



March 7, 2026

The Honorable Marvin L. Abney  
Chair, House Finance Committee  
Rhode Island State House  
Providence, RI 02903

Re: H 7504 – An Act Relating to Taxation -- Catastrophe Savings Accounts Act

Dear Chairman Abney,

I am writing on behalf of the Rhode Island Bankers Association (“RIBA”) to express our support for H 7504- An Act Relating to Taxation -- Catastrophe Savings Accounts Act.

Rhode Island, like many states, is facing increasing challenges related to the availability and affordability of homeowners insurance. The growing frequency and severity of natural disasters, coupled with rising reconstruction costs, have placed significant pressure on insurers and, by extension, the broader housing and lending markets. Additional tools are needed to help consumers better prepare for and mitigate these risks.

Catastrophe Savings Accounts (“CSAs”) represent a practical, market-based solution designed to assist homeowners and renters in building financial resilience. Modeled after widely accepted savings vehicles such as Health Savings Accounts, CSAs allow individuals to set aside funds on a tax-advantaged basis, accumulate earnings, and withdraw those funds tax-free for qualified disaster-related expenses. This structure encourages proactive financial planning and supports pre-event mitigation efforts.

The concept of CSAs has gained national attention and support, including action by the National Council of Insurance Legislators (“NCOIL”), which adopted a model resolution endorsing such accounts. Similar proposals are currently under consideration in multiple states, reflecting a growing recognition of the need for innovative approaches to disaster preparedness and recovery.

Importantly, most CSA frameworks include safeguards to ensure appropriate use, such as requiring a gubernatorial emergency declaration before funds may be accessed for qualifying events. This helps maintain the integrity of the program while ensuring resources are available when most needed.

For Rhode Island’s banking sector, CSAs would serve as a valuable addition to existing risk management tools. Financial institutions, homeowners, and insurers share a common interest in protecting residential property assets and maintaining stable housing markets. By enabling individuals to better absorb the financial impact of catastrophic events, CSAs can help reduce disruptions, support loan performance, and contribute to overall economic stability.

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RIBA applauds House Speaker Pro Tempore Brian Patrick Kennedy for championing this legislation. We believe CSAs offer a thoughtful and effective approach to strengthening consumer financial preparedness and enhancing the resilience of our state's housing finance system.

Thank you for your consideration.

Sincerely,

**RHODE ISLAND BANKERS ASSOCIATION**

A handwritten signature in black ink that reads "Will Farrell". The signature is written in a cursive, slightly slanted style.

Will Farrell

Cc: The Honorable Brian Patrick Kennedy