

**TESTIMONY ON BILL NO. 31-0105
PROVIDED BY THE
OFFICE OF THE LIEUTENANT GOVERNOR
DIVISION OF BANKING AND INSURANCE
BEFORE THE
THIRTY-FIRST LEGISLATURE OF THE VIRGIN ISLANDS
COMMITTEE ON GOVERNMENT SERVICES, VETERANS AND CONSUMER
AFFAIRS
Wednesday, September 30, 2015**

Good Morning, Committee Chairman Honorable Justin Harrigan, Sr. and Honorable Members of the 31st Legislature of the Virgin Islands Committee on Government Services, Veterans and Consumer Affairs. I am Monica Williams Carbon, Legal Counsel, Office of the Lieutenant Governor, Division of Banking and Insurance, representing Director Gwendolyn Hall Brady. I most respectfully appear before you today to provide testimony on Bill No. 31-0105 (*An Act amending title 3 Virgin Islands Code, chapter 14, section 231 requiring the Director of the Bureau of Motor Vehicles to transmit to the Director of the Virgin Islands Taxicab Commission all information pertaining to the cancellation of any insurance policy that a taxicab operator is required to maintain.*) I am accompanied today by Attorney Dolace McLean, General Counsel for the Office of the Lieutenant Governor.

The Office of the Lieutenant Governor, Division of Banking and Insurance (“Division”) fully supports the proposed legislation, which would amend title 3 Virgin Islands Code, chapter 14, section 231 by redesignating subsections (b) and (c) as subsections (c) and (d), and by adding a new subsection (b) to read as follows:

“(b) The Director of the Bureau of Motor Vehicles shall submit to the Director of the Virgin Islands Taxicab Commission all information that the Bureau obtains pertaining to the cancellation of any insurance coverage that a taxicab operator is required to maintain.”

We are all aware that our major source of revenue in the Virgin Islands is derived from the Tourism industry, which encompasses taxicabs service. Taxicabs are a popular mode of transportation utilized on a regular basis by not only locals but by tourists who visit the Virgin Islands. Due to the number of hours that taxicabs are traversing on the territory's roadways each day and the number of passengers that utilize taxicabs the potential for injury and loss of life increases exponentially. Because of this exposure to a higher liability due to potential injury or loss of life, taxicab operators are held to a higher standard of care than the owners of private passenger vehicles. Protection for the passengers of taxicabs, locals and tourists alike, is of utmost importance and concern. In observance of the need for the effective oversight of the taxicab industry, the legislature, in its wisdom, established the Virgin Islands Taxicab Commission under chapter 16, section 274 of title 3 of the Virgin Islands Code. Subsection 274(f) provides in pertinent part that "the taxicab commission is charged with the responsibility for the continuance, further development, and improvement of taxicab passenger service within the territory and the overall regulation of taxicabs, taxicab companies and taxicab associations."

Also in its wisdom and in an effort to provide more protection for the innocent victims of automobile accidents in the territory, the legislature enacted the Compulsory Automobile Liability Insurance Law, encoded at chapter 47, sections 701 through 713 of title 20 of the Virgin Islands Code. This law mandates that all automobiles traversing the roadways of this territory be insured and that proof of such coverage be provided to the Director of the Bureau of Motor Vehicles ("BMV") before the automobile will be registered with the BMV. More specifically, Section 701 of the Compulsory Automobile Insurance Law states in pertinent part that "no motor vehicle shall be registered except upon the filing by the owner of the vehicle with the Director of the Bureau of Motor Vehicles ("Director") proof of coverage by a satisfactory 'owner's' policy of liability

insurance, in the manner provided in Section 707 of this chapter.” Section 707 of the law provides further that “proof of coverage by satisfactory liability insurance shall be furnished by filing with the Director of the Bureau of Motor Vehicles, the written certificates of any insurance carrier admitted and duly authorized to do business in the Virgin Islands, certifying that there is in effect a motor vehicle liability policy for the benefit of the person required to furnish proof of coverage by satisfactory liability insurance.” Pursuant to the schedule set forth in Section 703 of the law, minimum coverage for Taxicabs, with passenger capacity not exceeding nine including the driver are as follows: \$10,000- Bodily injury (one person) or \$25,000- Bodily injury (two or more persons), \$10,000- property damage. Taxicabs with passenger capacity in excess of nine including the driver are required to maintain: \$10,000- Bodily injury (one person) or \$50,000- Bodily injury (two or more persons), \$10,000- property damage.

