

ERNEST SHAGHALIAN JR CPCU AAI

2/3/26

AUTO - HOME - BUSINESS INSURANCE

Chairman Joseph Solomon
Committee on Corporations
Hearing - House Lounge

H 7066 Testimony in Support Limitations on Insurance Policy Cancellations & Renewals

During the last four years the home insurance market is the worst I've seen in 45 years as a local insurance agent. A large number of policy non-renewals have occurred as the result of two insurers that have already left the Rhode Island market and a third insurer is half way through the one year cycle of non-renewing thousands of more policies.

Very large renewal premium increases have been driven by much higher building coverage limits required on renewal policies, climate change has caused more frequent and severe local wind storms and greatly increased claim repair costs have further increased premiums.

Commercial property and casualty insurance already has a statute requiring 60 days notice of non-renewal or for large premium increases (27-29-17.2).

The important benefit this bill would provide would give consumers more time to obtain replacement insurance. In many cases consumers have to make repairs or perform updates in order to qualify for a replacement policy. Rhode Island has the second oldest housing stock in the country. The age of a roof, the date of the last electrical update, type of wiring, age of the heating system, age of a hot water tank, age and type of plumbing pipes can all be grounds to be rejected for a replacement policy.

Suggestions for changes to be more uniform with other Rhode Island insurance statutes.

- Change the advance notice to 60 days instead of two months. All other insurance laws with time standards are done in days not months. Some months have 31 days, some 30, and one has 28 or 29 days. Days are more precise.

- Change the enforcement to be handled by the Department of Business Regulation as a violation of Title 27 (Insurance) which is the title that this bill would be codified in. The DBR already has the authority to levy fines and in fact fined an insurer \$250,000 a few months ago for an administrative error, as well as many other enforcement actions chronicled on the DBR web site. The Insurance Division within the DBR has experienced staff with the technical insurance expertise and the regulatory knowledge to properly enforce the law. Director Dwyer also serves as the Superintendent of Insurance ("commissioner") and is highly regarded nationally.

- Home insurance renewal reviews are usually done 60 to 90 days in advance. Insurers would need time to change their automation systems for Rhode Island and to provide the new advance notice required by the bill. Considering most bills don't pass until June and that only a handful of states require 60 days notice of non-renewal this bill would still be a great accomplishment if the effective date were 1/1/27, which is a common effective date for insurance law changes that require automation system changes and advance notice.

Ernest Shaghalian, Jr, CPCU, AAI