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HB 5443, AN ACT CONCERNING THE USE OF BREED OF DOG AS AN UNDERWRITING FACTOR FOR HOMEOWNERS AND TENANTS INSURANCE POLICIES.

Statement of the American Insurance Association

March 3, 2016

The American Insurance Association is a leading national trade association representing approximately 325 major property and casualty insurance companies that collectively underwrite more than $100 billion in direct property and casualty premiums nationwide. AIA member companies write approximately thirty percent of the homeowners' insurance market in Connecticut. AIA must respectfully oppose House Bill 5443, which would restrict the use of breed of dog as an underwriting factor for homeowners and tenants insurance policies.

We believe that breed of dog is a legitimate underwriting factor and should not be subject to unnecessary restrictions or limitations. There are numerous statistics available which speak to the significant risk caused with respect to dogs and certain dog breeds. According to the Centers for Disease Control and Prevention (CDC), there are approximately 4.5 million dog bites per year; these resulted in an estimated 885,000 injuries requiring medical attention. About half of these injuries are reported among children.

Claims related to dog bites and other dog-related injuries represent the largest percentage of homeowners' liability claims in the United States today. According to the Insurance Information Institute (I.I.I.), they accounted for more than one-third of all claim dollars paid out in 2014, costing more than $530 million total. The reason that dog bite claims represent such a large percentage of homeowners' liability claims payments is because they often result in scarring, and scarring claims are typically very expensive.

Additionally, the I.I.I. found that the average cost per claim paid out for dog bite injuries in 2014 was $32,072. Although the number of claims has remained relatively steady in recent years, in dollar amounts this represents a 15.1% increase from 2013 (average claim $27,862) and a whopping $67.4% increase from 2003 (average claim $19,162). These increases can be attributed to increased medical costs as well as the size of settlements, judgments and jury awards given to plaintiffs, which have risen well above the rate of inflation in recent years, according to the I.I.I.

The Connecticut homeowners' market is large and diverse, and insurers have varying appetites for risk and underwriting guidelines with respect to dogs. There are hundreds of insurers doing business here, and these companies approach the underwriting of dogs and their related perils in a variety of ways. Some insurers look to whether there is a specific breed of dog on the premises. Some insurers will not underwrite dogs at all. Some consider whether the dog has a history of biting. And some insurers will issue a policy without regard to whether there is a dog present.

It is critical for insurers to have maximum underwriting flexibility, so that they have tools available to effectively manage the exposures associated with dog bites and dog-related injuries. An additional concern is that if insurers are restricted in their underwriting guidelines, it is possible that homeowners without dogs and homeowners with safe dogs will end up subsidizing the premiums of dangerous dog owners and will likely pay more for their homeowners' insurance. This is an unfair result for Connecticut homeowners, especially in the current economic environment.

Thank you for the opportunity to provide comments and share our concerns on this issue. For the foregoing reasons, AIA urges the Committee to reject House Bill 5443.

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