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**Bulletin 18-10**

**Date: June 12, 2018**

**To: All Property & Casualty Insurers  
All Property & Casualty Producers**

**Re: Section 19-202. Coverage for water damage  
Code of Maryland Regulations (COMAR) 31.08.14 Coverage for Loss Caused by Water  
That Backs Up Through Sewers or Drains**  
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This Bulletin provides important information for all Property & Casualty insurers and producers with respect to the offer of coverage for a loss caused by or resulting from water that backs up through sewers or drains and is not caused by the negligence of an insured (“Coverage”).

In the aftermath of recent storms that caused damage to homes throughout Maryland, some homeowners have advised Insurance Administration representatives that insurers and producers failed to offer Coverage in an amount equal to the limits of liability for dwelling coverage, other structure coverage, personal property coverage, and loss-of-use coverage under the homeowner’s insurance policy. According to these homeowners, insurers and producers only offered them coverage that was less than the full policy limits.

The Insurance Article requires an insurer that issues, sells or delivers a policy of homeowner’s insurance in the State to offer this Coverage. Further, the offer of Coverage must be made at the time of application and at each policy renewal. COMAR 31.08.14, however, requires that each insurer’s offer of Coverage **must** include the option to purchase the Coverage with limits equal to the limits of liability for dwelling coverage, other structure coverage, personal property coverage, and loss-of-use coverage under the policy of homeowner’s insurance. Therefore, under Maryland law, an insurer may offer Coverage that is less than the full policy limits, but it must be accompanied by an offer of Coverage that is equal to the full policy limits.

Please direct any questions regarding this Bulletin to Erica J. Bailey, Associate Commissioner, Compliance & Enforcement (410.468.2113 / erica.bailey@maryland.gov).

**Al Redmer, Jr.  
Commissioner**

signature on  
original

By: \_\_\_\_\_

**Erica J. Bailey  
Associate Commissioner  
Compliance & Enforcement**