

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 296
Finance

(Senator Zirkin)

Homeowner's and Renter's Insurance - Coverage for Dog Owners

This bill prohibits an insurer from refusing to issue or renew a homeowner's or renter's insurance policy solely because the applicant or insured owns a dog. A homeowner's or renter's insurance policy may not exclude coverage for bodily injury, property damage, or medical payments arising out direct physical contact with a dog owned by or under the care, custody, or control of the insured.

The bill applies prospectively, and does not apply to all homeowner's or renter's insurance policies issued, delivered, or renewed in the State before the bill's effective date of October 1, 2013.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2014. Review of filings can be handled with existing MIA budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes.

In the case of homeowner's insurance, standards reasonably related to an insurer's economic and business purposes include, but are not limited to:

- a material misrepresentation in connection with the application, policy, or presentation of a claim;
- nonpayment of premium;
- a change in the physical condition or contents of the premises or dwelling that results in an increase in a hazard insured against and that, if present and known to the insurer prior to the issuance of the policy, would not have resulted in the issuance of the policy;
- a conviction of arson within the past five years or another crime that directly increases the hazard insured against within the past three years; or
- the claims history of the insured where the insured makes more than three claims within the past three years.

Standards reasonably related to economic and business purposes do not require statistical validation.

Background: According to MIA, 9 of the 10 homeowners insurers with the highest premium volume in Maryland do not underwrite coverage for risks with a “dangerous dog” on the premises. An insurer may define a “dangerous dog” as one with a bite or attack history; that has been trained as an attack, guard, personal protection, or fighting dog; or that has caused an injury for which an insurer has paid a claim. Three of these insurers also refuse to issue a homeowner's policy, and one refers an application to the underwriting department for greater review if the applicant owns a specific breed of dog, such as a American Staffordshire Terrier, American Pit Bull Terrier, Staffordshire Bull Terrier, Doberman Pinscher, Chow Chow, Presa Canario, Akita, Mastiff, English Bull Terrier, Siberian Husky, Wolf Hybrid, or any other dog that is a mix of an ineligible dog breed. Additionally, one insurer does not refuse to renew or issue a policy but includes a liability exclusion for losses caused by specific breeds in the policy.

As of June 2012, MIA had received, since 2009, three complaints regarding either the cancellation or nonrenewal of a policy due to a dog bite claim and another seven complaints regarding the denial of a claim, binder cancellation, refusal to underwrite, or cancellation or nonrenewal of a policy due to a possession of a restricted breed.

Pennsylvania and Michigan each have laws precluding an insurer from refusing to issue or renew coverage due to possession of a specific breed of dog. The New York State Assembly introduced similar legislation in 2012 that did not become law.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2013
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Analysis by: Michael F. Bender

Direct Inquiries to:
(410) 946-5510
(301) 970-5510