

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 only as a brief overview 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), Accidental Damage to State-owned property, and Faithful Performance of Public Officials (POB).

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. However, for acts of negligence that occur outside the State of 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 harassment, 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, contents and Electronic Data Processing (EDP) equipment up to \$2,500,000. A \$1,000 agency deductible per occurrence applies. *See below for exclusions.*
 - **Note: Agencies should contact the Insurance Division for new locations, whether owned or leased, to begin the process to add coverage**
- **Vacant State-owned buildings** 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, crops, builders' risk, virus and communicable disease, and normal wear and tear.

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BLANKET PUBLIC OFFICIAL BOND – Provides coverage for losses caused to the State through the failure of State Personnel, required by statute, contract or law to be bonded, to perform faithfully his/her duties or to account properly for all monies and property received by virtue of his/her position or employment during the bond period. A \$1,000 agency deductible per occurrence applies. Theft coverage is excluded per regulation (COMAR 25.02.06.02 A and B).

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 traveling 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, contents and EDP equipment. 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**:*

- **EDP** – includes State-owned hardware, software, and media. A \$100,000 commercial deductible applies. A \$1,000 agency deductible per occurrence 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, 2018, a \$250,000 commercial deductible applies except a \$1,000,000 WATER Damage commercial deductible applies to State Universities. A \$1,000 agency deductible per occurrence 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. **Note: Reports of new or replacement vessels, including year, make, classification and hull value, must be received within thirty (30) days of acquisition for coverage to apply.**

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

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Fine Arts on Loan coverage - The State's commercial policy covers Fine Arts of Others, where required by a loan agreement or contract. The maximum limit in transit or at a temporary location is \$3,150,000; on premises the maximum limit is \$10,000,000. Information including a copy of the agreement, list of loaned items with values, and loan duration, must be submitted in advance for coverage to apply.

Cyber/Network Security coverage – Two policies form the commercial program; one for State owned higher education institutions, a second for Executive agencies, Legislative Services and the Judiciary. Each policy provides an aggregate limit of \$5,000,000 subject to various sub-limits, covering first-party loss and third-party liability claims. The commercial self-insured retentions are \$1,000,000 for higher education institutions and \$2,500,000 for Executive agencies, Legislative Services and the Judiciary. Commercial policy retentions are eligible for reimbursement through the SITF. An agency deductible of \$1,000 applies.

Notes:

- If a breach or cyber event occurs, the agency should submit Notice of Claim on the Property Loss Report Form to the Insurance Division immediately upon discovery.
- Forms may be sent via email to AccidentReports@treasurer.state.md.us
- Any claim will be coordinated by the Insurance Division with the appropriate insurance company.

All Agency Loss Report forms are located on the website www.treasurer.state.md.us under the tab, State Agencies, Insurance.

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](#).

The phone number is (410) 494-2000.

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

Joyce Miller, Director	410-260-7929
Vacant, Deputy Director	410-260-7172
Muriel Turner, Senior Underwriting Manager	410-260-7229
Felicia Stewart, Underwriter	410-260-7196
Manuel Fuentes, Loss Management Specialist	410-260-7239; Cell 410-271-0312
• Voicemail Evening/Weekend Hours:	1-800-942-0162
Vacant, Litigation Manager	410-260-7192