

State of Maryland

Insurance Coverage at a Glance

The State of Maryland operates high-risk enterprises including colleges and universities, airports, prisons, hospitals, ports, bridges and tunnels, etc. State agencies charged with the operation of these high-risk enterprises may have questions about the types of insurance coverage the State provides for its property and personnel. The following is an overview of coverage available to State agencies through the State Treasurer's Office, including general provisions and exclusions that may apply. This information does not represent all coverage, limitations, 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 (Property), and Faithful Performance of Public Officials (POB).

TORT COVERAGE – Provides coverage for acts of negligence (including acts involving 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.

1. Any claim with a date of loss on or before September 30, 2015, the tort cap amount is \$200,000, to a single claimant for injuries arising from a single incident or occurrence.
2. Any claim with a date of loss on or after October 1, 2015, the tort cap amount is \$400,000, to a single claimant for injuries arising from a single incident or occurrence.
3. Any claim with a date of loss on or after July 1, 2022, that arises from **intentional tortious acts or omissions or a violation of a constitutional right committed by a law enforcement officer**, the following limits on liability shall apply:
 - a) The combined award for both economic and noneconomic damages may not exceed a total of \$890,000 for all claims arising out of the same incident or occurrence, regardless of the number of claimants or beneficiaries who share in the award; and
 - b) In a wrongful death action in which there are two or more claimants or beneficiaries, an award for noneconomic damages may not exceed 150% of the limitation established under item 1. regardless of the number of claimants or beneficiaries who share in the award.
4. Effective October 1, 2023, **any claim that arises out of sexual abuse, as defined in § 5–117 of the Courts Article**, the legislation amends SG § 12-104 by increasing the MTCA cap from \$400,000 to \$890,000 for a single claimant for injuries arising from an incident or occurrence.
 - For an action filed on or after June 1, 2025, that would have been barred by a time limitation before October 1, 2023, the liability may not exceed \$400,000 to a single claimant for injuries arising from the claims or claims.

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 – The following may be reimbursed to a State agency from the **State Insurance Trust Fund (SITF)**:

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

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- **Property damage** – Provides coverage for repair or replacement of sudden and accidental losses to State-owned property including buildings, contents, and Electronic Data Processing (EDP) equipment up to \$2,500,000.
 - **Vacant State-owned buildings are not covered** unless fire protection, security and alarm services are maintained during vacancy. It is strongly suggested heat be maintained to at least 68 degrees during the winter to prevent pipes from freezing and bursting during unoccupancy.
- **Fine arts damage** – Provides coverage for repair or replacement of State-owned fine arts unless the item is deemed irreplaceable by the State Treasurer.
- **Vessel Hull damage** – Provides coverage for sudden and accidental damage to State-owned watercraft.

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

PUBLIC OFFICIAL BOND (POB) – Provides coverage for losses 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. Theft coverage is excluded by regulation (COMAR 25.02.06.02 A and B).

For certain elected and appointed officials of the State, where required by law or statute, bonds or similar instruments are purchased through commercial surety and commercial insurance companies. The purpose is to protect the State of Maryland, should the State sustain a loss through acts of the official.

Notes:

- An agency deductible of **\$1,000** applies to claims under the State's self-insurance programs.
- Amounts reimbursed to a State agency for property loss or paid on behalf of an agency for Tort claims will be recovered by addition to SITF annual premiums, typically 20% over five years, however, that is subject to change.

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 specialized losses. Commercial insurance placements include:

Excess Property coverage – The commercial policy provides coverage to repair or replace, whichever less, for State-owned property including buildings, contents and EDP equipment. The policy helps to preserve the solvency of the State's self-insurance reserve, or State Insurance Trust Fund (SITF), in the event of catastrophic loss. A commercial deductible of \$2,500,000 per occurrence applies except for natural catastrophic perils, such as Windstorm and Flood, which may have higher deductibles.

The program also covers certain property with **separate and lower** deductibles:

- **EDP** – includes State-owned computer equipment, software, and media. A \$100,000 commercial property deductible applies.

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- **Boiler & Machinery** – includes State-owned boilers, pressure vessels, refrigerating and air conditioning equipment; may also cover damage from artificially generated electrical current or sudden and accidental mechanical breakdown of machinery or equipment. A commercial boiler and machinery deductible of \$250,000 applies, except a \$1,000,000 **WATER** Damage deductible applies to State Universities.

Notes:

- Commercial deductibles may be reimbursed from SITF with proper documentation.
- For new locations, whether State owned or leased, please notify the Insurance Division to begin the process to add coverage

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 \$5,000,000; on premises the maximum limit is \$15,000,000. A loan agreement with a list of artwork, assigned values and duration of the loan must be submitted to the Insurance Division in advance for coverage to apply. The deductible is \$500 each occurrence, except a \$2,500 deductible applies to outdoor artwork.

Vessel Liability (Protection & Indemnity) coverage – The commercial policy provides coverage for maritime liability exposures related to operation of a State-owned vessels. Worker's Compensation, injury to passengers and hull damage to State-owned watercraft are not covered by the commercial policy.

Note: New vessels including year, make, power classification (and hull value for SITF) must be reported to the Insurance Division within thirty (30) days of acquisition for liability coverage to apply.

Travel Accident coverage - The State's commercial policy provides coverage for 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 policy aggregate limit is \$2,500,000 per accident, subject to exclusions including but not limited to:

- suicide or attempted suicide,
- declared or undeclared war,
- injuries incurred in the commission of or attempt to commit a felony

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. Commercial policy self-insured retentions are eligible for reimbursement through the SITF.

Notes:

- If a breach or security event occurs, the agency should submit an Agency Property Loss Report immediately upon discovery to AccidentReports@treasurer.state.md.us. The Insurance Division will coordinate with the appropriate insurance company.
- Breach response or other expenses incurred prior to approval by the commercial insurance carrier may not be covered.

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AGENCY LOSS REPORTS

Agency Loss Report forms are located on the Treasurer’s website www.treasurer.state.md.us, click the link under “For Agencies” and select Insurance. For assistance after business hours, weekends or State Holidays, please call the **Agency Claim Emergency** number 410-271-0312.

WORKERS’ COMPENSATION COVERAGE is self-insured by the State. The claims administrator is Injured Workers’ Insurance Fund (IWIF), a division of Chesapeake Employers’ Insurance Company. The main phone number for IWIF is (410) 494-2000, injury reporting hotline is 1-888-410-1400 (toll free).

For more information regarding Coverage, Claims or Loss Reporting, please contact the following Insurance Division staff:

Joyce Miller, Director	410-260-7929
Leslie Morris, Claims Manager	410-260-7196
Muriel Turner, Senior Underwriting Manager	410-260-7229
Luke Reed, Underwriter	410-260-7239
Steve Owen, Loss Prevention Specialist	410-260-7194
Gabriel Johnson, Casualty Claims Adjuster, Litigation Specialist	410-260-7411
Jamie Chester, Casualty Claims Adjuster, Litigation Specialist	410-260-7192
Michelle Morrison, Workers’ Compensation Program Administrator	410-260-7426
Insurance Division Main Line	410-260-7684
Insurance Division Fax	410-974-2865
Agency Claim Emergency – After Hours	410-271-0312