

**JOSEPH P. GUNSET**  
General Counsel

**LLOYD'S**

August 11, 2016

The Honorable Justin Harrigan, Sr.  
Chairman  
Committee on Government Services.  
Consumer & Veterans Affairs  
Legislature of the Virgin Islands  
Capitol Building, P.O. Box 1690  
St. Thomas, U.S. Virgin Islands 00804

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2016 AUG 12 AM 11:20  
SENATOR  
JUSTIN HARRIGAN, SR.

Re: **Bill No. 31-0049 and Bill No. 31-0132**

Dear Senator Harrigan:

I write on behalf of the Underwriters of the Lloyd's market ("Lloyd's") who write motor vehicle insurance in the Virgin Islands to provide comments on the referenced legislation. We understand that your Committee will be discussing these bills at a hearing on August 23. We would appreciate your consideration of these comments and having them read into the record at the hearing.

Lloyd's is the world's largest market for specialist insurance and reinsurance. More important, Lloyd's has a longstanding commitment to the U.S. and U.S. Virgin Islands insurance market and has written insurance in the U.S. since the 19<sup>th</sup> century. Lloyd's has been a licensed insurer in the U.S. Virgin Islands since 1971. In 2015, Lloyd's wrote over \$57 million in premiums in the U.S. Virgin Islands, of which approximately \$9.8 million was for private passenger auto liability.

**Bill No. 31-0049**

This bill would mandate that a discount on motor liability insurance rates be provided to those 50 years of age or older who complete a "motor vehicle accident prevention course." While we do not object to the concept of providing such a discount, we are concerned that the vague language of the bill may create implementation issues.

The current draft of the bill leaves a number of crucial questions unanswered. For example, there is no indication of who will make the determination as to what qualifies as an appropriate discount. We believe that the Division of Banking and Insurance should have a role in this aspect of the implementation as they have the necessary expertise. In addition, insurers should be allowed to revoke the discount if any of the driving violations noted in proposed 20 V.I.C. §704a(c) (1) and (2) occur subsequent to the issuance of a policy. Also, we believe insurers should be permitted to apply a cut-off age after which discounts will no longer be given.

Finally, there should be more specificity as to the type of course that would qualify a person for the discount. We suggest requiring a motor vehicle driver safety course that includes (1) a written examination, (2) passing an automobile driving course and (3) at an appropriate age, an examination to determine that the individual driver is mentally and physically capable of driving. Addressing these details before the bill is enacted will avoid delays and problems implementing the bill if it is enacted.

**LLOYD'S AMERICA, INC.** The Museum Office Building 25 West 53<sup>rd</sup> Street 14<sup>th</sup> Floor New York NY 10019  
www.Lloyds.com/US  
Telephone +1 212 382 4083 Fax +1 212 382 4070 Email: [joseph.gunset@lloyds.com](mailto:joseph.gunset@lloyds.com)

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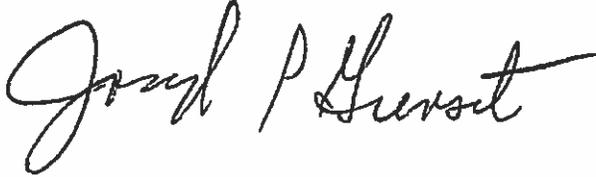
Bill No. 31-0132

Lloyd's fully understands and supports the policy goal of reducing the incidence of uninsured motorists. However, we have two comments regarding the mechanics of the process the bill would set up. First, the entity responsible for reporting the required information should be the USVI licensed and appointed agents or producers as in many instances, it will be the agents or producers who service the business on a day to day basis and therefore have the most up to date records.

Second, the requirement to provide lapse or termination information on the same day a policy lapses or is terminated may be challenging to accomplish. In addition, there may be delays in reporting or payment processing that could make same day notification impossible to achieve. We would suggest a deadline of 10 business days for providing termination or lapse information.

Thank you for your consideration of these comments. Should you have any questions or wish to discuss these issues further, Lloyd's USVI General Representative Hank Feuerzeig or I would be happy to do so.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joseph P. Gervasi". The signature is written in a cursive style with a large initial "J" and a long horizontal flourish at the end.

cc: Hank Feuerzeig