

March 31, 2026

Senate Commerce Committee
Chair Robert Britto
Rhode Island State House
Providence, RI 02903

Re: Senate 2204 - AN ACT RELATING TO COMMERCIAL LAW--GENERAL REGULATORY
 PROVISIONS -- DECEPTIVE TRADE PRACTICES

 Senate 2769 - AN ACT RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND
 RESERVES

Dear Chairman Britto:

Thank you for the opportunity to share these comments on behalf of the American Property Casualty Insurance Association (APCIA).¹ S.2204 and S.2769 separately, and together with the a half-dozen related bills represent an unprecedented and unnecessary attack on the homeowners' insurance market (and beyond) in Rhode Island. While we are still attempting to quantify the exact impacts, **conservatively, these bills separately, and most certainly together, could have catastrophic results for Rhode Island policyholders, with the potential of generating significant affordability and availability challenges**, damaging a well-functioning and heavily regulated industry that has operated to the benefit of Rhode Islanders for hundreds of years.

The homeowners' insurance industry plays an essential role in the Rhode Island housing market. As of 2021, Rhode Island was home to over 265,000 homeowners and renters who purchased insurance policies. Most banks require homeowners' insurance to access and maintain mortgages. In 2024, Rhode Island homeowners' insurance policies paid out \$270 million in losses. While it has experienced some challenges recently, it is generally a healthy and well-functioning system² that provides consumers value under regulatory oversight by the Department of Business Regulation.

S.2204 attempts to abuse the Unfair Sales Practices Act (§ 6-13) to drastically expand potential litigants against insurers.

This bill would allow claims not only by insureds or parties legally assigned their benefits, but also any "person or business entity asserting rights to payment, benefits or performance... including third-party beneficiaries." Setting aside that insurance contracts already have their own definitions, this bill would expose insurers to drastically expanded liability and remove the intentional focus of an insurance policy on the policyholder.

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 Rhode Island is ranked as the 9th most stable homeowners insurance market by Lending Tree - <https://www.lendingtree.com/insurance/home-insurance-stability-study/>. It has 22 licensed insurers each writing more than 1% of the market and in 2023 had a 58% loss ratio - <https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf>.

Expanding liability to parties acting on behalf of insurer's, such as adjusters, runs counter to the law in the vast majority of states because it is "contrary to longstanding principles of agency law and enable insureds to double recover."³ As explained further courts have found that permitting claims against adjusters "would contravene core agency principles because insurers are already liable for the conduct of adjusters."

The relationship between the insured and the insurer is defined and governed by the insurance policy and its accompanying implied covenant of good faith and fair dealing. Further, the obligations of an independent adjuster are measured by the contract between the adjuster and the insurer. Because the conduct of an adjuster acting within the scope of his or her authority as agent for the insurer is imputed to the insurer, the insurer is subject to liability for the adjuster's mishandling of claims in actions alleging breach of contract or bad faith. Hence, allowing the insured to sue the independent adjuster in tort for economic losses allegedly caused by mishandled claims is both unnecessary and contrary to the law of agency.

... Moreover, [the vast majority of] courts found that policy considerations weigh against creating a duty, as permitting double recovery against an adjuster and insurer is inherently unfair and would drive up insurance costs.⁴

It would also expand deceptive trade practices to routine handling of insurance claims, from investigation to appraisal and negotiation. Every claim decision could be reframed as a potential statutory violation.

S.2204 would likely result in Rhode Island fostering a cottage industry of third parties asserting claims to line their pockets **to the detriment of consumers who would face drastically increased costs as greater portions of claims payments are siphoned off to the special interests behind these bills.**

To the degree they continue operating in Rhode Island, insurers would be heavily incentivized to aggressively defend claims handling by requiring excessive documentation, prolonged reviews, and delayed decisions to mitigate this exposure. **This, again, harms Rhode Island consumers by increasing costs and decreasing efficiency.**

S.2769 carries over litigation expanding provisions from S.2261 into a new subsection in the same chapter. It severely limits freedom of contract and requires an unprecedented decade-long statute of limitations for all insurance policies, prohibiting the ability to ever end claims, regardless of contractual provisions, customer satisfaction, or any other variable. As with the rest of the bills in this package, this seems **designed to further the practice of assignment of benefits abuse.** The longer claims are required to remain open or can be pursued, the harder it can often be to prove their legitimacy. This bill could create circumstances where homeowners (or more likely AOB abusers) could allege that a roof or siding should be replaced because of supposed damage from a storm a decade prior. **They will drastically increase insurer liability, social inflation, and likely premiums as a result.**

