you will not have uninsured motorist coverage in the same amount as your liability coverage. <u>This means that you will have less protection for yourself if an uninsured motorist injures you than you are buying to protect yourself against the claims of others when you are at fault for an accident.</u> However, you will still have UM/UIM coverage in at least the mandatory minimum amount of \$30,000 per person and \$60,000 per accident for bodily injury, and \$15,000 for property damage. This amount of UM/UIM coverage is required by law.</p> <p>An insurer may not refuse to underwrite your policy because you refuse to waive EUIM coverage pursuant to this option.</p> |
|--|--|

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IMPORTANT NOTE: IF YOU DO NOT SIGN BELOW AND MAKE A SELECTION OF ONE OF THE THREE OPTIONS LISTED, YOUR INSURER MUST PROVIDE YOU WITH OPTION 1 – EUIM (within the premium shown for Option # 1 above).

- I choose Option #1 and understand that my policy includes EUIM coverage within the premium shown for Option #1 above.
- I affirmatively opt-out of Option #1 and choose Option #2, Standard UM/UIM coverage included within the premium shown for Option #2 above.
- I affirmatively opt-out of Option #1 and choose Option #3, UM/UIM coverage waived to an amount less than my liability limits, but not less than the mandatory minimum liability limits.

Signature: _____ Date: _____

First Named Insured:
 Policy Number or Binder Number:
 Insurance Company:
 Producer Name and Code:

IMPORTANT NOTE: This form applies to each new policy of private passenger motor vehicle insurance issued, sold or delivered in the State on or after July 1, 2024. It does not apply to the renewal of a private passenger motor vehicle insurance policy issued, sold or delivered in the State prior to July 1, 2024.



Review

To review, if you have only the minimum amounts of standard uninsured and underinsured motorist coverage required by law, the amount of your uninsured motorist coverage cannot be added to the amount of coverage carried by the at-fault party's coverage, even if there is not enough money to fully satisfy your claim. This applies to both property damage settlements as well as any bodily injury claims. But, if you have higher policy limits for your standard uninsured or underinsured coverage, you may have enough coverage to fully settle your claim. If you choose enhanced underinsured motorist coverage, you can add both policy amounts together providing more money available to settle the claim.

“

If you and the other driver both carry the minimum amount of coverage, you cannot receive any additional payments from your insurer.

”

Review

One final point to share. Purchasing higher coverage amounts on your policy for both liability coverage and uninsured/underinsured coverages may provide better protection against financial loss in the event you are in an accident and are found to be at fault. If you do not carry enough coverage to fully settle the other person(s) claims, you may have to pay the difference in the amount of the claim and what your policy covers.




Review

Generally, increasing your limits for liability and uninsured/underinsured coverages or adding enhanced underinsured motorist coverage will increase the cost of your auto insurance. You should speak with your insurer or trusted insurance producer about what is your best option and the costs of all of your options.



Contact Information

Maryland Insurance Administration

 800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)

 insurance.maryland.gov



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Questions?

