

DOG BITES ARE CAUSING A LITTER OF ISSUES



they were large claims. It's very likely that the insurers had more than just one dog bite claim, and the others were probably settled beneath the treaty retention level, especially if homeowner liability limits were low. State Farm Insurance Company and the Insurance Information Institute conduct a study annually on dog bite claims, in 2018 they found that these claims cost nearly \$700 million.

ANY DOG CAN BITE

Dog ownership has been growing for years. In 2000, there were about 68 million dogs living in American households; in 2017, about 89.7 million dogs lived in American households as pets. On the downside, more than 4.5 million Americans are bitten by dogs annually, with about 800,000 of these bites serious enough to require medical care because of infections and/ or the need for reconstructive surgery. Like the child in the Seattle airport example.

And yes, it's not a joke, postal workers do get bitten more frequently. The United States Postal

**DOG BITE CLAIMS
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Service found that 6,755 postal workers were attacked by dogs in 2016, an increase of 200 attacks over 2015. Now, proactively, the postal workers are being provided with an app that warns them of potentially hostile dogs along their delivery routes. In a nutshell, here's what we learned about dog bites:

- Dog bite claims nationwide decreased to 17,297 in 2018, compared to 18,522 in 2017.
- The average cost per dog bite claim increased 5.3%, going from \$37,051 in 2017 to \$39,017 in 2018.
- State Farm Insurance Company, one of the largest writers of home insurance, said it paid \$123 million for 3,280 dog bite and injury claims in 2018.
- In 2018, California had the highest number of dog bite claims (2,166 claims) in the U.S., while New York State ranked fifth with 821 claims, but came in with the highest average cost per claim of \$59,790.

(See Table)

by Susan Zdroik, Vice President
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Recently, in a conversation with a TransRe client, we touched on the subject of dog bites. The client wondered whether we had any information about what impact dog bites were having on home insurance carriers. We'd just heard about a pit bull therapy dog mauling a five-year old at the Seattle airport, so the topic of dog bites was on our radar.

Dog bites are generally covered under the homeowner's insurance policy, so how are the dog bite issues playing out in the personal lines market? Are dog bites the "new" risk or exposure that we need to take more seriously?

Intrigued, we started digging into TransRe data. Our records indicated that we paid 19 dog bite claims in a seven-year period from 2010 to 2017. That's a little more than two claims per year, not a big enough sample to draw any reasonable conclusions from. But because these claims were from excess of loss treaties that means

2018 TOP 10 STATES BY COST OF DOG BITE CLAIMS & ESTIMATED NUMBER

STATE	AVERAGE COST PER CLAIM	NUMBER OF CLAIMS
NEW YORK	\$59,790	821
NEW JERSEY	\$55,523	586
CALIFORNIA	\$45,543	2,166
FLORIDA	\$43,893	1,281
CONNECTICUT	\$35,644	537
ILLINOIS	\$35,553	822
MICHIGAN	\$35,468	760
PENNSYLVANIA	\$35,424	780
TEXAS	\$35,257	922
OHIO	\$28,900	727
TOTAL	\$410,995	9,402
OTHER STATES	\$35,706	7,895
TOTAL U.S.	\$39,016	17,297

Includes other dog-related injuries that have impacted claims such as fractures or other blunt force trauma injuries.

WHEN THE DOG BITES

During the 1990s, the Centers for Disease Control and Prevention (CDC) conducted a broad analysis of dog breeds involved in fatal attacks in the U.S. between 1979 and 1996. The pit bull was identified as the breed/type of dog involved in 60 fatal incidents, ahead of the Rottweiler at 29 and the German Shepherd at 19.

The website dogsbite.org updated the CDC's dog breed statistics in a 13-year fatality report that included not only the breeds involved in U.S. dog attacks, but the number of deaths resulting from those attacks. Between 2005 and 2017, 433 Americans died as a result of a dog attack. Again, the pit bull was responsible for the most fatal attacks, killing 284 people over that 13-year period, almost 66 percent of the total fatalities. This, despite the fact that the breed accounts for just 6.5 percent of the total U.S. dog population. Rottweilers came in second with 45 fatalities and the German Shepherd came in third with 20.

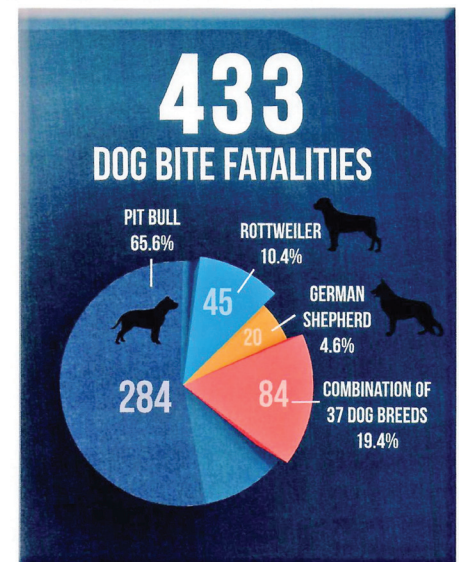
"WHAT SHOULD WE, AS AN INDUSTRY, DO ABOUT THIS RISK?"

As a result of these studies, breed-specific legislation banning certain breeds began appearing in the 1990s. Today, American cities, multiple counties, and states are enacting breed-specific legislation. Further, it appears that this is not just an American phenomenon as over 52 countries globally have also enacted breed-specific legislation.

MITIGATING THE RISK?

There are many different opinions of what causes the behavior of animals. Breeders and animal rights activists say there are no "bad dogs," only bad owners. Others like the American Society for the Prevention of Cruelty to Animals (ASPCA) say dogs can be trained and socialized. But as the chart to the left shows, different conclusions can be drawn based on the data source.

And, what about the homeowners of those banned dogs? What should we, as an industry, do about this risk? We could promote lowering dog bite incidents by educating the public on how to train their dogs. We could tackle the high costs of medical and judication expenses associated with dog bites, but how? And where does all this leave home insurers and reinsurers? And perhaps the issue may even morph, recently, a workers-compensation claim was filed by an employee, working at home, who tripped over her dog. Clearly there will continue to be a litter of issues regarding animals and insurance.



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