

State of Maryland

Insurance Coverage at a Glance

The State of Maryland operates several high-risk enterprises including colleges 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 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, 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, to a single claimant for injuries arising from a single incident or occurrence.
- 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.
- 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:
 1. 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
 2. 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.
- 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 under 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.
- **Property damage** – Provides coverage for repair or replacement of sudden and accidental losses to State-owned property including buildings, contents and Electronic Data Processing equipment (EDP) up to \$2,500,000. *See property exclusions below.*
 - **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 in vacant buildings to at least 55 degrees during the winter months to prevent pipes from freezing and bursting.
- **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.

Note: An agency deductible of \$1,000 applies to claims under the SITF.

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Property Exclusions - The types of property damage perils covered by insurance are broad. However, certain exclusions apply to the property damage 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.

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. Commercial insurance placements include:

Excess Property coverage – The commercial policy for State-owned property provides repair or replacement cost coverage, whichever 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, except for catastrophic perils which may have different deductibles. The commercial deductible may be reimbursed from the SITF.

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

- **EDP** – includes State-owned computer 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 equipment; may also cover electrical damage from artificially generated electrical current, mechanical breakdown from sudden breakage, or rupture of machinery or equipment. 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.

Notes:

- For new locations, whether owned or leased, agencies should contact the Insurance Division to begin the process to add coverage.
- Building materials have increased substantially in cost. Agencies should consider inflation when calculating replacement cost values for State-owned property reported on the Annual Survey.

Vessel Liability coverage – The commercial policy provides coverage for most maritime exposures related to operation of a vessel, other than Worker's Compensation or hull damage to State-owned watercraft. A \$1,000 agency deductible applies.

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

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 copy of the loan agreement, loan duration and list of loaned items with values, must be submitted to the Insurance Division in advance for coverage to apply. A \$1,000 deductible applies.

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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. An agency deductible of \$1,000 applies.

Notes:

- If a breach or cyber security event occurs, the agency should submit Notice of Claim on the Property Loss Report to the Insurance Division immediately upon discovery. Forms may be sent via email to AccidentReports@treasurer.state.md.us
- Claims will be coordinated by the Insurance Division with the appropriate insurance company.
- For assistance after business hours or weekends, please call the Agency Claim Emergency number 410-271-0312.

All Agency Loss Report forms are located on the website www.treasurer.state.md.us under the State Agencies tab, 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 Reporting, please contact the following Insurance Division staff:

Joyce Miller, Director	410-260-7929
Vacant, Deputy Director	410-260-7172
Muriel Turner, Senior Underwriting Manager	410-260-7229
Luke Reed, Underwriter	410-260-7239
Vacant, Loss Management Specialist	410-260-7196
Gabriel Johnson, Casualty Claims Adjuster, Litigation Specialist	410-260-7411
Vacant, Casualty Claims Adjuster, Litigation Specialist	410-260-7192
Insurance Division Main Line	410-260-7864
Voicemail Evening/Weekend Hours	1-800-942-0162
Agency Claim Emergency	410-271-0312