

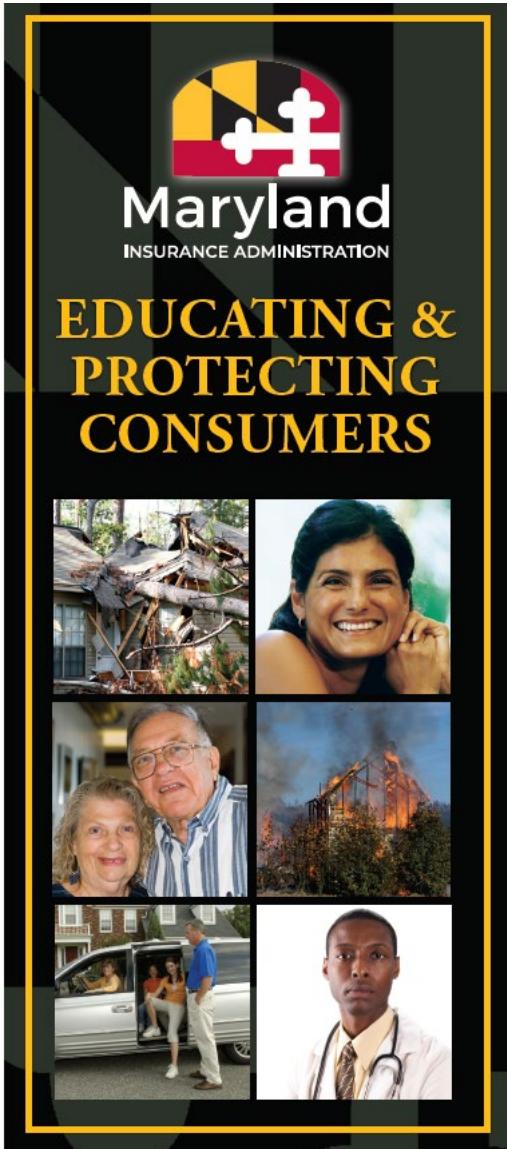


What your Homeowners, Renters and Auto insurance will cover for water damage

Consumer Education and Advocacy Unit

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.



Homeowners policies do not cover

ALL types of water damage

The terms of your homeowners policy will determine what types of water damage are covered and the amount of coverage available. ***Most homeowners policies DO NOT cover flooding.***



What water damage claims might be covered by your homeowners policy?

- If you have purchased a water/sewer back-up endorsement, it will pay for the damage done by the water or sewage that backs up into your home (subject to terms, conditions and limits). Many policies **WILL NOT** cover the cost to repair or replace the pipe or drain.
- The scope and amount of the water/sewer coverage will be determined by your homeowners policy.
- Maryland law requires that your insurance company offer you this type of coverage with the same limits as you have for dwelling coverage and most companies offer several additional coverage limit options.



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What water damage claims might be covered by your homeowners policy?

- If a pipe in your home suddenly bursts and water flows all over the floors, generally a homeowners policy will cover the damage caused by the water.
- Generally, the repair or replacement of the pipe itself is not covered.
- If you have a **slow** leak, regardless of when you discover it, most homeowners policies will not cover the damage that results from that leak.
- Also, it is important that during the winter, you maintain appropriate heat in your home, especially if you are planning on being away from your home. If a pipe bursts due to your failure to maintain appropriate heat, the loss may not be covered by your insurance policy.
- You should check the terms of your policy to learn more about the scope and amount of coverage that your specific policy provides.



What water damage claims might be covered by your homeowners policy?

- If rain enters your home through your roof that has been properly installed and maintained, your homeowners policy will typically cover the damage.

- If rain enters your doors or windows, this may or may not be covered depending on whether it is surface water and it enters from ground level.



How do I get coverage for flood damage?

You can purchase a flood insurance policy:

- from the National Flood Insurance Program (NFIP)
<http://www.floodsmart.gov>;
- in the private market; or
- through a surplus lines carrier.

Talk with your trusted insurance producer to discuss these options and for more information visit the Maryland Insurance Administration's page on flood insurance at:

<https://insurance.maryland.gov/Consumer/Pages/flood-insurance.aspx>



Replacement cost or actual cost value coverage

Replacement cost coverage is available for single-family homes.

- ✓ Single-family homes include a residential condominium unit that is the policyholder's principal residence; and
- ✓ is insured for at least 80 percent of the unit's replacement cost at the time of the loss.



