



Property Casualty Insurers
Association of America
Advocacy. Leadership. Results.

June 26, 2017

Honorable Robert Jacquard
Chairman, House Committee on Corporations
Room 203 - State House
Providence, RI 02903

Re: Opposition to House 5531 Sub A – An Act Relating To Motor And Other Vehicles –
Electronic Compliance and Confirmation System

Dear Chairman Jacquard:

The Property Casualty Insurers Association of America (PCI) is a national property and casualty insurance company trade association. Several of our members are located in Rhode Island and many more do business here. PCI members write approximately 58% of the auto insurance sold in Rhode Island.

House 5531 Sub A authorizes the state to solicit proposals “from a third party to implement an electronic automobile and commercial vehicle liability insurance confirmation and compliance system”.

PCI, the Rhode Island affiliate of the ACLU, the Rhode Island State Police, and the Rhode Island Division of Motor Vehicles oppose this bill. No person testified in support (other than the sponsor) of H5531 at its public hearing or during its subsequent consideration.

PCI opposes this bill for the following reasons:

- Privacy

In addition to its highway surveillance elements, this bill contemplates the gathering and transfer of massive amounts of information from insurers and others to a private entity that is not subject to specific regulation. Policyholders expect insurers to handle private information appropriately and this bill is silent on many of these issues. The privacy implications of the system envisioned by this bill are huge.

- Lack of Authority

Ostensibly based on public comments, this bill would be primarily aimed at out of state drivers. Yet, Rhode Island lacks the legal authority in our federal system to compel non-Rhode Island licensed insurers to report coverage information regarding non-resident auto insurance

policyholders to the state. The state also lacks the legal authority to compel other states to provide it with vehicle registration information on out-of-state vehicles. Without either piece of information, there is simply no way to verify insurance coverage on any out-of-state vehicle that happens to pass through Rhode Island.

The lack of legal authority on the part of states to compel foreign auto insurers to report coverage information and other states to report vehicle registration information is the reason why no such system currently exists in any state, nor has any state attempted to implement such a system.

In short the constitutional issues the system contemplated by this bill presents, especially as regards equal protection and commerce clause issues, have not been addressed.

- Cost of Compliance - Commercial Insurance

The bill contemplates the system will also verify commercial vehicle liability insurance coverage. In order to accomplish this, the state would have to require commercial insurers to report vehicle-specific information (such as make, model and model year of all vehicles covered under a commercial policy) to the state, information insurers do not currently collect.

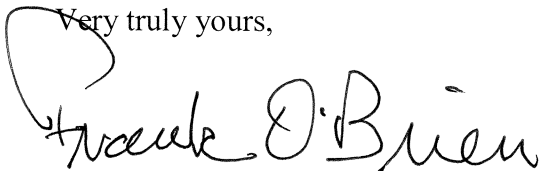
Requiring them to collect this information will easily cost them thousands of dollars (to the extent it is even possible), costs that could lead to higher premiums. Rhode Islander already pay some of the highest auto insurance costs in the country and this bill, while aimed at lowering these costs by combatting uninsured drivers, could add to their burdens.

- Duplication

The Rhode Island Division of Motor Vehicles now has an insurance verification system (RIIVS). RIIVS is in place and working. Installation of a second verification program will simply lead to confusion and unnecessary expense in addition to all of the other issues noted above.

Thank you for the opportunity to comment further on this legislation. If you have any questions, please do not hesitate to contact me.

Very truly yours,



Francis C. O'Brien
Vice President, State Gov't. Relations