



Rhode Island Insurance Federation

Via Email to SenateCommerce@rilegislature.gov

March 10, 2026

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

RE: Senate Bill 2205— An Act Relating to Business and Professions – Contractor’s Registration and Licensing Board—Statement in Opposition

Dear Chair Britto:

The Rhode Island Insurance Federation submits this statement in opposition to Senate Bill 2205, which would expand various definitions relative to contractors, home inspectors, and claim adjusters. It is important to note that this is part of a package by the advocates of the bill to upend the property insurance system in Rhode Island, those other bills include Senate Bills 2204, 2261, 2311, 2312, 2769, 2770, and 2771. Together this package would endanger the property insurance market in Rhode Island by creating vague legal standards for the property insurance claims settlement process and ease the burden to bring forward bad faith claims against insurers.

Specific to this bill, Senate Bill 2205 legalizes and legitimizes in Rhode Island what most states prohibit—the inherent conflict of interest that exists when contractors are permitted to be public adjusters. This package of bills will significantly impact Rhode Island consumers, causing our policyholders to pay in premiums for property insurance, while infringing on the steps Rhode Island has taken to reduce fraudulent insurance claims.

The Federation was recently formed to advocate for the property and casualty insurance industry in Rhode Island. Federation members write approximately 60 percent of the total property and casualty (P&C) insurance premiums in the state, and importantly over 60 percent of the homeowners insurance market. Federation members include most of the major P&C insurance companies doing business in the state, and every national P&C insurance trade association is a member of the Federation.

At their core, these eight property insurance settlement practices bills are designed to be able to attach a bad faith claim to every property insurance lawsuit in Rhode Island. In terms of opposition to Senate Bill 2205, it must be viewed in the context of the rest of this package, as It

makes possible the bad faith standards in Senate Bill 2311 and in one of the most egregious items in S.2205 it helps legitimize the idea that a public adjuster cannot be a disinterested umpire in Senate Bill 2312. