



Rhode Island Insurance Federation

April 28, 2026

Via Email to HouseCorporations@rilegislature.gov

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

RE: House Bill 7866 - Statement of Opposition from the Rhode Island Insurance Federation

Dear Chair Solomon,

The Rhode Island Insurance Federation submits this statement in opposition to House Bill 7866, 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.

Just last year the Legislature came to a compromise on this issue setting the new total loss standard at 80 percent from 75 percent, and now we are back just one year later to expand this threshold once more.

The bill would have a major negative impact on the approximately 16,000 policyholders in Rhode Island that annually face the unfortunate circumstances 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.

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. 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 and/or auto body repair facility.

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 80 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 7866.

Respectfully submitted,



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Executive Director

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