

# ERNEST SHAGHALIAN JR CPCU AAI

## AUTO - HOME - BUSINESS INSURANCE

3/18/25

### HOUSE CORPORATIONS COMMITTEE WRITTEN TESTIMONY FOR 3/4/25 HEARING

5549 OPPOSED BY THE INDEPENDENT INSURANCE AGENTS OF RHODE ISLAND

The Independent Insurance Agents of Rhode Island are opposed to this bill because Section 2 will remove from law many very important insurance consumer protections presently in our Weather-Related Losses statute. This will be especially harmful to residents of our coastal communities like South Kingstown, Westerly, Charlestown, Narragansett, Aquidneck Island, Bristol and Block Island. After the huge premium increases endured by consumers the last three years this will be a further blow.

In 27-76-2, (e) (3) the language stricken will allow insurers to require, for the first time, mandatory percentage wind deductibles or high dollar wind deductibles for ordinary windstorms, which they can't do now. Consumers will discover that their renewal policy now includes a \$20,000 wind deductible after an ordinary thunderstorm knocks a tree limb through their roof. Currently insurers can only use a huge wind deductible if Rhode Island gets a direct hit by a hurricane. These ordinary storms are not catastrophic in nature and won't threaten an insurer's solvency, but a \$20,000 deductible can crush a family's finances.

In (d) the language stricken will allow insurers to increase premiums even further by removing a currently mandated premium credit for large hurricane deductibles. It's standard in the insurance business that when an insured has an increased deductible that the premium is reduced because the insured is assuming more risk and the insurer is assuming less risk, this bill will eliminate the discount requirement for this consumer friendly and existing normal industry practice.

In (e) 6 the stricken language will allow insurance companies to require consumers in coastal communities to spend tens of thousands of dollars to install wind mitigation measures and then subsequently non-renew the homeowner's policy because the insurance company no longer wanted to insure homes in that community. Currently if the insurer requires mitigation measures they are prohibited from non-renewing a policy because of coastal wind exposure.

In (c) (4) the language stricken will remove a homeowner's ability to avoid a large hurricane deductible if they install established mitigation measures.

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Insurance companies currently have the right to impose hurricane deductibles up to 5% of the value of the house, that's a \$30,000 hurricane wind damage deductible on a \$600,000 house. The hurricane deductible protects the financial viability of insurance companies if we suffer a catastrophic hurricane event. But we hope the General Assembly won't enable special, huge wind deductibles for ordinary weather events. Director Dwyer testified last month at the House Climate Change Effects Commission that the Rhode Island home insurance market is stable and competitive. For all these reasons IIARI sees no justification to remove the current consumer protections in the Weather Related Claims statute.

Ernest Shaghalian, Jr, CPCU, AAI  
Chairman IIARI Government  
Affairs Committee