



Commercial Insurance FAQs

As of June 18, 2020

Does the Maryland Insurance Administration (MIA) regulate workmen's compensation claims in Maryland?

No. Workmen's compensation claims are regulated by the Maryland Workers' Compensation Commission. For additional information, visit their website, www.wcc.state.md.us.

However, the Maryland Insurance Administration regulates most workers' compensation insurance companies' underwriting practices, including rating and cancellation issues.

I own a small lawn care service. I have a riding mower and a few tools. I also have a trailer I use to transport my equipment which is attached to my truck. Do I need to purchase a commercial policy?

Check with the Maryland Motor Vehicle Administration to determine if your trailer requires commercial registration. You may wish to purchase some commercial coverage for your tools and equipment, liability coverage in the event you cause damage or injury to another, as well as commercial coverage for your vehicle. In the event your equipment is stolen or damaged in an accident, your personal automobile insurance may not cover your property. Additionally, if your auto policy is a personal use policy, it will not provide coverage for your vehicle while it is being used in the course of your business. Contact a trusted insurance professional, such as an insurance producer (also known as an agent) or broker, to discuss what type of policy and coverages would be best for you.

If I decide to get a commercial policy, what types of coverage should I obtain?

That depends on the type of business. Some smaller businesses find that a commercial package policy provides the coverages needed. These types of policies provide coverage such as business property coverage, loss of income and general liability.

Other policies you may wish to consider include professional liability coverage, like errors and omissions, directors and officers, or malpractice insurance. If your business owns any real property, such as a building, you will want commercial coverage on those properties. You may also need a commercial automobile policy. You should speak with a trusted insurance professional to assist you in securing the coverages you need.

What is general liability insurance and what does it cover?

General liability insurance is coverage to protect you from being held liable for any damages caused by you or your employees in the course of your business. It will cover the cost of legal representation and any settlement or judgment amount, up to the coverage limit, if you are found legally responsible for a covered claim.

Should I purchase general liability coverage for my business?

Business owners should consult with a trusted insurance professional to assess the liability risks faced by the business and determine what types and amounts of liability coverage to purchase.

Is general liability insurance expensive?

As with other types of insurance, the cost will depend on a number of factors, including the type of business, the amount of coverage, your prior claims history and other factors. You should speak with a trusted insurance professional who can advise you on the amounts and types of coverage needed and the costs. Premiums will vary from one insurer to the next so you may want to get multiple quotes.

I have been denied insurance for my commercial property. This is where my business is located. Where can I obtain coverage?

If you are unable to obtain insurance for your commercial property from a private insurer, limited insurance protection may be available through the Joint Insurance Association (JIA). You can reach them at:

Joint Insurance Association
3290 North Ridge Road, Suite 210
Ellicott City, MD 21043
410-539-6808
800-492-5670
www.mdjia.org

The JIA is an organization created by the Maryland General Assembly. The JIA provides coverage for those individuals and businesses that are unable to obtain essential property insurance through the normal property/casualty insurance marketplace. If you have a home or business property for which you have been unable to get insurance from insurance companies, the JIA will write a policy that provides insurance coverage for this property, subject to certain conditions.

Is JIA insurance expensive?

The coverage provided may be more restrictive than that provided by other insurers, and may also be more expensive because of the increased risk being assumed. Also, the JIA maintains underwriting guidelines that must be met before a policy is issued. However, if all guidelines and conditions are met, the JIA will issue you a policy for the property in question, even if your application has been rejected by a standard market insurer (for example, if the dwelling or building to be insured is adjacent to vacant properties).

Is the JIA regulated by MIA?

Yes, the JIA is regulated by the MIA. We may investigate any complaint received from a consumer regarding actions taken by the JIA to confirm compliance with Maryland insurance laws and regulations.

What is Employment Practices Liability (EPL) insurance?

EPL insurance covers businesses against claims by workers when their legal rights as employees or former employees of the company have been violated.

I have a small business but I only have 2 employees. Do I need to have Employment Practices Liability Insurance?

This type of policy covers claims related to sexual harassment, race- or gender-based discrimination, wrongful termination, failure to employ or promote, or other employee-related claims. The cost of EPL coverage depends upon the number of employees, the company's history as the subject of such claims in the past, and other risk factors related to the business. A policy with EPL coverage would provide and pay for the legal costs associated with a company's defense of a lawsuit related to employment practices, as well as any damages that may be awarded up to the policy limits. Punitive damages generally are not covered by an EPL policy. However, some companies may allow a business to purchase additional coverage for punitive damage protection, although the cost of the policy will reflect this additional coverage. You should talk to

your insurance producer or broker about whether you need to purchase this coverage for your business and what types of protection you need.

Is there a deductible attached to an Employment Practices Liability policy?

Yes. The deductible is the insured's share of the cost of the claim.

In my business, I deal with a third party contractor. Would a standard Employment Practices Liability policy cover any liabilities brought on by this third party entity?

No. Third-Party Employment Practices Liability Coverage is a separate insuring agreement contained within an employment practices liability policy that covers liability claims brought by nonemployees (typically, customers, clients, and vendors) against employees of the insured organization.