

March 26, 2026

Rep. Carol Hagan McEntee
Chair, House Judiciary Committee
Rhode Island House of Representatives
Rhode Island State House, Room 205
Providence, RI 02903

RE: NAMIC Testimony in Opposition of H8051

Chair McEntee, esteemed Members of the Committee:

The National Association of Mutual Insurance Companies (NAMIC) is grateful for the opportunity to submit testimony in strong opposition to bills H8051.

NAMIC is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies - including local and regional insurers as well as some of the nation's largest carriers - NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners' and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

H8051 is Part of a Package of Bad Bills

H8051 cannot be viewed in isolation. It is part of a broader legislative package that includes House Bills 7515, 7516, 7517, and 7521, all heard by the House Corporations Committee on February 11, 2026. As NAMIC testified to at that hearing, this package of bills has the potential to inflict devastating damage on Rhode Island's insurance market and turn the state into a hotbed for excessive litigation. The consequences would be increased costs across the board for Rhode Island residents, while curbing the State's ability to cut down fraudulent claims.

This bill package introduces ambiguous legal standards governing claims handling and significantly lowers the threshold for initiating bad faith claims against insurers. The downstream effect will be increased premiums for consumers and a rollback of safeguards the state has carefully implemented to combat insurance fraud.

This Bill Package Would Make Rhode Island a Hotbed of Excessive Litigation

H8051 functions as a procedural accelerant for the bad faith expansion proposed in H7517. If enacted, these provisions in these bills would make Rhode Island a national outlier by permitting bad faith claims against



insurers without requiring an underlying breach of contract. Such a departure from long-standing legal principles would predictably invite a surge of litigation driven by entrepreneurial legal strategies.

While other states are taking action to curb legal system abuse and are seeing the benefits of that in lower premiums, this package of bills would have the exact opposite effect and would make Rhode Island a true outlier. Increased litigation drives up costs. It drives up costs for working families, and it drives up costs for businesses both large and small. This bill would make Rhode Island a hot bed for litigation abuse and Rhode Island businesses and policyholders would be the ones who are most affected.

Collectively, these property insurance settlement practice bills are structured in a way that would allow bad faith claims to be appended to virtually every property insurance dispute filed in the state. H8051 plays a critical role in enabling these abuses by expanding access to the courts and extending exposure indefinitely. The resulting system would encourage regulation through litigation, overwhelm the judiciary, and increase costs across the insurance system.

DBR is Doing Its Job

While H8051 applies broadly to the business community, it imposes an additional and unnecessary regulatory burden on entities operating in Rhode Island. In the insurance context, this bill is particularly duplicative. Insurers are already subject to extensive registration, licensure, and oversight requirements administered by the Department of Business Regulation, which is widely recognized as a national leader in insurance regulation. As a result, the bill offers little incremental benefit with respect to insurers while extending new and punitive obligations to the broader business community.

Bills Used to Overturn Supreme Court Decisions

It is also notable that this legislative package appears designed to override or undermine recent Rhode Island Supreme Court decisions issued just last year. In one such case, the Court not only ruled in favor of the insurer, but expressly cautioned against inconsistent and opportunistic litigation tactics, invoking the doctrine of judicial estoppel.¹ The Court's warning underscores the importance of preserving coherent legal standards rather than legislatively reopening issues the judiciary has recently and clearly resolved.

Conclusion

In closing, these bills have the ability to truly ruin Rhode Island's insurance market and turn the state into an epicenter of excessive litigation. They are, simply put, in search of a problem to solve. There is no evidence to support the conclusion that there is a pattern and practice of insurers routinely violating the current law, so as to justify creating a private cause of action that is rife with adverse societal consequences. Likewise,

¹ [*New England Property Services Group, LLC v. Vermont Mutual Insurance Company, Rhode Island Supreme Court, Case No. 2024-67-Appeal \(appeal from PM 23-1946\).*](#)



there is no evidence that DBR has failed to protect consumers or properly regulate claims settlement practices.

Accordingly, NAMIC respectfully urges the House Judiciary Committee to vote against passage of H8051.

Sincerely,

Sean McLaughlin

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