

## [Insurance Consumer Rights in Maryland \(2022\)](#)

Insurance policies are contracts and legal rules come into play when you file an insurance claim. You are “the insured” and your insurance company is “the insurer.” Understanding how your insurer should handle your claim and what your rights are will help you navigate the process, be your own best advocate and collect all available policy benefits to cover your losses.

After disasters, it’s common for an insurer to rotate adjusters, which means you will have to work with multiple adjusters before your claim is resolved. Knowing your legal rights will make it easier for you deal with rotating adjusters and keep your claim on track toward a fair and full claim settlement without unreasonable delays.

Your insurance company and its employees are required to be fair and reasonable and follow state laws and regulations. They must do a timely, thorough and unbiased investigation and assessment of your loss(es) and claim. They must work with you to adjust your claim and pay what they owe in a timely and fair manner and in full compliance with the policy contract and applicable laws.

Insurance company claim adjusters are supposed to be trained on your state’s laws and claim handling regulations, but it’s often up to you to make sure they’re valuing your losses fairly, offering all benefits you’re entitled to, and following the regulations and laws in your state.

Use the guidance and sample letters you’ll find on United Policyholders’ website ([uphelp.org](http://uphelp.org)) to “speak UP” and collect all benefits you’re entitled to under the policy you paid for.

The information included here will give you a basic understanding of how the claim process should go and the legal rights that give you leverage to get a fair outcome. Here are the four places where your rights as an insurance consumer are spelled out:

[Maryland’s Insurance Code](#)

[Title § 27-101 to § 27-1001](#) Unfair Trade Practices and Other Prohibited Practices.

[Title § 27-301 to 27-306 Unfair Claim Settlement Practices](#)

- [27-303 – Itemized Unfair Practices](#)

Maryland’s Courts and Judicial Proceedings

- [3-1701 – Actions Against Insurance Providers to Determine Coverage](#)

[Code of Maryland Regulation](#)

[Title 31 Maryland Insurance Administration](#)

- 31.15.01.01 to 31.15.15.9999
- [31.15.07.03 Unfair Claims Settlement Practices](#)

Notices and bulletins issued by the [Maryland Insurance Administration](#).

**Claim Communications**

UP strongly recommends keeping a daily claim journal. As often as possible, jot down the date, time, and details of conversations, issues, problems and agreements with the adjuster assigned to your claim and other professionals such as contractors, government agencies, etc.

Also, we strongly recommend communicating in writing with insurance company representatives so there is a clear paper trail of how your claim is being handled. These days many communications will be via email, so make sure to save those emails where you can find them. After in-person or phone conversations with insurance company representative you should send short follow-up emails or letters summarizing what was said or agreed to. Document that you’re cooperating fully with the insurer. This will prevent them from blaming you for delays and confirm that you’re holding up your end of the bargain.

Check out our “Speak UP” tips on being politely assertive, organized and avoiding delays and misunderstandings. (<https://www.uphelp.org/pubs/speak-how-communicate-your-insurance-company>).

## **Time Frames and Deadlines**

Below are timeframes and deadlines to be aware of. After a disaster, deadlines can become unrealistic due to shortages of available inspection, clean up and construction professionals. Speak UP! Document the contractors or service providers you called, who you spoke with, and what they told you in your claim journal. Sometimes following a natural disaster more work exists than skilled labor can support and it is important to document that you kept trying to find someone to help protect your property following a loss.

### Processing your claim

**15 Working Days** - Your insurer must acknowledge your claim within 15 working days after receipt. Unless payment is made within this time. [Md. Regs. Code tit. 31, § 15.07.03\(B\)\(10\)](#).

**Promptly** - After receiving notice of your claim, your insurer must make a good faith attempt to settle claims promptly or your insurer must promptly provide reasonable explanations for denial of benefits. [Md. Regs. Code tit. 31, § 15.07.03\(B\)\(5\) and \(6\)](#).

### Communicating information to you

**15 Working Days** - Your insurer must reply to all pertinent communications from you that reasonably indicate a response is expected within 15 working days after receipt. [Md. Regs. Code tit. 31, § 15.07.03\(B\)\(15\)](#).

### Investigating your claim

**45 Days** - If an insurer has not completed its investigation of your claim within 45 days of notification, the insurer shall promptly notify you (the claimant), in writing, of the actual reason that additional time is necessary to complete the investigation. Notice shall be sent to you after each additional 45-day period until the insurer either affirms or denies coverage and damages. [Md. Regs. Code tit. 31, § 15.07.04\(B\)](#)

### Paying or denying your claim

**15 working Days** - An insurer must let you know if your claim is being accepted or denied within 15

working days after receipt of a properly executed proof of loss. This time can only be extended if the insurer writes to you explaining why the investigation has not been finalized. [Md. Regs. Code tit. 31, § 15.07.03\(B\)\(12\)](#).

