

**HEARING ON
BILL 20-170,
THE FIREARM INSURANCE AMENDMENT ACT OF 2013**

**BEFORE THE COMMITTEE ON
BUSINESS, CONSUMER, AND REGULATORY AFFAIRS**

**VINCENT B. ORANGE, SR.
CHAIRMAN**



**TESTIMONY OF CHESTER A. MCPHERSON
DEPUTY COMMISSIONER OF THE DEPARTMENT OF
INSURANCE, SECURITIES AND BANKING**

MAY 16, 2013

Good morning Chairman Orange and members of the Committee on Business, Consumer and Regulatory Affairs. I am Chester A. McPherson, Deputy Commissioner of the Department of Insurance, Securities and Banking (“Department”), and I will be providing testimony on behalf of the Executive on Bill 20-170, the “Firearm Insurance Amendment Act of 2013.”

The Administration is committed to the Second Amendment rights of our residents and protecting the safety of everyone in the District. However, the Executive is not convinced that there is currently a persuasive argument to support the need for insurance for firearms in the home. Representatives of the Office of the Attorney General and Metropolitan Police Department are available for questions regarding those aspects of the bill.

Bill 20-170 requires persons owning firearms in the District to obtain and continuously maintain a policy of liability insurance in the amount of no less than \$250,000. The liability insurance required by the Bill must cover “any damage resulting from negligent acts, or willful acts that are not undertaken in self-defense, involving the use of the insured’s firearm while it is owned by the policy holder.” As a consequence, any failure to maintain insurance coverage for a firearm will result in the “immediate revocation of a firearm owner’s registration, license and any other privileges to own a firearm.”

Further, the Bill imposes a rebuttable presumption of ownership if the firearm is lost or stolen until the loss or theft is reported to the Metropolitan Police Department. Finally, the Bill allows firearm owners 30 days from the effective date of the act to obtain insurance, and is made inapplicable to peace officers authorized to carry firearms.

As you know, the Department is responsible for, among other things, regulating persons and entities that engage in the business of insurance. With respect to the Bill, if enacted, the Department would be responsible for approving the policy forms that spell out the coverage for the firearms, and the premium rates which determine how much will be paid for the insurance coverage. As it relates to the insurance market in the District, the Department has not identified any plans that would provide the coverage contemplated by the Bill. However, most homeowners' policies cover injuries sustained as a result of negligence or the accidental discharge of a firearm. In this regard, homeowners' coverage, like virtually all property and casualty insurance, do not cover the intentional or criminal acts of the insured.

In terms of the contents of the Bill, the Department would suggest the applicability date be extended to at least 180 days to allow carriers sufficient time to have rates and forms filed and approved. Further, the Bill should

also require firearm owners to maintain proof of insurance in the event it becomes necessary to demonstrate compliance with the law.

Aside from these insurance market specific comments, the Department is aware that several other states have offered similar bills mandating insurance coverage for firearm owners. Among these states include California, Connecticut, Massachusetts, New York, Oregon, Pennsylvania and Maryland. However, to date, none of the bills have been enacted. Consequently, there is little experience – that is, there is no data – for either carriers or regulators to analyze and evaluate the underwriting and claims experience for this type of coverage.

With that, I thank you for the opportunity to present this testimony today, and am available for any questions you or any member of the Council may have.