American Property Casualty Insurance Association
INSURING AMERICA apci.org

To: Maryland Insurance Administration

Attn: Associate Commissioner Mary Kwei

Via email: listening.sessions@maryland.gov

In re: Effects of Wild Animal Collisions on Premium Increases for Private Passenger Automobile Insurance Study

September 5, 2024

Thank you for providing the opportunity to provide comments regarding the Study on Wild Animal Collision. We appreciate the Maryland Insurance Adminstration's through approach to address the study's requests for analysis. 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. During the 2024 session, legislation was introduced that would prohibit 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.

As APCIA stated in its written testimony, the legislation would limit 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 pointed out in its fiscal note, the language of the bill was 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. If insurers are limited in this way, then the costs of these losses would be spread across all policyholders, instead of those who have more losses. In addition, not all insurers may increase premiums for comprehensive losses, such as hitting an animal, but the proposed language may unintentionally encourage companies to change their practices.

To assist the MIA in its analysis, attached is a bulletin issued by the Highway Loss Data Institute (HLDI) regarding losses due to animal strikes. Specific to Maryland, data provided to APCIA by HLDI shows that the frequency and severity of animal strikes has been declining in recent years.

Accident Year	Claim Frequency (per 1,000 Exposures)	Claim Severity (Average Loss)
2021	6.88	$ 4,820
2022	6.70	$ 5,587
2023	5.35	$ 5,928

In addition, based on APCIA analysis of the latest Fast Track report, an estimated 88% of vehicles insured for BI liability also have comp coverage, and 84% have collision coverage. Fast Track does not include the entire industry, but on a countrywide basis represents approximately 70% of the industry. (State specific market share is not available.)

Fast Track Year-End Q4 2023 PPA			
	Maryland BI Liab Exposures	Maryland Comp Exposures	Maryland Coll Exposures
	2,943,595	2,587,482	2,461,503
		88%	84%

Once again, thank you for the opportunity to provide comments on the study and we are here to answer any questions.

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