**More Time** - If an insurer has not completed its investigation of a first-party claim within 45 days of notification, the insurer shall promptly notify the first-party claimant, in writing, of the actual reason that additional time is necessary to complete the investigation. Notice must be sent to the first-party claimant after each additional 45 day period until the insurer either affirms or denies coverage and damages. [See Md. Regs. Code title 31, § 15.07.04\(B\)](#).

### Preserving your right to sue if necessary

There is typically a deadline in your insurance policy for filing a lawsuit related to a claim. Check your policy for a “suit against us” provision, or similarly worded provision, to find that deadline. It’s typically 12 months from the date of loss or the date your insurer closes your claim. However, the laws in your state that apply to lawsuit deadlines may extend the period stated in your policy, so it’s best to check with an experienced Maryland state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

### **Unfair Claim Practices**

Your insurer is prohibited from using unfair claim practices and/or treating you badly during the claim process. These practices are set out in [Maryland’s Insurance Code](#) and in [Title 31 Maryland Code Regulation](#). Maryland has adopted the [Unfair Claims Settlement Practices Act](#). The following are a few examples listed in [Title § 31.15.07.03](#). Specific, **Unfair claim settlement practices defined:**

A prohibited unfair claim settlement practice occurs if an insurer commits one or more of the following acts:

**(1)** Misrepresents pertinent facts or policy provisions relating to the claim at issue. For the purposes of this regulation, misrepresentation includes, but is not limited to, the following acts:

**(a)** Providing incomplete or misleading disclosure of pertinent facts or policy provisions relating to

the claim at issue;

**(b)** Concealing from a first-party claimant benefits, coverages, or other provisions of a policy when these benefits, coverages, or other provisions are pertinent to the claim at issue;

**(c)** Failing, upon written request, to disclose to a first-party claimant all benefits, coverages, or other provisions of an insurance policy under which a claim is presented;

**(d)** Except when there is a time limit specified in the policy or provided by law, making oral or written statements to any claimant that:

**(i)** There is a requirement that the claimant give written notice of loss or proof of loss within a specified time, and

**(ii)** The company is relieved of its obligations under the policy if the time limit is not complied with;

**(e)** Making oral or written statements to any claimant that there is a requirement that the claimant sign a release that extends beyond the subject matter that gave rise to the claim payment; or

**(f)** Issuing a check or draft in partial settlement of a loss or claim under a specific coverage or coverages, which check or draft contains language releasing the insurer or its insured from their total liability.

**(2)** Attempts to settle a claim on the basis of an application which has been altered without notice to, or the knowledge or consent of, the insured. An insurer may not be found to have violated this regulation unless the:

**(a)** Insurer knew or had reason to know of the alteration; and

**(b)** Alteration is material to settlement of the claim at issue.

**(3)** Refuses to pay a claim for an arbitrary or capricious reason based on all available information.

- (4) Fails to include, in any claim paid to an insured or beneficiary, a statement or other identification setting forth the specific policy coverage under which the payment is made.
- (5) Fails to make a good faith attempt to settle a claim promptly under one portion of a policy, whenever liability is reasonably clear, in order to influence settlements under other portions of the policy.
- (6) Fails to promptly provide a reasonable explanation of the basis for denial of a claim when requested to do so.
- (7) Fails to act in good faith in settling a first party claim under a policy of property and casualty insurance.

### **Remedies: Filing an official complaint with your State Insurance Agency**

The Maryland Insurance Administration oversees how insurance companies operate in the state. They can impose penalties on your insurance company if they did not comply with the laws in your state that require insurers to handle claims fairly and in good faith.

Visit [uphelp.org](https://uphelp.org) and Insurance Resources for Maryland <https://uphelp.org/recovery/state-by-state-help/maryland/> for resources and tips on the process and strategy of filing a formal complaint.

You can call the Office of the Insurance Commissioner consumer hotline with any questions or complaints toll-free at 800-492-6116 or 410-468-2119 email insurance questions to [danilsa.marciniak@maryland.gov](mailto:danilsa.marciniak@maryland.gov), file a complaint online, by going to <https://insurance.maryland.gov/Consumer/Documents/pccomplaintform.pdf> status select “File a Complaint” for an online form. Their mailing address is:

Maryland Insurance Administration

Property & Casualty Complaints

200 St. Paul Place, STE 2700

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Baltimore, MD 21202

### **Special rules that may be in place after a disaster**

Check the Maryland State Office of the Insurance Commissioner's website regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster. <https://insurance.maryland.gov/Pages/2022-Bulletins.aspx>

After past disasters, special rules have been put into place such as:

- Requirements that insurers advance funds for temporary expenses instead of requiring you to incur and submit receipts.
- Requirements that insurers extend deadlines for submitting proofs of loss and other documents.
- Agreements with insurers that they will accept less detailed contents inventories.

### **Hiring Professional Help**

When you paid your premium, you paid for coverage *and* good claim service. In theory, you should not have to hire outside help to get what you already paid for. However, in reality, you may need to. You have the right to hire an attorney or public adjuster to help navigate your claim. However, we urge caution before agreeing to pay a portion of your insurance benefits to any professional, and before hiring anyone to speak for you or negotiate on your behalf with your insurance company. Only hire someone who has strong references and who is likely to add value to your claim and recover more funds more quickly than you'd be able to recover on your own.

