



May 13, 2025

House Finance Committee
Chair Marvin Abney
Rhode Island State House
Providence, RI 02903

Re: House 6276 – An Act Relating to Waters and Navigation – Rhode Island Property Resilience Act

Dear Chair Abney:

The American Property Casualty Insurance Association (APCIA)¹ supports the intent of H.6276 – better educating homeowners about flood insurance and mitigating flood risk is extremely important, especially in Rhode Island² and given the impacts of climate change. However, we are concerned about the funding mechanism included in the bill, a \$25 surcharge on all property insurance policies in the state.

Rhode Island consistently ranks among the top 5 states in average homeowners insurance premiums nationally, with costs approaching \$2,000 as of 2021.³ Those costs are directly related to the amount of claims paid out by insurers as the Department of Business Regulation discourages rate proposals seeking loss ratios above 60%. (meaning for every \$100 charged in premium insurers would be pay out less than \$60 to insureds).⁴ The market reflects this regulation with a 58% homeowners loss ratio in 2023.⁵ Furthermore, homeowners insurance premiums in Rhode Island have outpaced national increases, rising 12.4% in 2023 and 11.6% in 2024.⁶

Those increases are due to a confluence of factors such as inflation, increasing values of homes and thus replacement costs, supply chain disruptions, and climate change. It is not, however, due to flooding because property insurance typically does not cover flood. The vast majority of flood insurance is provided through the National Flood Insurance Program run by the federal government.

Thus, adding a surcharge to Rhode Island homeowners' policies to fund a flood initiative is misplaced and would present additional burden for homeowners, who are likely still coping with significant recent

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 Only 3% of Rhode Islanders have flood insurance,

<https://www.providencejournal.com/story/news/environment/2025/02/14/property-insurance-costs-in-rhode-island-rising-due-to-climate-change/78522540007/>

³ <https://www.iii.org/table-archive/218012>

⁴ https://dbr.ri.gov/sites/g/files/xkgbur696/files/documents/divisions/insurance/property_casualty/PC_Rate_Rule_and_Form_Requirements_SERFF.pdf

⁵ <https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf>

⁶ <https://www.golocalprov.com/business/interest-rates-insurance-taxes-and-energy-costs-homeownership-in-ri-is-gett>

increases. The proposed surcharge operates as a tax on home and business owners to be collected by insurers. Adding costs to this optional product could harm the market and ultimately start pricing out consumers, leaving their homes unprotected. Should tragedy strike, homeowners and their communities would suffer. We also recommend exploring less expensive means of accomplishing the well-intentioned goals of this bill such as:

- Educating licensed real estate professionals such as home inspectors, contractors, and/or real estate agents about flood risks.
- Improving notice to homeowners and home buyers about flood risks.
- Improving climate resiliency requirements in building codes.

APCIA appreciates the opportunity to provide feedback on this bill. For the foregoing reasons we request that H.6276 be held for further study.

Very truly yours,



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