



February 10, 2026
Chairman Joseph J. Solomon, Jr.
Members of the House Corporations Committee

Re: H7517 – Causes of Action

On behalf of The Beacon Mutual Insurance Company, please accept this letter in opposition to H7517. For the reasons outlined below, we oppose this legislation.

Passage of H7517 will lead to significant increases in litigation to the detriment of the availability and affordability of insurance coverage. It is a well-established principle of insurance law that an insurer's liability and obligations to the policyholder are determined under the terms of the insurance contract. By creating a bad faith cause of action independent of a breach of contract claim, this bill presents uncertainty and confusion as to the liability obligations under insurance policies, and will have a chilling effect on carriers' willingness to write insurance in Rhode Island. In addition, H7517 subsection (d) would allow an insured to assign its right to such claims, and further encourage litigation from external actors.

Finally, subsection (e) mandates the use of "competent", properly licensed individuals to investigate, evaluate, negotiate and settle a claim. The word competent is not defined and has subjective connotations, open to interpretation. The bill also characterizes a lack of a proper license as bad faith. While well intentioned, there may be instances where an insurer acted in good faith but an adjuster's license lapsed without the parties' knowledge. Such an unintentional lapse is not evidence of bad faith and should not subject the insurer to liability for compensatory and punitive damages and attorney's fees.

In short, insurers' liability is based on the written terms of the insurance policy. Creating a separate bad faith cause of action, independent of breach of contract, is superfluous and will inflate litigation expenses which will result in lost coverage and higher insurance costs for consumers. For these reasons, we urge that you not pass this bill and welcome the opportunity to discuss this testimony in more detail.

Very truly yours,

A handwritten signature in black ink that reads "Kevin O. Flood".

Kevin O. Flood, Esq.
Assistant Vice President, Legal Services (kflood@beaconmutual.com)

Cc: Speaker Joseph Shekarchi