

# RESOLUTION OF THE CITY COUNCIL

*No.* 406

*Approved* October 13, 2006

WHEREAS, The State of Rhode Island has long had statutes prohibiting the cancellation or non-renewal of insurance based solely on the geographic location of property; and

WHEREAS, RIGL 27-29-4(7)(iii) specifies "Making or permitting any unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to issue, refusing to renew, canceling, or limiting the amount of insurance coverage on a property or casualty risk because of the geographic location of the risk, unless: (A) The refusal, cancellation or limitation is for a business purpose that is not a pretext for unfair discrimination, or (B) The refusal, cancellation or limitation is required by law or regulation", and

WHEREAS, RIGL 27-29-4.1 specifies "Cancellation of insurance prohibited. No insurance company authorized to do business in this state shall cancel or refuse to issue any type of insurance coverage for an owner occupied dwelling or personal property of every nature and description solely because of the area in which the property is situated", and

WHEREAS, Citizens have received notices from insurance companies with regard to the declinations of coastal properties for reasons other than the location of the property. Examples of such practices are declinations due to the value of the property in light of the reinsurance obtainable by the insurance company and the selective geographies spread of risk; and

WHEREAS, It appears that these declinations are actions taken by insurance companies ranging from non-renewals, increased rates, increased deductibles and other mitigation requirements passed on to the insured (such as storm shutters, roof tie downs, reinforced trusses etc.); and

Council President Lombardi

WHEREAS, It appears that these declinations exceed the criteria set by accepted actuarial practices, a multivariable approach referred to by the insurance industry as Average Annual Loss (AAL) analysis. An apparent direct result appears to be underwriting guidelines causing non-renewal of higher valued properties; and

WHEREAS, Requirements for insurance and renewable insurance have been extended from distances from the coast to as far as ten miles with deductibles increasing in some instances as high as 5%. The result of this is to require a deductible on dwelling values at \$400,000.00 to carry a deductible for loss in the amount of \$20,000.00.

NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council would strongly encourage the Governor and General Assembly to form an appropriate committee and conduct hearings to determine the scope of this issue along with formulate solutions for coastal and near coastal property owners within the State of Rhode Island.

BE IT FURTHER RESOLVED, That copies of this resolution be conveyed to all cities and towns throughout the State of Rhode Island, the General Assembly and the Attorney General.

IN CITY COUNCIL  
OCT 5 2006  
READ AND PASSED

*Josephine DiRuggio*  
ACTING PRES.

*Ann M. Stetson*  
APPROVED

*[Signature]*  
MAYOR 10/13/06