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Bulletin 15-25

Date **September 28, 2015**

To: **All Property and Casualty Insurers and Interested Parties**

Re: **Homeowner's/Renter's Insurance—Dog Bite Liability Exclusion for certain breeds of dogs**

The purpose of this Bulletin is to clarify insurer underwriting requirements for the sale of homeowner's and renter's insurance policies that contain exclusions for specific breeds of dogs.

Insurers may make the business decision to exclude from liability coverage losses caused by specific breeds or specific mixed breeds of dogs, provided the insurer complies with applicable statutory underwriting guidelines.

Section 27-501(a)(2) of the Insurance Article, Annotated Code of Maryland, provides that "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." As noted in Bulletin 03-16, section (a)(2) requires:

That all underwriting decisions of insurers...be made solely on the basis of a reasonable application to relevant facts of underwriting principles, standards and rules that can be demonstrated objectively to measure the probability of a direct and substantial adverse effect upon losses or expenses of the insurer in light of the proposed rating plan or plans of the insurer then in effect.

Preamble, Chapter 752, 1974 Laws of Maryland.

Further, § 27-501(g) places the burden on the insurer to show that the refusal to underwrite "is justified under the underwriting standards demonstrated." To justify the underwriting standard, Maryland-specific experience may be used, but is not required, as evidence that an exclusion for coverage of losses for certain breeds of dogs is related to the insurer's economic and business purposes. An insurer may also demonstrate compliance with § 27-501(a)(2) using other appropriate data, such as national experience statistics.

If you have any questions, please contact Lynn Dickerson, Associate Commissioner Property and Casualty at 410-268-2341 or via email at lynn.dickerson@maryland.gov.

Alfred W. Redmer, Jr.
Insurance Commissioner

By: **signature on original**
Lynn Dickerson
Associate Commissioner, Property & Casualty