

TESTIMONY ON BILL NO. 31-0049
PROVIDED BY THE
VIRGIN ISLANDS INSURANCE ASSOCIATION
before the
THIRTY-FIRST LEGISLATURE OF THE VIRGIN ISLANDS
COMMITTEE ON GOVERNMENT SERVICES, CONSUMER AND VETERAN AFFAIRS
Tuesday, August 23, 2016

Good Day, Committee Chairman Senator Justin Harrigan, Sr., other Members of the Thirty-First Legislature of the Virgin Islands Committee on Government Services, Consumer and Veteran Affairs, and non-Committee Members. I am A. Wayne Harty, President of the Virgin Islands Insurance Association ("Association"). I appear before you today on behalf of the Association to testify on Bill No. 31-0049.

After careful review of the provisions of the proposed legislation, I must inform you that the Virgin Islands Insurance Association does not support this bill as written, for the following reasons:

1. While the intent would be to reduce automobile liability premiums it would be discriminatory as it is selective and gives no statistical report. For example: What is the underwriting experience of insurers, applicable to this age-group, when measured against, say, married, over 40 but under 50.

2. The National AARP already has a well-supported program, which provides lower premiums for not only liability but for physical own-damage, as well.

3. Mandatory automobile liability insurance in the Virgin Islands is extremely inexpensive as the cost is less than 38% of what it was thirty years ago when adjusted for inflation. When adjusted for inflation \$100.00 in the year 1985 (when mandatory automobile liability was repealed) would amount to \$228.00 in 2015. In 1985 the cost of \$10/20/10 (the mandatory private vehicle limit) was \$318.00. When adjusted for inflation the 2015 cost would be \$700.00. Instead, the current average cost is \$260.00.

4. Insurance agents and brokers have been subsidizing automobile liability premiums for quite some time with compensation derived from other lines of business, as compensation from automobile premiums is not economically sufficient to produce the product. Due to the market-driven reduction in premiums for other lines of insurance in the past two years, income from these areas has fallen greatly and continued subsidization is burdensome; not to mention further erosion from such a quite unnecessary source. In addition, as individual health insurance is unavailable for sale in the territory, agents and brokers are further seriously disadvantaged, as well as, of course, residents who need the product but cannot obtain it.

5. USAA is a very strong player in the market and provides coverage for three generations including, naturally, those over age 50, and it provides higher limits than are required by the Virgin Islands Compulsory Automobile Insurance Law.

Thank you very much for the opportunity to appear before you today on behalf of the Virgin Islands Insurance Association. This concludes my testimony.

I am available to respond to any questions you may have regarding this proposed legislation.


Wayne Harty
President

Virgin Islands Insurance Association