The ultimate goal of and the other bills in this package is to empower practitioners of assignment of benefits (AOB) abuse. AOB is the legal practice of a homeowner assigning their benefits to a restoration contractor they have hired to complete repairs following damage. An AOB can streamline the process from the homeowners' perspective and allows the insurer and repair company to negotiate directly. However, it is also ripe for abuse as unscrupulous contractors may try to get as much money from the insurer as possible and complete the work for as cheaply as possible as they stand to gain the delta. In the worst cases, unscrupulous contractors will follow this process for fabricated claims, often using the courts (this was especially extreme in Florida because of their since repealed one-way attorney fee statute) as a means of exerting pressure and adding expense for insurers in the hopes that they can encourage inaccurate or completely unsubstantiated settlements. We are seeing this

³ See *New England Property Services Group, LLC v. Rimkus Consulting Group, Inc.*, 1:24-cv-00133 (Aug 2024), <https://app.midpage.ai/document/new-england-property-services-group-10668515>

⁴ Id.

practice emerging in Rhode Island⁵ where litigation laws make it a particularly enticing state for these types of practices.

While the following bills are not before you today, we think it is instructive to understand the goal of the proponents of S.2204 and S.2769 is not limited just to revising some definitions or changing statutes of limitations. Instead, they want to overhaul homeowners insurance law in order to prevent insurers from combatting fraud or limiting liability. These bills together lay out a playbook that would make Rhode Island one of the top assignment of benefits abuse states in the country. **We have already seen how that ends with the insurance affordability and availability crisis experienced in Florida.**⁶

- S.2205 (heard by this Committee on 3/10) upends Rhode Island’s contractor licensing law, increasing costs and fraud perpetrated on Rhode Islanders.
- S.2261 overhauls more than 100 years of consumer-protective precedents in the standard fire insurance form to dramatically scale back insurer’s ability to combat false or inflated claims or limit liability.
- S.2311 overturns basic contract law to expose insurers to significant additional liability.
- S.2312 attacks the Rhode Island Arbitration Act.
- S.2769 doubles down on expanded liability timelines to increase liability and perpetuate fraud.
- S.2959 further expands Secretary of State filing requirements and penalties, to cause significant harms across industries.

APCIA appreciates the opportunity to provide feedback. We strongly oppose these **bills that are likely to generate explosive additional costs for Rhode Island residents.** We urge unfavorable reports and welcome the opportunity to discuss them further.

Very truly yours,



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⁵ See e.g. *Vermont Mutual Insurance Company v. New England Property Services Group, LLC*, 2025 RI 20 (March 20, 2025) <https://law.justia.com/cases/rhode-island/supreme-court/2025/24-67.html>. The Rhode Island Supreme Court posited about the special interests behind this bill - “The Plaintiff’s actions make clear its willingness to use every judicial avenue available to it, irrespective of efficient conflict resolution.” A footnote cites “dozens of pending cases in the Superior Court involving the plaintiff and a multitude of homeowners’ insurance companies” and issues a warning – “The plaintiff should beware of continually arguing inconsistent positions in litigation.”

⁶ See e.g. *Storm-Driven Insurer Insolvencies Stir State Actions: Explained*, Dec. 2022 <https://www.flortreform.com/news/storm-driven-insurer-insolvencies-stir-state-actions-explained/> - 15 Florida property insurers became insolvent since 2020 driven by climate change and sever storms as well as excessive litigation and fake claims.

Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse, Senate Budget Committee Staff Report Dec.

2024, <https://www.documentcloud.org/documents/26217177-senate-the-climate-driven-insurance-crisis-is-here-and-getting-worse/> - Florida’s non-renewal rate jumped 280% between 2018 and 2023.

Climate Change, Housing, and Homeowners Insurance in Florida: Lessons for California

Brief, Newamerica.org, Sept, 2025, <https://www.newamerica.org/future-land-housing/briefs/insurance-in-florida-lessons-for-california> - Florida’s equivalent of the Rhode Island Joint Reinsurance Association/Rhode Island Fair Plan more than

tripled in size between 2017 and 2022, insuring \$423 billion worth of property, concentrating risk that could have ultimately forced massive assessments on policyholders or even taxpayers writ-large.