

March 10, 2026

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

Re: S.2205 - AN ACT RELATING TO BUSINESS AND PROFESSIONS -- CONTRACTORS'
 REGISTRATION AND LICENSING BOARD

Dear Chairman Britto:

Thank you for the opportunity to share these comments on behalf of the American Property Casualty Insurance Association (APCIA).¹ S.2205 separately, and together with the several other bills filed as part of the same package (S.2204 and S.2769 before this Committee), represents 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, this bill separately, and most certainly any of these bills 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 nation-leading regulatory oversight by the Department of Business Regulation.

S.2205 would upend Rhode Island's contractor licensing law, increasing costs and fraud perpetrated on Rhode Islanders. The bill would expand the definitions of contractor and home inspector to include insurance adjusting and create a definition of insurance adjuster that appears to mandate also being licensed as a contractor and home inspector. This is highly problematic for several reasons:

1. Requiring insurance adjusters to also be licensed as contractors and home inspectors would significantly increase the cost of their service and limit the number of available adjusters, resulting in **major price increases and delays in accessing services**.

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>.

2. This bill is completely unnecessary. Rhode Island law already requires licensing of insurance adjusters.³ Adjusters must pass an examination and background checks with biannual renewals. By law they must be “trustworthy, reliable, and of good reputation”⁴ and “not committed any act that is a ground for probation, suspension, revocation, or refusal of a professional license.”⁵ The examination requires would-be adjusters to demonstrate “knowledge of the individual concerning the duties and responsibilities of an adjuster and the insurance laws and regulations of this state.” And DBR is empowered to take action against violators.
3. As a licensed profession, “adjuster” is already a defined legal term – “an individual licensed as either a public company or independent adjuster.”⁶ S.2205 would dramatically expand the definition to include essentially anyone potentially involved in the claims process. **This alone would increase costs, and coupling it with the expanded licensing requirements noted in #1 will result in more significant cost increases for Rhode Islanders.**
4. Allowing insurance adjusters to also serve as home inspectors and contractors is a recipe for fraud. This was one of the major problems that caused Florida to overhaul several laws following insurance affordability and availability challenges.⁷ There is an inherent financial conflict of interest for adjusters acting as contractors and vice-versa. For this reason, the National Association of Public Insurance Adjusters Code of Ethics⁸ prohibits the practice and other states⁹ are looking to install firewalls between these professions.
5. **S.2205 will increase costs by creating a hotbed for 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

³ See § 27-10

⁴ See § 27-10-3(3)

⁵ Ironically, this would disqualify the bill’s proponents. See, <https://law.justia.com/cases/rhode-island/superior-court/2006/05-0365.html> and https://dbr.ri.gov/sites/g/files/xkgbur696/files/documents/decisions/BK-Ceceri-Notice_of_Denial.pdf

⁶ See § 27-10-1.1

⁷ 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.

⁸ <http://www.napia.com/learn/code-conduct.asp>

⁹ See e.g., <https://www.newsfromthestates.com/article/contractors-might-have-stop-calling-themselves-insurance-claims-specialists-under-new>

completely unsubstantiated settlements. We are seeing this practice emerging in Rhode Island¹⁰ where litigation laws make it a particularly enticing state for these types of practices.

While we understand S.2204 and S.2769 are not being heard today, we think it is instructive to understand the goal of the proponents of S.2205 is not limited just to revising some definitions or empowering the Secretary of State. Instead, they want to overhaul homeowners insurance law in order to prevent insurers from combatting fraud or limiting liability.

- **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. This bill 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.**
- **S.2769 reiterates aspects of S.2311 and S.2261**, drastically expanding liability for insureds by expanding the universe of claimants and timeline of claims while prohibiting any claims to reach closure. **One more time for the record – this is likely to drastically increase costs.**

These bills together lay out a playbook that would make Rhode Island one of the top AOB abuse states in the country. **We have already seen how that ends with the insurance affordability and availability crisis experienced in Florida (see footnote 7).**

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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¹⁰ 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.”