

Dear Chairman Orange,

Thank you very much for the opportunity to offer testimony today on B20-170, the "Firearm Insurance Amendment Act of 2013," on behalf of the National Association of Mutual Insurance Companies (NAMIC).

We are 1,400 property/casualty insurance companies serving more than 135 million auto, home and business policyholders, with more than \$196 billion in premiums accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. We are the largest and most diverse property/casualty trade association in the country, with regional and local mutual insurance companies on main streets across America joining many of the country's largest national insurers who also call NAMIC their home. More than 200,000 people are employed by NAMIC members.

B20-170 would require gun owners to obtain liability that would cover both negligent and willful acts involving use of a firearm. While we understand the intent of the bill may be to reduce the incidence and/or provide compensation for victims of gun violence we do not believe this bill would achieve either goal.

It is critical that the Committee understands that, the language of the bill notwithstanding, liability insurance covers negligence. It does not cover criminal or intentional acts. When addressing the issue of guns, liability insurance would cover accidental events and injuries, but not an intentional use of the weapon to harm.

Insurance does not cover intentional and criminal acts for both practical and public policy reasons. If a person predisposed to committing a crime were relieved of economic responsibility for that act via paying an insurance premium that would indemnify the act itself, it would remove a disincentive to committing the act. Extension of such coverage by the insurance industry could thus actually lead to more violence by creating a moral hazard. In much the same way that a person would not be covered by their auto insurance if they chose to run someone down with their car, a person is not covered by their homeowners insurance if they choose to hurt someone with a gun.

Additionally, insurance products are priced and developed based on an insurance company's ability to assess a risk and predict the likelihood of the event. While insurers can use historical data to predict the frequency and severity of chance events, they cannot predict whether someone will consciously choose to harm another person. Another issue worth considering is compliance with a gun insurance mandate. It would

be reasonable to assume that only responsible and law-abiding gun owners, people who would be the least likely to commit acts of violence with their guns, would comply while with such a law while those most likely to commit acts of violence with guns would probably not comply.

We observe that no other jurisdiction has adopted a mandate for gun owners to purchase insurance. Several states considered similar legislation this year but none of them have approved them. We would suggest that this record is attributable to recognition of the fact that gun insurance mandates would not achieve their intended goal of reducing gun violence.

As liability insurance is not an appropriate vehicle for dealing with gun violence, it leaves the concerns about how to help victims of violent crime. The District already has a mechanism in place in the form of the Crime Victims Compensation Program funded by the DC Court system. According to their web site, the CVCP monies are used to compensate victims for out of pocket crime-related expenses for: medical treatment and medications; mental health counseling; funeral and burial costs; loss of wages; cleaning of a crime scene; replacement of value of clothing held as evidence; reimbursement for car rental while vehicle is being held as evidence; temporary emergency shelter where necessary for the health and safety of the victim; and home security for the safety of the victim. There are benefit limits of \$25,000 which the Council may decide are insufficient and should be raised to accommodate more coverage for victims.

NAMIC is committed to helping our members deliver the best insurance products available to consumers. However, because of the nature and unpredictability of gun violence, it is not an insurable event. We therefore ask you to reject B20-170. Thank you for your time today to testify before the Committee. If we can be of any assistance to the Council on this or other issues please don't hesitate to call on me.

Sincerely,

Erin Collins
State Affairs Manager – Mid-Atlantic
National Association of Mutual Insurance Companies
Where the future of insurance has its voice™