



April 2, 2026

House Corporations Committee
Chair Joseph Solomon
Rhode Island State House
Providence, RI 02903

Re: House 7860 - AN ACT RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND RESERVES

Dear Chairman Solomon:

Thank you for the opportunity to share these comments on behalf of the American Property Casualty Insurance Association (APCIA).¹ H.7860 separately, and together with seven (!) related bills (H.7512, H.7516, H.7515, H.7517, H.7521, H.7844, H.8051) represent an unprecedented and unnecessary attack on the homeowners' insurance market (and beyond) in Rhode Island. While we are still attempting to quantify the exact impacts, **conservatively, this bill separately, and most certainly with the aforementioned list, could have catastrophic results for Rhode Island policyholders, with the potential of generating significant affordability and availability challenges**, damaging a well-functioning and heavily regulated industry that has operated to the benefit of Rhode Islanders for hundreds of years.

The homeowners' insurance industry plays an essential role in the Rhode Island housing market. As of 2021, Rhode Island was home to over 265,000 homeowners and renters who purchased insurance policies. Most banks require homeowners' insurance to access and maintain mortgages. In 2024, Rhode Island homeowners' insurance policies paid out \$270 million in losses. While it has experienced some challenges recently, it is generally a healthy and well-functioning system² that provides consumers value under regulatory oversight by the Department of Business Regulation.

H.7860 carries over litigation expanding provisions from H.7521 into a new subsection in the same chapter. It severely limits freedom of contract and requires an unprecedented decade-long statute of limitations for all insurance policies, prohibiting the ability to ever end claims, regardless of contractual provisions, customer satisfaction, or any other variable. As with the rest of the bills in this package, this seems **designed to further the practice of assignment of benefits abuse**. The longer claims are required to remain open or can be pursued, the harder it can often be to prove their legitimacy. This bill could

¹ Representing 67% of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe. Several APCIA members are located in Rhode Island and many more do business here. APCIA members are integral to the state of Rhode Island. They write 76% of the property casualty insurance sold in this state. The P&C insurance industry employs over 3,200 Rhode Islanders, provides annual assistance of \$1.5 billion in claim payments to help customers in the state, and contributes over \$160 million annually to the state in premium taxes.

² Rhode Island is ranked as the 9th most stable homeowners insurance market by Lending Tree - <https://www.lendingtree.com/insurance/home-insurance-stability-study/>. It has 22 licensed insurers each writing more than 1% of the market and in 2023 had a 58% loss ratio - <https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf>.

create circumstances where homeowners (or more likely AOB abusers) could allege that a roof or siding should be replaced because of supposed damage from a storm a decade prior. **They will drastically increase insurer liability, social inflation, and likely premiums as a result.**

The ultimate goal of and the other bills in this package is to empower practitioners of assignment of benefits (AOB) abuse. AOB is the legal practice of a homeowner assigning their benefits to a restoration contractor they have hired to complete repairs following damage. An AOB can streamline the process from the homeowners' perspective and allows the insurer and repair company to negotiate directly. However, it is also ripe for abuse as unscrupulous contractors may try to get as much money from the insurer as possible and complete the work for as cheaply as possible as they stand to gain the delta. In the worst cases, unscrupulous contractors will follow this process for fabricated claims, often using the courts (this was especially extreme in Florida because of their since repealed one-way attorney fee statute) as a means of exerting pressure and adding expense for insurers in the hopes that they can encourage inaccurate or completely unsubstantiated settlements. We are seeing this practice emerging in Rhode Island³ where litigation laws make it a particularly enticing state for these types of practices.

While the following bills are not before you today, we think it is instructive to understand the goal of the proponents of S.2204 and S.2769 is not limited just to revising some definitions or changing statutes of limitations. Instead, they want to overhaul homeowners insurance law in order to prevent insurers from combatting fraud or limiting liability. These bills together lay out a playbook that would make Rhode Island one of the top assignment of benefits abuse states in the country. **We have already seen how that ends with the insurance affordability and availability crisis experienced in Florida.**⁴

- H.7512 (heard by this Committee on 3/3) upends Rhode Island's contractor licensing law, increasing costs and fraud perpetrated on Rhode Islanders.
- H.7515 (heard by this Committee on 3/3) drastically expands litigants who can sue insurers.
- H.7516 (heard by this Committee on 3/3) attacks the Rhode Island Arbitration Act.
- H.7517 (heard by this Committee on 3/3) overturns basic contract law to expose insurers to significant additional liability.
- H.7521 (heard by this Committee on 3/3) more than 100 years of consumer-protective precedents in the standard fire insurance form to dramatically scale back insurer's ability to combat false or inflated claims or limit liability.

³ See e.g. *Vermont Mutual Insurance Company v. New England Property Services Group, LLC*, 2025 RI 20 (March 20, 2025) <https://law.justia.com/cases/rhode-island/supreme-court/2025/24-67.html>. The Rhode Island Supreme Court posited - "The Plaintiff's actions make clear its willingness to use every judicial avenue available to it, irrespective of efficient conflict resolution." A footnote cites "dozens of pending cases in the Superior Court involving the plaintiff and a multitude of homeowners' insurance companies" and issues a warning - "The plaintiff should beware of continually arguing inconsistent positions in litigation." These observations strongly evince AOB abuse.

⁴ See e.g. *Storm-Driven Insurer Insolvencies Stir State Actions: Explained*, Dec. 2022 <https://www.fltortreform.com/news/storm-driven-insurer-insolvencies-stir-state-actions-explained/> - 15 Florida property insurers became insolvent since 2020 driven by climate change and severe storms as well as excessive litigation and fake claims.

Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse, Senate Budget Committee Staff Report Dec. 2024, <https://www.documentcloud.org/documents/26217177-senate-the-climate-driven-insurance-crisis-is-here-and-getting-worse/> - Florida's non-renewal rate jumped 280% between 2018 and 2023.

Climate Change, Housing, and Homeowners Insurance in Florida: Lessons for California Brief, Newamerica.org, Sept, 2025, <https://www.newamerica.org/future-land-housing/briefs/insurance-in-florida-lessons-for-california> - Florida's equivalent of the Rhode Island Joint Reinsurance Association/Rhode Island Fair Plan more than tripled in size between 2017 and 2022, insuring \$423 billion worth of property, concentrating risk that could have ultimately forced massive assessments on policyholders or even taxpayers writ-large.

- H.8051 further expands Secretary of State filing requirements and penalties, to cause significant harms across industries.
- H.7844 (heard by this Committee on 3/3) adds overbroad definitions of claims handling to licensing laws to fuel litigation against insurers.

APCIA appreciates the opportunity to provide feedback. We strongly oppose these **bills that are likely to generate explosive additional costs for Rhode Island residents**. We urge unfavorable reports and welcome the opportunity to discuss them further.

Very truly yours,



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