**Attorneys** – If you hire an attorney to resolve an insurance claim dispute, try to hire them on a contingency (not hourly) fee basis and agree to advance litigation costs. Claim disputes are time-consuming, so it gets expensive fast when you pay by the hour. Ideally, arrange for one or two qualified attorneys to do an initial evaluation of your situation free of charge. Only hire one that has represented insurance consumers in claim disputes and is a member in good standing of the Maryland Bar. Visit our Maryland Professional Help Directory at: <https://uphelp.org/recovery/state-by-state-help/maryland/> We strongly recommend reading our publication titled “Questions and Answers for Hiring an Attorney for an Insurance Claim” <https://www.uphelp.org/pubs/hiring-attorney-insurance-claim> before making this

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important decision.

**Public Adjusters** – A qualified public adjuster can value your losses, handle the day-to-day aspects of your claim and negotiate a settlement on your behalf. Generally speaking, if you hire a public adjuster, you agree to pay them a percentage of the insurance benefits they recover on your behalf – not an hourly fee. Maryland public adjusters can also be found by visiting: <https://uphelp.org/recovery/state-by-state-help/maryland/> We strongly recommend reading our publication titled “Questions to Ask Before Hiring a Public Adjuster” before making this important decision. <https://www.uphelp.org/pubs/questions-ask-hiring-public-adjuster>

### **Using the Legal System to get a Fair Settlement**

If you haven't been able to get a fair insurance claim settlement on your own or with help from a professional and/or your state's insurance oversight agency, filing a lawsuit is your next option. If your lawsuit is successful, you can recover what the insurer owed and (ideally) also get compensation for the expenses you incurred chasing the policy benefits you were entitled to in the first place. Your success in using the legal system to get a fair settlement will depend on the quality of the lawyer(s) you hire, the laws in your state and the facts in your case.

It's common to worry that a lawsuit will be too time consuming or expensive (or both), but if you get the right lawyer and your case is strong, suing an insurer is often the best and only way to recover what you're owed. Finding a qualified lawyer is essential. Insurance matters require specialized expertise and you need a strong advocate who speaks the language and has previous experience litigating against an insurance company.

Start in our [“Find Help”](#) section and click on your state to find professionals who specialize in representing policyholders and support United Policyholders. You'll find many lawyers on the Internet that advertise as insurance specialists, and many of their websites have a chat window that pops up as soon as you visit their site. Speak directly to the lawyer who'd be handling your case and interview them about their insurance and litigation experience. Get and check client references. A lawsuit is a major undertaking but is often the best way to get full compensation, so be an astute consumer and choose your attorney carefully.

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The cost of hiring an attorney varies from firm to firm. The two main options are attorneys who charge by the hour and those who work on contingency. For most policyholders, hiring an attorney on a “contingency” fee basis is the only feasible way of doing battle with a well-funded insurance company. Hourly fees for lawyers vary according to firm size, experience of the attorney, and geographic location. While attorneys who work on contingency usually set their fee at 33% of the amount they recover on your behalf, that may increase to 40% if your case goes to trial. Most cases settle before trial. In some states you may not have the option of hiring an attorney on a contingency fee basis.

Using the legal system gives you leverage to get a better settlement and a lawsuit is a valuable tool. For more guidance on what to consider before suing your insurance company, read [Hiring an Attorney for an Insurance Claim](#) on [uphelp.org](#)

### **Best Practices**

Visit and use UP’s [Disaster Recovery Help Library](#) to get information, about the recovery process, after a disaster occurs. Additionally, for best practices, follow these steps:

**Inventory and document your losses.** Take pictures of identifiable items before they’re removed for disposal or repairs before your lot gets cleared. Create detailed lists of damaged property. If your home was seriously damaged or completely destroyed, get at least one, ideally two, independent repair/replacement cost estimates.

**Cooperate with your insurer as best you can and keep a good paper trail.** If you are not able to stay in your home, make sure the company has an address and phone number where it can reach you.

**Be present for inspections.** It’s a good idea to be home when the adjuster and or others inspect your property. Feel free to ask your contractor to be there with you to explain his/her opinions and estimates to the insurance company’s representatives.

**Make only urgent/temporary repairs before filing a claim.** Your insurance company may deny your claim if you make permanent repairs before it inspects. If you’re not sure if your company considers a repair to be permanent, ask your company (in writing) before starting any repair work. The cost of these repairs and for storing personal belongings is likely covered by your policy.

**Keep receipts.** Your insurer will usually require you to provide receipts before they'll reimburse you for expenses due to losing the use of all or part of your property. This is also true for collecting full replacement costs above depreciated/actual cash values. On our website you'll find a free expense spreadsheet to help you keep track.

**Speak UP.** Be politely assertive, communicate clearly, and set realistic goals during the claim process.