



**Department of Business Regulation
Office of the Director**

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March 10, 2026

The Honorable Robert Britto
Chairperson, Senate Commerce Committee
State House
Providence, Rhode Island 02903

RE: S 2205 – AN ACT RELATING TO BUSINESSES AND PROFESSIONS –
CONTRACTORS’ REGISTRATION AND LICENSING BOARD

Dear Chairman Solomon:

I am writing on behalf of the Department of Business Regulation to assist the Committee with consideration of S2205. DBR does not understand the intent of this bill as currently drafted. This bill would expand the definitions of “contractor” and “home inspector” under Chapters 5-65 and 5-65.1 of the General Laws to include a person who performs services as an “insurance adjuster” under Chapter 27-10 and would amend the definition of “Insurance Adjuster” in Chapter 27-10 to seemingly eliminate public adjuster licensing.

Insurance Adjusters are currently licensed under Chapter 27-10 and 230-RICR-20-50-4.12. In order to obtain the license, an adjuster must pass a test and is subject to Continuing Education requirements in insurance adjusting. This bill would either substitute a registration as a contractor for this license or would require registration as a contractor in addition to the insurance adjuster license. Registration as a contractor would mean that the individual licensed insurance adjuster would have to also purchase a general liability insurance policy covering their activities as a contractor (although arguably they do not have any activities as a contractor) and take continuing education specific to activities as a contractor. This registration would apparently be required even if the adjuster is adjusting claims that do not involve contracting (such as auto insurance or workers’ compensation claims.)

In the Department’s view, the proposed amendments are unnecessary and would cause confusion and exacerbate the potential for consumer harm. Some of the most confusing areas are:

- (1) The bill adds to the definition of “contractor” anyone performing “insurance adjuster” activities “unless otherwise licensed.” It is unclear whether this would exempt all of the persons that are currently licensed as “insurance adjusters.” Since one cannot adjust insurance claims without a license it would appear that this exemption might exempt everyone to whom the statute would apply.

- (2) The definition of home inspector requires registration of all persons performing “insurance adjuster” activities “unless exempt under another professional licensure statute.” Again, all persons performing insurance adjuster activities are required to be licensed under Chapter 27-10. It is unclear whether this licensure is an “exemption” and, therefore, whether home inspectors would also have to register as contractors.
- (3) The bill amends the definition of “insurance adjuster” in Chapter 27-10 to persons adjusting claims “on behalf of an insurer.” Currently, licensure is required of all persons performing insurance adjusting activities whether on behalf of an insurer or a consumer. We are concerned that this language could allow unlicensed public adjusting which could pose an extreme danger to the Rhode Island public.

Licensing of public adjusters is imperative to provide protection for consumers. Forty-nine states currently license public adjusters. Rhode Island’s existing *Insurance Claim Adjuster Regulations*, 230-RICR-20-50-4.12(A)(6), (20)-(23) requires that a public adjuster who acts on behalf of an insured to negotiate and settle an insurance claim for property damage provide the insured full written disclosures regarding any direct or indirect financial interest the adjuster has in any other aspect of the claim including any relationship with or compensation they will receive from a contractor who will perform repair work with respect to the property damage. *Id.* The purpose of these Regulations is to moderate the conflicts of interest that arise when a public adjuster who is handling an insured’s claim, and as such is seeking to maximize the insurance payout, also has an interest in the contractor business that will perform the repairs, who seeks to manage repair costs vis-a-vis profit. The regulation also provides additional important consumer protections such as the requirement for a written contract and a limitation on the percentage of the claim the public adjuster can charge during emergencies. None of these consumer protections exist in the statutes governing contractors.

Rhode Island’s approach, which is consistent with the National Association of Public Insurance Adjusters (NAPIA) Code of Conduct, serves to mitigate the serious potential for consumer harm through required disclosures. This is a midline balanced approach as compared with the 10+ states that have an outright prohibition on public adjusters serving as or having a financial interest in contractors who perform the repairs with respect to claims they are adjusting.

Depending upon how the amendments are interpreted the proposed amendments may encourage a business model where one person seeks to play a dual role as public adjuster and contractor. If so, it would dilute the necessary separation of the distinct programs, which would be confusing to the industry and consumers and exacerbate conflicts of interest and consumer harm.

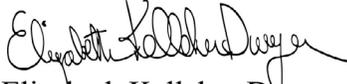
Rhode Island currently licenses 973 residents and 108,696 nonresidents as company or independent insurance adjusters and another 60 residents and 223 nonresidents as public insurance adjusters. We utilize a national electronic licensing system which allows many Rhode Island residents to obtain reciprocal licensing in other states. This bill would either require both the license and registration which would impose a cost and burden without any additional benefit or would exempt the adjusters from licensing if they register as a contractor. The registration provides fewer consumer protections and the statutes and regulations governing contractors do not address the issues we most commonly see with insurance adjusters.

In addition, this bill would have a fiscal impact. As mentioned, Rhode Island has an existing electronic licensing platform for adjusters based on the statutes and regulations that govern insurance adjusting. Were this registration requirement to be enacted we would have to license the additional persons who would now be required to become registered as contractors. While it is difficult to estimate the increase in volume and the personnel that would be required, we would conservatively estimate that we would need an additional two FTEs to handle the increased volume of registrations. Depending upon the interpretation of whether an individual would need only the registration or the registration *and* license this bill could also adversely affect the revenue received by the state from the current 109,669 insurance adjuster licenses.

We respectfully suggest that the regulatory oversight of insurance adjusters remain within Title 27, separate and distinct from contractors and home inspectors who are governed by Chapters 65 and 65.1 of Title 5. Please do not hesitate to contact me at Elizabeth.dwyer@dbr.ri.gov or 401.462.9615 (office) or 401.578.6653 (mobile) if you have questions or require additional information.

Thank you for your consideration of our position on this proposed legislation.

Sincerely,



Elizabeth Kelleher Dwyer, Esq.

Director, Department of Business Regulation

cc: Honorable Members of the Senate Committee on Commerce
Honorable Peter A Appollonio, Jr.
Kristen Silvia, Deputy Chief of Staff/Director of Legislation