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Bulletin 18-23

Date: October 30, 2018
To: Property & Casualty Insurers
Re: Clarification of Bulletin No. 97-1: Coverage of Aluminum Siding Claims,
Including Claims for Mismatch

The purpose of this Bulletin is to update Bulletin No. 97-1 to take into consideration policy language that was not in existence at that time concerning an insurer's obligation for a claim to replace damaged aluminum siding, which results in a mismatch in color shade, texture, or dimension.

In 1997, the Maryland Insurance Administration (MIA) issued Bulletin No. 97-1 regarding claims to replace aluminum siding due to damage caused by a covered peril under a "replacement cost" homeowners insurance policy. The Bulletin noted that replacement of damaged siding with new siding may result in a mismatch between existing siding and newly installed siding due to color shade, texture or dimension. Bulletin No. 97-1 advised that if a mismatch occurs, settlement options include moving undamaged siding from other less visible areas of the house to replace damaged siding, replacement of both damaged and undamaged siding on one or more sides of a house, replacement of all siding, and/or a monetary allowance to reflect diminution in value of the house caused by mismatch. Bulletin No. 97-1 also noted that the law does not require a replacement cost policy to ensure in every instance the replacement of all siding, including undamaged siding, in order to eliminate or minimize mismatching. At the same time, the MIA advised that insurers whose settlement practices failed to take into account major differences in color shades, textures, or siding dimensions would be subject to administrative action under Section 230A, Article 48A of the Code, which has been recodified as present Title 27, Subtitle 3 of the Insurance Article.

At the time MIA Bulletin No. 97-1 was issued, policy language typically provided coverage for direct physical damage not otherwise excluded in the policy. Since the issuance of Bulletin 97-1 in 1997, however, most insurance policies now contain policy language specifically excluding mismatch claims. Terms, conditions and exclusions with respect to mismatch vary among insurers and policies. Moreover, the specific language of the individual insurance policy governs the rights, duties and obligations of the insurer and the policyholder.

In the absence of specific policy exclusion for mismatch claims, the advice contained in Bulletin 97-1 still applies. Mismatch exclusions may apply to aluminum siding claims as well as other exterior finish materials such as roofing.

While most policies now contain a specific exclusion for mismatch claims, some insurers also offer optional coverage for mismatch claims. This coverage is not generally automatically included within a homeowners policy, but may be purchased at an additional cost. The terms, conditions and cost of such optional mismatch coverage vary among insurers and policies. To find out whether your insurer offers additional coverage for mismatch claims, Maryland consumers are encouraged to contact their producer or insurer for further information.

For questions regarding this Bulletin or for further information, please contact the Maryland Insurance Administration at 410-468-2000 or 800-492-6116.

Al Redmer, Jr.
Commissioner
signature on original

By: _____

Joy Hatchette
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