May 5, 2026

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

Re: House Bill No. 8219 – AN ACT RELATING TO INSURANCE – RHODE ISLAND INSURANCE MARKET PROTECTION ACT

Dear Chair Solomon:

On behalf of the American Property Casualty Insurance Association (APCIA), we respectfully submit these comments in opposition to House Bill 8219, the *Rhode Island Insurance Market Protection Act*. APCIA is the primary national trade association for home, auto, and business insurers, representing companies that protect families, businesses, and communities across Rhode Island and the nation.

While APCIA and its members strongly support efforts to enhance climate resilience, risk mitigation, and consumer protection, H.8219 would undermine these goals by substituting rigid climate mandates for risk-based insurance regulation, threatening insurance availability, affordability, and market stability in Rhode Island.

Concerns Regarding Prescriptive Underwriting and Investment Requirements

H.8219 would require covered insurers to cease underwriting and investing in fossil fuel-related activities according to legislatively prescribed timelines. These provisions represent a fundamental departure from longstanding insurance regulatory principles.

Insurance underwriting and investment decisions are core solvency functions, governed by fiduciary duties, actuarial analysis, and extensive state financial regulation. Mandating blanket prohibitions on underwriting lawful activities unrelated to insured risk does not reduce climate risk; instead, it removes critical safety, loss control, and risk management protections from sectors that continue to operate and remain essential to the economy.

As APCIA has explained in prior commentary[1], withholding insurance does not halt energy production or accelerate the transition to lower carbon alternatives. It instead increases the likelihood that activities proceed without the safeguards and liability protections underwriting provides – potentially increasing risks to workers, communities, and the environment.

Existing Industry Practices Related to Climate Risk

APCIA and its members strongly support efforts to reduce climate risk and strengthen community resilience, and property casualty insurers are already among the most active private sector participants in climate resilience and risk reduction. Key efforts include:

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[1] Carrier Management, *Why Activists Should Rethink Hard Insurance Exits from Fossil Fuel Underwriting* (August 14, 2024), available at https://www.carriermanagement.com/features/2024/08/14/265335.htm.

- **Advanced risk modeling and analytics.** Insurers invest heavily in sophisticated catastrophe models and climate analytics that incorporate weather data, engineering research, historical losses, and forward-looking climate science. These tools support accurate pricing, underwriting, and capital planning for risks such as coastal flooding, inland flooding, wind, and severe storms.
- **Stronger building codes and mitigation standards.** Insurers have long championed modern building codes as one of the most effective tools for reducing disaster losses. Through organizations such as the Insurance Institute for Business & Home Safety (IBHS), insurers fund research on construction methods that improve resilience.
- **Climate risk governance and transparency.** Rhode Island requires qualifying property casualty insurers to submit the annual National Association of Insurance Commissioners' (NAIC) Climate Risk Disclosure Survey. A recent Ceres analysis[2] found that U.S. property casualty insurers are leading in alignment with the Task Force on Climate-related- Financial Disclosures (TCFD).
- **Support for the energy transition.** Insurers are reducing their own operational emissions and supporting the transition to a lower carbon economy by insuring renewable energy projects, green buildings, clean transportation, and related infrastructure.

Together, these efforts demonstrate that insurers are already addressing climate risk through measures that directly reduce losses and enhance resilience.

Implications of Mandatory Divestment Provisions

Property casualty insurers maintain highly diversified, conservatively managed and regulated investment portfolios designed to ensure claims paying ability over decadeslong horizons. In contrast, H.8219 would require insurers to divest from specific energy assets according to rigid, accelerated timelines, undermining prudent asset liability management and conflicting with insurers' fiduciary obligations.

On average, fossil fuel-related assets represent a small, low-single-digit- share of insurer investment portfolios[3], which are already subject to strict statutory investment limits, risk-based- capital requirements, and ongoing regulatory oversight. Mandated divestment would impose unprecedented government direction of private insurer investment strategies, substituting legislative judgment for established solvency regulation and sound financial management.

Considerations Regarding Insured and Financed Emissions Reporting

H.8219 would impose prescriptive climate risk and greenhouse gas (GHG) emissions reporting requirements on insurers. Insurers already report GHG emissions and climate-related risks under the annual NAIC Climate Risk Disclosure Survey. The NAIC framework provides regulators with a consistent, insurance-specific tool to evaluate how insurers assess and manage climate risk, while allowing flexibility where data and methodologies remain unsettled.