Replacement cost or actual cost value coverage

- Personal property is always adjusted on an actual cash value basis.
 - Actual cash value means the cost to replace an insured item of property with “like kind and quality” at the time of the loss, less the value of physical depreciation of the damaged item.

What is Auto Insurance?



Auto insurance is a contract between you and the insurer that protects you against financial loss. In exchange for you paying a premium, the insurer agrees to pay for certain covered losses as described in your policy.



Comprehensive Coverage

When it comes to auto insurance coverage, **Comprehensive Coverage** provides you the coverage for property damage to your insured vehicle resulting from occurrences other than collision.



- Flooding
- Theft
- Vandalism
- Glass breakage not resulting from an accident
- A vehicle striking an animal



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Filing a Claim

- If you experience damage to your vehicle and you decide to file a claim, call your insurance company as soon as possible.
- Your policy provides a certain period of time for you to notify the insurance company of your claim.
- Your insurance company may tell you to take your vehicle (or have your vehicle towed) to a body shop where you will receive an estimate of the amount of damage to the vehicle.



Filing a Claim

- You have the right to select the repair facility where your vehicle will be repaired.
- Your insurance company may send an adjuster to assess the damage.



Claim Process

- Review the estimate carefully. If you disagree with the estimate, you have the right to get another estimate at a different repair facility.
- Make sure to keep copies of all claim records, and keep track of the claim.



What happens if your insurer decides that your vehicle is a total loss?

If your vehicle is determined to be a total loss, your insurer will make a **settlement offer reflecting the actual cash value (ACV) of the vehicle immediately prior to the loss.**



You will be responsible for payment of your deductible.



What if my vehicle is a total loss?

Total Loss - the cost to repair the vehicle is 75 percent or greater than the fair market value of the vehicle immediately prior to the loss.

Your insurer is permitted to add additional costs such as the cost of a rental vehicle and potential hidden damage to the cost to repair your vehicle when calculating the 75 percent value.



What if my vehicle is a total loss?

You may request the following in writing from the insurer:

- ✓ Settlement offer
- ✓ Explanation of the method used to arrive at the offer
- ✓ Detailed explanation of the calculation of the motor vehicle's total loss value, including the calculation of any value added to the motor vehicle by options
- ✓ A list of all the deductions that will be made from the value of the motor vehicle.
- ✓ A copy of the inspection guidelines relied on to determine the condition of the vehicle at the time of the loss.

The insurer is required by law to respond within seven business days of your request.



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Settlement Offer



If you think your car is worth more than what the insurer offered, you can negotiate with your insurer. It's important to know that you must provide supporting documentation for your counteroffer. You can do this by getting quotes from car dealers or viewing prices and ads online for similar vehicles.

After a Loss

- ✓ Contact your insurance company promptly after sustaining a loss.
- ✓ Take photographs and/or video of the damaged areas.
- ✓ Make only those repairs necessary to prevent any further damage. Do not make permanent repairs before talking to your insurance company.
- ✓ Before you remove any damaged property from the premises, be sure an insurance adjuster or your agent has seen the damage.



After a Loss

- ✓ Keep all receipts for emergency repairs.
- ✓ As soon as possible, prepare a detailed inventory of all damaged or destroyed property. Give a copy to the insurance adjuster and keep a copy for yourself. It should include:
 - Description and quantity of items.
 - Date of purchase or approximate age.
 - Cost - time of purchase and estimate to replace.



After a Loss

- Be present when your insurance adjuster inspects your property.
- Do not accept an inadequate settlement offer. Cashing a check may bar you from seeking additional compensation; confirm in writing that it will not.



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Summary

- Consider making improvements or repairs to the property that may mitigate loss or damage.
- Review your policy to see what your deductible would be.
- Determine whether you have Actual Cash Value (ACV) or Replacement Cost Value (RCV) coverage.
- If you do not understand your policy, consult with your insurance producer or company and ask them to explain it.



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Reminder



If your insurance company denies any part of your claim, be sure they put the denial in writing and you keep all the paperwork.

Contact Information

Maryland Insurance Administration

1-800-492-6116

www.insurance.maryland.gov

National Flood Insurance Program

1-800-427-4661

www.floodsmart.gov

Maryland Home Improvement Commission

1-888-218-5925

www.dllr.state.md.us/license/mhic/



Contact Information

Maryland Emergency Management Agency

1-877-636-2872

www.mema.maryland.gov/

Federal Emergency Management Agency

1-202-646-2500

www.fema.gov



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Questions?

