

# State of Maryland

## Insurance Coverage at a Glance

The State of Maryland operates a number of high risk enterprises including schools and universities, airports, prisons, hospitals, a port, bridges and tunnels, etc. State agencies charged with the operation of these high risk enterprises may have questions about the types of insurance coverage that the State provides for its property and personnel. The following is a broad overview of the types of coverage made available to State agencies through the State Treasurer's Office and the general provisions and exclusions that may apply. This information does not represent all coverage, conditions, or exclusions. It is intended as a brief overview only, and is subject to change.

### Self-Insurance

The State's self-insurance covers four basic types of losses: Torts (Negligence), Officers and Employees (O&E) losses, State-owned property losses, and Crime coverage for certain acts of employee dishonesty.

**Tort coverage** – Provides coverage for acts of negligence (including acts involving the operation of State-owned autos) by "State Personnel" as defined by the Maryland Tort Claims Act. Coverage does not apply to acts of malice, gross negligence, or to acts outside the scope of the employee's duties. The State's limit of liability (also called a tort cap) is the maximum amount the State can be held liable for damages. Any claim with a date of loss on or before September 30, 2015, the tort cap amount is \$200,000, per claimant. Any claim with a date of loss on or after October 1, 2015, the tort cap amount is \$400,000, per claimant, but acts of negligence outside Maryland the tort cap may not apply.

**Officers and Employees (O&E) coverage** – Provides coverage for constitutional torts committed by State personnel including acts of discrimination, sexual abuse, etc. There is no tort cap on these non-tort actions. Settlement of these claims must be approved by the Board of Public Works.

### **State-owned Property coverages**

**Auto coverage** – Provides liability (see Tort above) and physical damage coverage for State-owned autos.

- **Physical damage** – Provides coverage for damage to State-owned autos arising from sudden and accidental losses, except for theft.

**Property damage coverage** – Provides coverage through the State Insurance Trust Fund (SITF) for repair or replacement cost, for sudden and accidental losses to State-owned property including buildings and contents up to \$2,500,000. A \$1,000 agency deductible per occurrence applies. *See below for exclusions.*

- **Vacant State-owned buildings** valued at over \$20,000,000 are not insured unless fire protection, security and alarm services are maintained. It is also strongly suggested that heat be maintained in vacant buildings to at least 55 degrees in the winter months to prevent pipes from bursting.
- **Fine art coverage** - Includes repair or replacement of State-owned fine art on a reimbursement basis unless the item is deemed irreplaceable by the State Treasurer.
- **Vessel (hull) coverage** – Includes repair or replacement of State-owned boats & watercraft on a reimbursement basis for hull damage.

**Property Exclusions** - The types of property damage perils covered by insurance are broad. However, the certain exclusions apply to the property damage coverages listed above. These include but are not limited to theft per regulation (COMAR 25.02.06.02 A and B), autos, land, currency, and crops builders' risk, and normal wear and tear.

**BLANKET BOND**– Provides coverage for Employee Dishonesty and Faithful Performance of duties. Employee Dishonesty covers theft of State money, securities, and inventory by a State employee acting alone or in collusion with other employees or outsiders. A \$1,000 agency deductible per occurrence applies.

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**Commercial Insurance** - The State Treasurer is the primary procurement authority for commercial insurance. There are several commercial policies procured by the State Treasurer's Office for coverage of specialized losses. Of primary interest are three types of commercial coverage: excess coverage for State-owned property, liability coverage for State-owned vessels, and coverage for State personnel travelling on State business.

**Excess Property coverage** - The commercial policy for State-owned property provides "repair or replacement" cost coverage, whichever is less, for State-owned buildings and contents. The policy helps to preserve the solvency of the State's self-insurance reserve, known as the State Insurance Trust Fund (SITF), in the event of a catastrophic loss. A deductible of \$2,500,000 per occurrence applies. The commercial deductible is paid out of the SITF.

If one or more State agencies sustain a loss arising from a single catastrophic occurrence, the deductible of \$2,500,000 is only applied once. For example, a single hurricane can damage the property of several State agencies. In this example, each agency would have a \$1,000 deductible. However, the excess property policy would apply only one \$2,500,000 deductible to the entire loss.

*The excess property policy also covers certain types of property with **separate and lower deductibles**:*

- **Electronic Data Processing (EDP)** – includes State-owned hardware, software, and media. A \$100,000 commercial deductible applies. A \$1,000 agency deductible applies. Theft is excluded.
- **Boiler & Machinery** – includes State-owned boilers, pressure vessels, refrigerating and air conditioning vessels; can also cover electrical damage from artificially generated electrical current, mechanical breakdown from sudden breakage, or rupture of machinery or equipment. **Effective September 30, 2016, a \$250,000 commercial deductible applies, and there is a new WATER deductible which is 10% of the total loss, subject to a \$250,000 minimum deductible.** A \$1,000 agency deductible also applies.

**Vessel liability coverage** – The commercial policy provides coverage for almost all maritime exposures related to the operation of a vessel other than Worker's Compensation or hull damage. A \$50,000 commercial deductible applies. The commercial insurance policy provides a limit of liability of \$1,000,000 per vessel, and \$2,000,000 per occurrence. A \$1,000 agency deductible also applies.

**Travel Accident coverage** - The State's commercial policy provides coverage for all State personnel as defined by the Maryland Tort Claims Act. The policy covers business trips within the scope of the employee's job duties. The aggregate limit of \$2,500,000 per accident has the following exclusions:

- suicide or attempted suicide,
- declared or undeclared war,
- injuries incurred in the commission of or attempt to commit a felony,
- Full-time duty in the armed forces, National Guard or organized reserve corps of any country.

**Worker's Compensation coverage is not provided by the State Treasurer's Office. Worker's Compensation is self-insured and the plan is administered by [Chesapeake Employers' Insurance Company, formerly IWIF](#).**

**For more information regarding Coverage, Claims, or Loss history, please contact the following:**

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<i>Insurance Coverage</i>	<b>Felicia Stewart, Underwriting</b>	410-260-7196
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