Good afternoon:

I wanted to make sure each of you had a copy of the message transmitted to the House and Senate last night accompanying the Governor's veto of the unfair claims settlement practices act legislation. Thanks again for your valuable assistance on this bill.

Matt

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Matthew Santacroce
Policy Advisor
Office of Governor Gina M. Raimondo
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401 222 8304 (o) | 401 479 0076 (m)

From: Aberger, Marie (GOV)
Sent: Wednesday, July 13, 2016 7:05 PM
To: Aberger, Marie (GOV) <Marie.Aberger@governor.ri.gov>
Subject: veto message - AN ACT RELATING TO INSURANCE - UNFAIR CLAIMS SETTLEMENT PRACTICES ACT

After careful review, the Governor tonight has vetoed the following legislation:

- 2016-H 7412 Substitute A, "An Act Relating To Insurance – Unfair Claims Settlement Practice Act."

- 2016-S 2375 As Amended, "An Act Relating to Insurance – Unfair Claims Settlement Practices Act."

The veto messages submitted to both the House & Senate are attached here.

This legislation would essentially require insurers to make payment to rental car companies claiming financial loss as a result of damage to a rental vehicle without being provided with proof that a loss was actually sustained. Accordingly, this proposal runs counter to a bedrock principle of insurance: that insurers should only compensate claimants for actual financial damages sustained.

The intent of this legislation is good - to prevent insurance companies from establishing onerous barriers to rental car companies proving actual damages from loss of use. However, the bill sent to the Governor goes a step too far, removing any need for a rental car company to prove any loss whatsoever and simply entitling them to compensation. This bill would make Rhode Island an outlier in this area and would likely drive costs up for insurers across the state, translating into higher premiums for consumers. This bill also could incentivize companies to delay repairing damaged rental cars in order to receive even larger payments from insurers. For these reasons, the Governor decided to veto this legislation in its current form.

As you know, the Governor's focus is on improving Rhode Island's economy and making it easier to do business here – that is why she worked closely with the Department of Business Regulation and the General Assembly to enact the Premium Jobs Initiative, a new law that encourages insurance companies to locate and grow jobs in our State. This legislation would undo much of the progress that we have made during this legislative session to make our State more attractive to insurers – sending precisely the wrong message to an industry that is critical to Rhode Island's economic comeback.

We received veto request messages from:

- GEICO
- Progressive
- Amica
- Association of Property Casualty Insurers
- Governor's Insurance Council
- National Association of Mutual Insurance Companies

- Farmers Insurance
- Allstate
- Nationwide Insurance

Thanks,
Marie