

ERNEST SHAGHALIAN JR CPCU AAI

AUTO - HOME - BUSINESS INSURANCE

3/25/25 Hearing

HOUSE CORPORATIONS COMMITTEE

H 5416 Opposed by the Independent Insurance Agents of Rhode Island

If enacted this legislation would not lower overall premiums paid by consumers but it would create a lot of inequities in reallocating premium payment responsibilities among consumers.

The operative words in this bill are “The insurance company shall solely rely on the driving record of the individual with regard to the premiums or rates charged”. Based on this dictate some examples of the consequences would be:

- Premiums for mature drivers would go way up and premiums for young drivers would go way down because age is not a function of driving record, but an acknowledged legitimate factor.
- Consumers with limited, low mileage, pleasure use would pay more, and sales people or Uber drivers with heavy vehicle usage would pay less because vehicle usage wouldn't be an allowed factor. Occupational business use with high mileage should be a legitimate predictor of the future risk of an accident.
- Young females, with lower accident rates, would lose the traditional price advantage compared to young men, because gender would be a disallowed factor.
- People that live in zip codes with lower accident rates would see premium increases.

Neither race, ethnicity or income have ever been a factor in pricing auto insurance. The system couldn't work by only charging the people who already had an accident higher premiums.

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