

Aluminum Siding Claims

MIA BULLETIN NO. 97-1

The Maryland Insurance Administration (MIA) has received numerous complaints from homeowners concerning the settlement practices of insurers of claims for damage to aluminum siding from hail. These complaints allege practices by insurers of paying to replace only those portions of siding that are physically damaged without regard to the mismatching between existing and new siding. Failure to adjust such claims in accordance with policy provisions or the company's own operations or settlement guidelines may result in a finding that the insurer is in violation of Section 230A, Article 48A of the Code. This Bulletin reiterates long-standing MIA policy regarding the settlement of such claims.

The MIA interprets Section 230A, Article 48A of the Code, in the following manner as to claims for aluminum siding damage under a covered peril made under a "replacement cost" homeowner's policy. The replacement of damaged siding with new siding may result in mismatched siding between the existing siding and the newly replaced siding. In such cases of mismatching, settlement options include moving undamaged siding from other 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 an allowance to reflect diminution in value of the house caused by the mismatch. While the MIA does not interpret a replacement cost policy to require in every instance, replacement of all siding including undamaged siding in order to minimize mismatching, insurers whose settlement practices fail to take into account major differences in color shades, textures, or siding dimensions as provided above may be subject to action under Section 230A.

Insurers should inform their insureds of any appraisal rights under the policy where there is disagreement on the amount of a covered loss. See COMAR 09.30.75

Questions should be directed to Jean Bienemann, Associate Commissioner for Property and Casualty, 410-468-2301.*

Steven B. Larsen
Insurance Commissioner

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* Contact is obsolete. Contact Dave Diehl at ddiehl@md.insurance.state.md.us