In furtherance of the objective of the Compulsory Automobile Insurance Law, section 705 of the law requires that an insurer provide, within 15 days prior to the effective date of the cancellation of an automobile insurance policy, notice of such cancellation by certified mail to all parties including the insured, any lienholders and the Director of the BMV. Most importantly, however, section 705 mandates that, once notice of the cancellation of the insurance policy is received by the Director of the BMV, the registration of the uninsured vehicle must be immediately suspended and the owner of the vehicle must surrender the registration sticker, registration license, license plate and the insurance sticker. Thus, the vehicle will no longer be eligible to traverse the territory’s roadways. This information is therefore both relevant and necessary to assist the Taxicab Commission in performing its primary function as the regulator of the taxicab industry.

It is the opinion of the Division, that Bill Number 31-0105 is simply an extension of the Compulsory Automobile Insurance law, as it requires that the Director of the BMV, after receiving

notice that the automobile insurance policy of a taxicab operator has been cancelled, notify the Taxicab Commission of all information pertaining to the cancellation of the insurance coverage. Without receiving the notice required in this Bill, the Taxicab Commission cannot effectively fulfil its mandate to regulate the taxicab industry and safeguard the passengers of taxicab operators in the territory in accordance with section 274(f) of title 3 of the Virgin Islands Code. More pointedly, the passage of this Bill would create another level of protection for passengers of taxicab operators, both locals and tourists, by providing additional means through which the Taxicab Commission will receive pertinent information on a taxicab operator's eligibility to operate their taxicabs on the roadways of the territory. The end and desired result will be a decreased number of uninsured motorists on the roadways.

Often times we hear of the occurrence of a vehicular accident in which the party at fault is without automobile liability insurance. Unfortunately, in many of these cases it is only at the scene of the accident that it is discovered that the validly registered vehicle is without liability insurance. By way of background, the uninsured motorist population in the territory is comprised of two categories of owners: 1.) owners of vehicles that have a valid registration and 2.) owners of vehicles that do not have a valid registration and are therefore not registered with the BMV. The focus of Bill No. 31-0105 are taxicab operators who are a subset of the owners of vehicles that have a valid registration but are not insured. Vehicles that have a valid registration are those that were initially registered with the BMV upon a showing proof of the required liability insurance coverage. However, these vehicles generally become uninsured, as a result of the owner's failure to maintain the insurance coverage by making the required monthly payments to a premium finance company and, in a small number of cases, the insurance company. Consequently, the insurance coverage is cancelled for non-payment of premium.

Also noteworthy is the fact that the early cancellation of these automobile insurance policies has negative economic consequences not only to passengers or third party claimants injured in the accident but to the insurance company who wrote the policy, the agent who sold the policy and the Government of the Virgin Islands. The following are examples of the negative economic consequences that may arise as a result of early cancellation. First, in the case of third party claimants, if the person at fault does not have the required automobile insurance the third party claimant may be forced to file a claim with the claimant's own insurance company. It is very likely that this innocent claimant may lose the no claims discount provided by his or her insurance company, a benefit enjoyed by insured who do not file claims. Second, passengers injured in an uninsured taxicab (which is at fault in the accident) may not have personal health insurance coverage or the monies required for healthcare service; thus, treatment at the hospital may be through uncompensated care representing a loss to the Virgin Islands Government in the amount of all unpaid monies for services provided. Other economic losses resulting from early cancellation include, but may not be limited to: (1) a loss to the insurer as a result of having to return unearned premiums to the premium finance company ; (2) a loss to the insurance agent who will lose a portion of his commission; (3) a loss to the Virgin Islands Government whose premium tax dollars will be decreased thereby decreasing the amount available in the Virgin Islands Guaranty Fund; and (4) a loss to the policyholders of this territory who will be afforded less protection because there will be less money in the Virgin Islands Guaranty Fund in the case of a catastrophe or an insolvent insurer.

In sum, Bill Number 31-0105 furthers the objectives of the Compulsory Automobile Insurance Law by mandating that pertinent and necessary information in the possession of the Bureau of Motor Vehicles be provided to the Taxicab Commission which will assist the

Commission in its regulation of the taxicab industry in the territory by ensuring that only taxicabs that have the required insurance coverage are traversing the territory's roadways so that the passengers of taxicabs who are involved in automobile accidents can receive the benefits of the required insurance coverage. This will decrease the potential economic loss to these victims, the insurer, the insurance agent and the Government of the Virgin Islands. The Division fully supports this legislation.

Chairman Harrigan and members of the Committee, this concludes my testimony on **Bill No. 31-0105**. I thank you and the members of the Committee for the opportunity to appear before you and I am prepared to respond to your questions on this bill.