

**Insurance Association of Connecticut
Insurance and Real Estate Committee**

March 19, 2013

**HB 6656, An Act Concerning Liability Insurance
For Firearms**

The Insurance Association of Connecticut, IAC would like to raise the following concerns regarding HB 6656, An Act Concerning Liability Insurance For Firearms, which seeks to mandate liability insurance for all gun owners.

The IAC supports holding gun owners liable for any damage their guns do. However, mandating insurance to cover all incidents that result out of gun ownership neglects the fundamental principle of insurance – that it is designed to cover fortuitous or accidental events. Insurance does not, and will not, provide coverage for intentional or criminal acts.

HB 6656's mandate that an individual provide proof of insurance that “. . . provides coverage for bodily injury or property damage caused by the use of a firearm . . .” is problematic. As drafted, HB 6656 appears to mandate proof of insurance that provides coverage for any resulting harm from the use of a firearm including intentional, willful or criminal acts. That product does not exist in the market. No liability insurance policy provides coverage for intentional or willful acts or acts that are criminal in nature.

Any Connecticut resident that maintains homeowner's, renter's or condominium insurance already has liability coverage for injuries resulting from the negligent use of a firearm and it customarily provides a defense against such claims. Such policies do not provide coverage or defend against claims that result from intentional or criminal activity.

The only stand alone excess liability policy specific to gun ownership that we are aware of, is sold by the National Rifle Association, NRA. However, the excess coverage provided by the NRA is limited in its scope of coverage, as it covers incidents only when the policyholder is hunting, trapping, or shooting in a competition or at a range. Like the standard market, the NRA excess policy does not provide coverage for intentional or criminal acts.

Also the NRA is the only entity, that we are aware of, that sells an insurance policy specifically designed to provide coverage for an injury that results from the use of a gun

in self defense, as required by HB 6656. Although the NRA policy does provide coverage for criminal defense costs, it only reimburses the individual if they are acquitted or the charges are dropped. The self-defense product required by HB 6656 does not exist on the market.

Introducing intentional conduct coverage will fundamentally rework insurance. Requiring individual to maintain insurance to provide benefits for intentional acts would likely increase the tendency of some individuals to be more willing to take risks, knowing that the potential costs associated with such behavior will be covered by insurance. It has always been against public policy for wrongdoers to be protected by insurance for their own willful, reckless or unlawful conduct, yet HB 6656 would improperly change that.

Mandating the purchase and maintenance of stand-alone gun liability policies might have other unintended consequences on the existing liability insurance landscape. Insurers would likely exclude losses associated with gun ownership from existing liability policies which could potentially result in gaps of protection. For example, an individual procures the mandated insurance to comply with the law but it lapses. The individual negligently shoots his neighbor. Currently, the injury would be covered by the individual's homeowner's policy. But should HB 6656 pass, and insurers exclude such events from basic liability policies, there may be no source of recovery for injured parties.

Also such policies may have to be backed by the government. Insurers may not have the appetite to offer such products. Insurers do not have sufficient experience and related data to underwrite such exposure. Covered losses associated with gun ownership are negligible, therefore insurers do not consider gun ownership when underwriting and rating liability policies. There is even less information available for intentional or criminal acts. As such, underwriting and rating the new stand alone policies will be an extremely difficult task, if not improbable, thus potentially having a chilling effect on individuals' ability to obtain such insurance and comply with the law. Even if the data gap is overcome, it will take a significant amount of time to develop such products and insurers will be highly selective in whom they choose to write, requiring the need for a government backed residual market to assist residents to fulfill the mandate.