



# EUIM FAQs

## PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE: ENHANCED UNDERINSURED MOTORIST COVERAGE OPT-OUT OPTION

House Bill 128, enacted during the 2023 Session, is applicable to all new private passenger automobile policies issued, sold or delivered in the State effective on or after July 1, 2024. The law requires insurers that sell private passenger automobile insurance in the State to use the form developed by the Maryland Insurance Administration (“Insurance Administration”) for making the mandatory offer of Enhanced Underinsured Motorist Coverage (“EUIM”).

On September 1, 2023, Bulletin 23-12 introduced the Insurance Administration’s required final form. Bulletin 23-12 encourages all private passenger motor vehicle liability insurers to submit the EUIM coverage form and any corresponding rate/rule filing for review by the Property & Casualty Rates and Forms Unit, as a stand-alone form filing and a stand-alone rate / rule filing.

The Insurance Administration has received questions regarding this form. Here are the answers to those questions.

### WHICH FORM TO USE AND WHEN:

**Question 1:** Which UM/UIM form is to be used before and on/after July 1, 2024 for existing and for new policies?

**Answer:** Two forms will now be in use:

- New policies: The new opt out form, attached to the Bulletin, is used for new policies issued, sold or delivered in the State effective on or after July 1, 2024.
- Existing policies: The existing opt in form for EUIM remains in use. A policy renewal is NOT a new policy and remains subject to the existing opt in form.

**Question 2:** Which form is used to process customer-requested changes?

**Answer:** Customer-requested changes are based on written notifications to the insurer.

If an insurer receives a request to change an EUIM or UM coverage selection, it may use the new form to process the requested change. The form to be used depends upon the date on which the policy was issued, sold or delivered.

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**Question 3:** When must the new UM/UIM form be sent to customers?

**Answer:** The new UM/UIM form is only required to be sent at the time of application or when making a change specific to the UIM/EUIM coverage where a written acknowledgement of the change is needed. Insurers are not required to send the new form each time a policy change is requested.

**Question 4:** Is the new form requirement applicable when an existing customer is moved (“re-written”) to a related group company offering new products which include EUIM coverage?

**Answer:** Yes, Bulletin 23-12 and House Bill 128 apply to new policies issued, sold or delivered in the State effective on or after July 1, 2024. If a policy is written as new business in the related group company (even if the policy is for an existing customer of the insurance group) the mandatory offer of EUIM must be presented using the new EUIM opt out.

**Question 5:** If a policy becomes effective on or after July 1, 2024 but was issued, sold or delivered prior to that date, would this policy be subject to the new requirement?

**Answer:** If a new policy is quoted or bound prior to July 1, 2024, but delivered on or after July 1, 2024, the mandatory offer of EUIM coverage will need to be made using the new opt out option form.

**Question 6:** Do Bulletin 23-12 and House Bill 128 apply to commercial auto policies or to Private Passenger Type (NF-PPT) commercial vehicles?

**Answer:** No, Bulletin 23-12 and House Bill 128 apply solely to private passenger motor vehicle liability insurance policies and not to commercial auto policies.

### CHANGES TO THE FORM:

**Question 7:** Are insurers permitted to make any substantive changes to the new form exclusive of formatting?

**Answer:** The substance of the form may **NOT** be modified. Any proposed text additions or modifications to the form are subject to the MIA’s review and approval.

The form may be included as part of the policy contract but **MUST**:

- be in 14-point boldface type;
- clearly state the cost of the overall total policy premium in Options #1 and #2; and
- clearly state the cost of the overall total policy premium and the coverage limit for Option #3.

**Question 8:** Are insurers permitted to add their company name and form number to the footer of the form?

**Answer:** The new form provides a line on page three (3) for the insurance company name (may also include the NAIC number). A form number may be added to the footer.

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**Question 9:** Are insurers permitted to add a title to the form?

**Answer:** The new EUIM opt out form does not have a title; however, one may be added subject to the MIA's review and approval.

**Question 10:** Is the "Important Note" at the end of page 3 intended to be printed on the form, or is it an editorial message for companies to be aware of?

**Answer:** Yes. The IMPORTANT NOTE at the end of page three (3) is intended to be included on the form.

## COMPLETING THE FORM:

**Question 11:** Should the Option #1 premium always be filled in on the form even if EUIM is not selected?

**Answer:** The Total Premium for Option #1 and the Policy Premium for Option #2 should ALWAYS be filled in on the new form even if EUIM is not selected.

**Question 12:** The new form uses the terms "total premium" (Option #1) and "policy premium" (Option #2 & Option #3). Do these refer to the overall policy premium or the coverage premium?

**Answer:** In the new opt out form "total premium" and "policy premium" refer to the overall dollar policy premium including the premium for the coverage selected.

**Question 13:** How should Option #3 be completed if several limit options are available (i.e. \$30,000/\$60,000/maximums) or if a limit lower than the bodily injury limit were not selected? May Option #3 be left blank if lower limits were not selected?

**Answer:** For Option #3, the Policy Premium and Coverage Limit fields MUST be completed if the limits selected are lower than the liability coverage limit. If the selected limits are the same as the liability limits, coverage under Option #1 or #2 will apply. If no option is selected, the company MUST provide Option #1.

**Question 14:** Option #3 box reads; "This premium is based on your chosen coverage UM/UIM coverage limit of [\$variable text]," what is the variable text for this sentence?

**Answer:** The variable text line is used to express the UM/UIM coverage limits selected by the policyholder that are less than the amount of the liability coverage on the policy, but not less than the state mandated minimum liability coverage limits of \$30,000 per person and \$60,000 per accident for bodily injury, and \$15,000 for property damage. The entry of \$30,000/\$60,000/\$15,000 would be acceptable.

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**Question 15:** Option #3 box reads: “An insurer may not refuse to underwrite your policy because you refuse to waive EUIM coverage pursuant to this option.” May an insured select UM/UIM limits lower than their BI/PD limits (constrained by the minimum limits) and still purchase Enhanced UIM coverage?

**Answer:** The insured is limited to one option selection. An insured may not select UM/UIM limits lower than their liability limits (Option #3) and still choose the Enhanced UIM Coverage (Option #1).

**Question 16:** Section 19-509.1 (f)(1)(2) requires UM/Enhanced UIM limits equal to BI/PD limits, does this section qualify Option #3?

**Answer:** EUIM limits must be the same as the liability limits (Option #1). Option #3 is not available when EUIM coverage (Option #1) is selected or when EUIM is the default coverage when no selection is made.

**Question 17:** Is it permissible to omit the producer’s name and code on page 3 of the form (producer names/codes would be used more so in agency environments)?

**Answer:** When applicable, the producer’s name and code MUST be included.

**Question 18:** May the new form be e-signed?

**Answer:** Yes, the new form may be e-signed.

### FILING REQUIREMENTS:

**Question 19:** If the form number is added to the form and no other changes are made, does the form still have to be filed?

**Answer:** Yes, companies MUST submit stand-alone form filings even if a form number is the only change. Stand-alone, early filings assist the MIA to expedite the review process.

**Question 20:** Would a rate and rule filing be required if no revisions are made to the form?

**Answer:** Yes, companies MUST submit stand-alone rate and rule filings even if no revisions are made to the form. Stand-alone, early filings assist the MIA to expedite the review process.

**Question 21:** If the form provided in the Bulletin is used and the only change is adding a company name and logo, would that require a form filing?

**Answer:** Yes, companies MUST submit stand-alone form filings even if is the addition of a company name and logo are the only changes. Stand-alone, early filings assist the MIA to expedite the review process.