

**JOSEPH P. GUNSET**  
General Counsel

**LLOYD'S**

October 4, 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

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

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 and Amendment No. 31-1189. We understand that your Committee will be discussing this bill at a hearing on October 5. 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 with the proposed amendment, if adopted, would mandate a 15 percent discount on motor liability insurance rates be provided to those 55 years of age or older who complete a motor vehicle accident prevention course. We believe that 15 percent is an unreasonably high discount to mandate. Auto rates in the USVI are already very competitive, which means that such a high discount will likely be commercially unsustainable. Requiring such a high mandatory discount may have an adverse impact on the USVI auto insurance market. Insurers faced with providing such a discount may choose to exit the USVI auto market and deploy their capacity elsewhere.

An issue the bill does not address is what happens if an insured who has received the discount is involved in a moving violation. Insurers should be allowed to revoke the discount immediately 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. Annual review of the discount is not sufficient to address this concern. Additionally, the bill should make clear that insureds cannot combine this mandated discount with other discounts offered by insurers, such as no claims discounts. Lastly, insurers should be permitted to apply a cut-off age after which discounts will no longer be given.

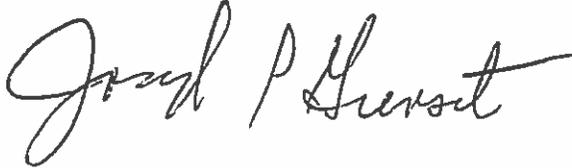
Finally, there are several remaining issues that we have previously addressed that should be incorporated into the next draft. There should be more specificity as to the type of course that would qualify a person for the discount. We suggest requiring a motor vehicle driver safety course that includes (1) a written examination, (2) passing an automobile driving course, and (3)

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at an appropriate age, an examination to determine that the individual driver is mentally and physically capable of driving.

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 "Gerald P. Hirscht". The signature is written in a cursive, flowing style.

cc: Hank Feuerzeig, Esq.