



## Testimony of

### American Property Casualty Insurance Association (APCIA)

#### Senate Finance Committee

#### Senate Bill 172- Private Passenger Motor Vehicle Insurance - Premium Increases - Collisions With Wild Animals

January 31, 2024

#### Letter of Opposition

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 55.2.% of the personal auto insurance market in Maryland. The bill prohibits an insurer, with respect to private passenger motor vehicle insurance, from increasing a premium based on the claims history of an insured where two or fewer of the claims within the immediately preceding 3-year period were for accidents or losses caused by a collision with a free-roaming wild animal and for which the insured was not at fault for the loss. APCIA opposes the legislation.

As the bill is currently drafted, it limits the ability of companies to underwrite the risk of an insured based on their claim history. Current law already provides a private passenger motor vehicle insurer may not cancel or refuse to renew coverage based on the claims history of an insured where two or fewer of the claims within the preceding three-year period were for accidents or losses where the insured was not at fault for the loss. Common automobile policy language classifies contact with an animal as “other than collision” which is typically covered under comprehensive coverage.

As DLS points out in its fiscal note, the language of the bill is unclear, and could be interpreted to only allow a private passenger motor vehicle insurer to increase a premium based on any claim after three or more claims within the immediately preceding three-year period for accidents or losses caused by a collision with a free-roaming wild animal for which the insured was not at fault for the loss. Under this interpretation, an insurer would not be allowed to increase a premium based on any number of collisions with other vehicles or property unless the insured has made three or more claims for collisions with wild animals that meet the bill’s specifications. This is very concerning as these costs would be passed on to all insureds.

Finally, not all insurers will increase their premium for comprehensive losses, such as hitting an animal. But this bill could have the opposite effect. To avoid passing these costs on to all their customers, insurers could begin surcharging for a third collision with an animal. Or, because this only applies to wild animals, does that mean insurers can surcharge for colliding with a domestic animal, like a dog, a cow, or a horse?

For these reasons, APCIA urges the Committee to provide an unfavorable report on Senate Bill 172.

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