APCIA highlights several unresolved issues that warrant caution with mandatory Scope 3 reporting for insurers' underwriting and investment activities under H.8219:

- **Limited control:** Insurers do not control the emissions of their policyholders or investees, which limits the relevance of attributing third-party emissions to insurance activity.
- **Data and methodology gaps:** Reliable, consistent, and decision-useful data does not yet exist for calculating Scope 3 emissions associated with underwriting, reinsurance, or complex investments.

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[2] Ceres, *2025 Progress Report: Climate Risk Reporting in the U.S. Insurance Sector* (June 3, 2025), available at https://www.ceres.org/resources/reports/2025-progress-report-climate-risk-reporting-in-the-us-insurance-sector.
[3] Ceres, *Changing Climate for the Insurance Sector: Research and Insights* (August 22, 2023), available at https://www.ceres.org/resources/reports/changing-climate-insurance-industry.

- **Risk of misinterpretation:** Existing methodologies for insurance-associated emissions produce "synthetic" values that largely reflect emissions trends in the broader economy rather than insurer-specific risk and are not comparable across insurers or lines of business.
- **Evolving global standards:** Insurance-associated emissions are not required under the Greenhouse Gas Protocol, and international standards remain- unsettled. In December 2025, the International Sustainability Standards Board (ISSB) finalized amendments to IFRS S2 explicitly allowing companies to exclude insurance-associated- emissions from GHG reporting.[4]

Poorly designed Scope 3 reporting mandates could also create unintended consumer impacts. Insurers are required to price coverage based on risk and are prohibited from discriminating based on protected characteristics. If emissions data tied to buildings or vehicles is misused or misinterpreted, insurers could face outside pressure to limit exposure in areas with older housing stock or less energy efficient vehicles – disproportionately affecting lower income households and vulnerable communities.

Proposed Withdrawal Framework and Market Impacts

H.8219 would require insurers seeking to withdraw from the Rhode Island market to undergo a state-approved withdrawal process, including extended notice periods, public comment, and regulatory approval. These requirements would significantly limit insurers' ability to manage exposure in response to rapidly evolving risk conditions, including changes in catastrophe risk, reinsurance availability, capital constraints, claims volatility, and risk appetite.

Forcing insurers to remain in a market for multiyear withdrawal periods, regardless of changing actuarial realities, does not create sustainable coverage. Instead, it increases solvency risk, discourages future market participation, and may accelerate market contraction as insurers are compelled to manage risk more conservatively well in advance of any potential exit. Healthy insurance markets depend on insurers' ability to adjust exposure dynamically and responsibly.

Concerns Regarding Market Share-Based Penalties

Compounding these risks, H.8219 also authorizes significant administrative penalties for noncompliance with its expansive requirements, including fines tied to an insurer's market share and profitability, escalating sanctions, and restrictions on an insurer's ability to continue doing business in Rhode Island.

These punitive provisions are disproportionate and destabilizing. Penalties linked to market presence or profitability do not improve consumer outcomes; instead, they penalize insurers for participating in the Rhode Island market at scale and create strong incentives to reduce exposure, limit new business, or exit the market altogether. History shows that insurance affordability and availability crises are worsened, not solved, by regulatory mandates that increase costs and uncertainty for insurers.[5] Sustainable competition depends on predictable, risk-based- regulation – not penalties that discourage market participation.

Conclusion

APCIA and its members remain committed to addressing climate risk through mitigation, resilience, data-driven underwriting, and sound solvency regulation. However, H.8219 would replace these proven approaches with rigid climate mandates that threaten insurance availability, affordability, and competition in Rhode Island – to the detriment of consumers and communities.

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[4] International Sustainability Standards Board (ISSB), *Amendments to Greenhouse Gas Emissions Disclosures—Amendments to IFRS S2* (December 11, 2025), available at https://www.ifrs.org/news-and-events/news/2025/12/issb-issues-targeted-amendments-ifrs-s2/.

[5] Grace, Martin F., *Price Regulation and Its Effects on Insurance Markets* (January 2025), available at https://ncoil.org/wp-content/uploads/2025/07/PriceRegulation_WhitePaper-6.pdf.

For these reasons, APCIA respectfully urges the Committee to reject House Bill 8219.

We appreciate the opportunity to comment and would be happy to serve as a resource to the Committee as it considers policies that strengthen resilience while preserving a competitive and stable insurance marketplace.

Very truly yours,

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