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2 pages

April 22, 1991

Mr. Chairman and members of the committee, thank you for providing me with this opportunity to review the benefits to the skating industry of the passage of HB-469.

My background includes a B.S. from the Wharton School of the University of Pennsylvania. I trained in the insurance industry with Liberty Mutual. Subsequently I spent two years with Frank B. Hall and five years with Bayly, Martin, and Fay. In both positions I was directly involved with providing liability insurance to the roller skating industry. At Bayly, Martin, and Fay I was a regional Vice President required to run a BMF Marketing profit center in Philadelphia. In 1983 I started Harris Insurance Services where I continued to insure roller skating rinks. My experience with the skating industry dates back to 1977.

The passage of HB-469 will benefit skating rinks and their patrons. Since this law would reduce the number of frivolous liability claims which plague this industry, liability insurance would become more affordable. Half of the skating rinks in Pennsylvania currently do not carry liability insurance. Lower premiums would encourage more rinks to carry this coverage. Then the skating industry would become more financially secure. Patrons would benefit because, a viable remedy - an insurance policy - would be available to provide compensation to individuals whose injuries resulted from a negligent act committed by a skating rink.

The situation, which exists now, has evolved over the past ten years. Between 1980 and 1984 liability insurance was available to the skating industry at affordable rates. There were at least ten different insurance companies who participated during this period. No company lasted more than eighteen months and most insurance companies got in and out of this industry in less than twelve months. This information is relevant because each departing insurance company settled all of their outstanding claims regardless of whether or not their insured skating rink was negligent.

Most injuries that occur in skating rinks do not result in claims. Most injured patrons accept the responsibility for causing their own injuries. Some areas of the country experience higher claims frequency because a litigious environment has been encouraged by indiscriminate insurance company settlements.

Along with Florida, California, the eastern and western parts of Pennsylvania have always incurred the highest liability insurance rates in the country because these three states receive an excessive number of frivolous liability claims.

Beginning in 1985 liability insurance became unavailable to roller rinks. This liability insurance drought forced many rinks out of business in Pennsylvania. Rinks, which were contractually required to carry liability insurance by their landlords or banks, often had to close. Many other rink operators, who were situated on valuable land, sold their property rather than risk losing it in an uninsured law suit.

The passage of the Risk Retention Act of 1986 encouraged the formation of many small liability insurance companies. Through 1990, these companies were the only source of liability insurance for the skating industry. Unfortunately many of these companies were inadequately capitalized or fraudulently operated. The skating industry needs to attract a better quality of insurance company.

In conclusion, passage of HB-469 will reduce the cost of liability insurance to roller skating rinks by discouraging frivolous liability claims. When more rinks are able to afford this important coverage, the skating industry will be more financially secure. Finally, the passage of this proposed law will encourage the participation of high quality insurance companies.

Respectfully Submitted,

Stephen J. Harris

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President