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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

H.B. No. 6656 – AN ACT CONCERNING LIABILITY INSURANCE FOR FIREARM POSSESSORS OR OWNERS

COMMITTEE ON INSURANCE AND REAL ESTATE

March 19, 2013

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on House Bill No. 6656, legislation that which would require persons owning or possessing firearms to maintain excess personal liability insurance coverage, including coverage for civil and criminal defense. PCI is a national property casualty trade association comprised of over 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI member companies write approximately 44 percent of all property casualty insurance sold in Connecticut.

PCI opposes this legislation because it will be ineffective in curbing gun violence and will create significant burdens for law abiding gun owners and insurers. As a general rule, PCI opposes mandating the purchase of liability insurance. We have found that mandatory insurance requirements are often ineffective and serve only to add enforcement and administrative costs for both government entities and insurers. It is highly unlikely that a mandatory gun insurance law would be effective in reducing gun violence since criminals and others who possess illegal firearms are unlikely to purchase coverage. Rather, a mandatory gun liability law could end up impacting only responsible citizens who obtain firearms for self-protection or sport.

Not only would this bill be ineffective in curbing gun violence, but it is also unnecessary because homeowners and renters insurance policies often provide coverage for accidental discharges and negligent acts by gun owners as well as coverage for necessary associated legal defense costs. In addition, coverage may be provided under such policies for liability resulting from acts of self-defense, including defense cost coverage.

This type of coverage would address only a very small portion of shootings. Of all gun-related deaths, fewer than three percent are accidental. This is a small fraction of the millions of insurance claims filed each year. Because there is so little claims data, it would make it very difficult for insurers to underwrite and price an excess personal firearm liability policy accurately.

It should be noted additionally, that determining the likely cost of coverage which would be required under this bill is impossible because the bill leaves it to the Insurance Department to determine the minimum amount of coverage which would be required. This open ended authority makes it impossible to determine the potential cost of coverage and the ultimate impact of this bill.

Policies specifically covering excess personal firearms liability are not currently widely available in the market and it is difficult to determine whether insurers would be interested in offering such coverage without details as to the parameters of the required coverage contemplated by this bill.

While homeowners insurance policies often cover an accidental firearms discharge, they also contain a general liability exclusion for intentional and/or criminal acts. This common sense exclusion prevents a criminal from being protected by the insurance policy. In fact, insurance policies generally do not cover intentional acts, as such coverage is contrary to the very premise of insurance – providing coverage only upon the occurrence of a fortuitous event. Like the amount of minimum coverage required, however, this bill is open ended relative to permissible exclusions, leaving such determinations to the Insurance Department. This is highly problematic as, like most other insurance policies, it is unlikely that insurers would cover criminal or intentional acts under the policies required under this bill and maintaining an exclusion for such acts is imperative. Currently, no other states require liability insurance in order to own or possess a gun and there is no insurance product in the marketplace that would provide liability coverage for intentional gun violence. Furthermore, as previously mentioned, any mandatory insurance requirements will likely be ignored by the criminals most likely to commit gun violence.

For the foregoing reasons, PCI urges your Committee NOT to advance this bill.