



## Rhode Island Insurance Federation

Via Email to [HouseCorporations@rilegislature.gov](mailto:HouseCorporations@rilegislature.gov)

March 25, 2025

Representative Joseph J. Solomon, Jr.  
Chair, House Corporations Committee  
Rhode Island State House  
Providence, RI 02903

RE: House Bill 6053— AN ACT RELATING TO INSURANCE – Unfair Claims Settlement Practices Act—  
**Statement of Opposition**

Dear Chair Solomon:

The Rhode Island Insurance Federation submits this statement in opposition to House Bill 6053, which makes it an unfair claims practice for an insurer to designate a motor vehicle as a total loss if the cost to repair the motor vehicle to its pre-loss condition is less than 85 percent of the fair market value.

The Federation was recently formed to advocate for the property and casualty insurance industry in Rhode Island. Federation members write approximately 60% of the total property casualty insurance premiums in the state, and importantly over 85 percent of the private passenger auto insurance market in the state. Federation members include most of the major property-casualty insurance companies doing business in the state, and every national P&C insurance trade association is a member of the Federation.

The bill would have a major negative impact on the approximately 16,000 policyholders in Rhode Island that annually face the unfortunate circumstance of a total loss. This proposal to increase the total loss threshold will only serve to increase profits for the auto body repair industry. The net result is that insurance appraisers will be pushing more vehicles that have sustained heavy and complex damage to repair.

It may seem like an insignificant change to move from a 75 percent threshold to an 85 percent threshold, but the impacts are significant. CarGurus estimates that the average car price is \$26,998, which will result in the threshold increasing \$2,699. Our national trade partners at the American Property Casualty Insurance Association (APCIA) estimates that this data together translates into over 2,100 additional vehicles being forced into complex repairs, with a total estimated cost to Rhode Island policyholders of \$2.9 million annually.

From a consumer perspective, this is a step in the wrong direction, as they will have to wait longer for the complex repairs to be completed, potentially incur out-of-pocket rental costs due to the length of the repair exceeding their rental coverage limits, and be in a car that sustained significant damage that would have otherwise been totaled. In a state like Rhode Island, where many annual total losses come from water damage and flood events, the hidden damage that insurers know should result in a total loss will

be virtually impossible to total under the 85 percent threshold. Many customers are already reluctant to keep a car that is a borderline total loss – this will increase friction in the claims process by pitting the consumer against their insurance company, trying to convince them to total their vehicle.

It also is common for insurers to receive late supplements on vehicles that are already repaired. In some instances, consumers will not be alerted to the fact that their car was a borderline total loss and will be upset that they had no say in the decision on whether the vehicle should be totaled. Insurers run into these situations now with the 75 percent threshold; the volume will only increase if it increases to 85 percent.

Rhode Island is already one of the highest repair cost states in the country; this will only add to that dubious distinction. Due to the high cost of repair, by most cost metrics for insurance, Rhode Island ranks as one of the top 6 costliest states for private passenger automobile coverages. Combine that with the fact that insurers will lose the ability to recover salvage value on the vehicle, which mitigates loss payments, and it will only result in increased rates for the consumer

For the reasons set forth above, the Federation opposes House Bill 6053.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christopher S. Stark".

Christopher S. Stark

Executive Director

Rhode Island Insurance Federation

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