



**Department of Business Regulation
Office of the Director**

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February 11, 2025

The Honorable Joseph Solomon
Chair, House Committee on Corporations
Rhode Island State House
Providence, Rhode Island 02903

RE: H 7521 -- RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND RESERVES

Dear Chair Solomon:

This bill would amend the "Standard Fire Policy" language in 27-5-3 and 27-5-9.1. The "Standard Fire Policy" language was added to Rhode Island law in 1923. It was based on a 1918 New York law and was designed to provide a standardized, clear, and legally enforceable contract for property owners to protect against losses caused by fire and lightning. Many other states adopted the same language.

This bill amends the language of the Standard Fire Policy placing Rhode Island out of step with a number of other states. Some of the changes are generally loosening the requirements of insureds in making claims under the policy including amending the examination under oath procedures to allow for written questions rather than in person questioning. It also adds a lengthy appraisal process that was not previously contained within the Standard Fire Policy. Twenty-seven (27) other states have adopted the Standard Fire Policy. DBR reviewed each of those states and found that while nineteen (19) states have appraisal clauses similar to the current Rhode Island law, none have adopted the proposed change to the appraisal clause within the Standard Fire Policy.

We are concerned that the Rhode Island specific language may raise costs for Rhode Island consumers who are already experiencing premium increases adversely affecting affordability of insurance. This bill could exacerbate those issues and add availability issues to the market. As a result, passage of this statute could have a serious adverse impact on the economic development of the state.

Sincerely,

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Director
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cc : Honorable Members of the House Committee on Corporations
Honorable Stephen M. Casey
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House