



Rhode Island Insurance Federation

Via Email to HouseCorporations@rilegislature.gov

February 11, 2026

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

RE: House Bills 7515, 7516, 7517, and 7521 Statement of Opposition from the Rhode Island Insurance Federation

Dear Chair Solomon:

The Rhode Island Insurance Federation submits this statement in opposition to House Bills 7515, 7516, 7517, and 7521 which would endanger the property insurance market in Rhode Island by creating vague legal standards for the property insurance claims settlement process and ease the burden to bring forward bad faith claims against insurers. This package of bills will significantly impact Rhode Island consumers, causing our policyholders to pay more in premiums for property insurance, while infringing on the steps Rhode Island has taken to reduce fraudulent insurance claims.

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

At their core, these four property insurance settlement practices bills are designed to be able to attach a bad faith claim to every property insurance lawsuit in Rhode Island. Since 1980 in *Bibeault v. Hanover*, 417 A.2d 313, Rhode Island courts have set the standards for what constitutes bad faith, opening the doors of the courthouse to consumers accusing egregious behavior by their insurer. Both the statute and the case law make clear the need for a balanced standard which requires: 1) The absence of a reasonable basis for denying benefits of the policy; and 2) The defendant's knowledge or reckless disregard of the lack of a reasonable basis for denying the benefits of the policy. In terms of the current recovery standards, Rhode Island General Law (R.I.G.L § 9-1-33) allows policyholders to recover damages for insurer bad faith, including the original claim amount, interest, consequential damages, and attorney's fees. If an insurer knowingly or recklessly violates standards, courts may award punitive damages. **Together, consumers have been protected by the rational approach to this consequential issue by the**

courts which render this legislative package wholly unnecessary.

Specific to House Bill 7517, which creates the new Bad Faith Standard, Rhode Island would become a true outlier in not requiring a breach of contract to accuse an insurer of operating outside their duty of Good Faith and Fair Dealings. This will invite a flood of new cases from entrepreneurial attorneys, which will increase the cost of claims and thus increase premiums. Social inflation is already a large-scale concern to the price of insurance products as the legal system abuses once seen in Florida and Georgia make their way to Rhode Island. In addition to the legislation not requiring a breach of contract, it also uses extraordinarily vague terms to define who can even investigate the claim. To that end, the language in the proposed 9-1-33(e) would likely ban important organizations like the National Insurance Crime Bureau from even being able to operate in the State of Rhode Island, which would be an unprecedented law for any state.

In terms of opposition to House Bill 7516 and 7521, the Federation strongly opposes an effort to bring the unworkable umpire appraisal law for auto insurance claims over to the property insurance space. This Committee is well aware of the numerous iterations of the auto insurance umpire appraisal process bills over the last several sessions. Even last year's legislation is already showing signs of abuse by body shops who are not even waiting for the negotiations to end before they invoke the umpire process, clearly against the legislative intent. However, one of the most egregious items in H.7521 is the language that the disinterested umpire cannot even be a public adjustor. Our local licenses public adjustor community's expertise should not be abandoned for this theory that home restoration companies or contractors should be active participants in the claims settlement process. In fact, such ideas are antithetical to the ethical position of most public adjustor trade associations, which require you to not be both a contractor and public adjustor because of the inherent conflict of interest. Rather throughout the language in this entire package, the proponents seem to encourage (or demand in the case of a bill they proposed as part of this package in the Senate) that to be involved in a property claim settlement the professional must be licensed as all three—public adjustor, contractor, and home restoration service.

While House Bill 7515 is purely definitions for House Bill 7517, the manner in which it defines both insurer and insurance claim handling services go beyond the scope of property insurance and may even negatively impact some of efforts on the auto insurance, especially the definition of "Insurance Claim Handling Services."

Everything about this package seems to be in response to and to reverse a set of Rhode Island Supreme Court decisions¹² from last year. Not only did the Court in those cases side with the insurer, but inserted the following footnote into one of them: *"Moreover, a review of court records yields dozens of pending cases in the Superior Court involving the plaintiff and a multitude of homeowners' insurance companies. The plaintiff should beware of continually arguing inconsistent positions in litigation. See Gaumond v. Trinity Repertory Company, 909 A.2d 512, 520 (R.I. 2006) ("Judicial estoppel should be employed when a litigant is playing fast and loose with the courts, and when intentional*

¹ www.courts.ri.gov/Opinions/Supreme-24-67.pdf

² www.courts.ri.gov/Opinions/Supreme-23-238.pdf

self-contradiction is being used as a means of obtaining unfair advantage in a forum provided for suitors seeking justice.”) (quoting Patriot Cinemas, Inc. v. General Cinemas Corp., 834 F.2d 208, 212 (1st Cir. 1987)).”

This package of bills is anti-consumer, anti-public adjustor, and anti-insurer, and is designed to make a simple single mistake eligible for attorney fees and punitive damages and creates a system of regulation through litigation that will clog our courts. To use terms like “*the duty to conduct a reasonable investigation of a claim using competent, properly licensed, and legally authorized individuals, and to timely evaluate, negotiate, and settle claims based upon all information reasonably available to the insurer*” means that insurers will have the Sword of Damocles hanging over every claim, which inevitably leads to unnecessarily larger settlements, increase propensity for fraud, and a cost to all Ocean State policyholders.

Rhode Island has a robust system of regulatory oversight at the Department of Business Regulation, and through case law, to protect consumers from wanton actors in the market. Unfortunately, House Bills 7515, 7516, 7517, and 7521 will upend the insurance market for consumers by creating an undefined, vague, and ambiguous standard for the entirety of property insurance claims settlement practices.

For the above reasons, the Rhode Island Insurance Federation respectfully asks the House Corporations Committee to indefinitely postpone action on this entire package of bills.

Thank you for the opportunity to offer the Federation’s concerns on behalf of our members and Rhode Island’s policyholders.

Respectfully submitted,



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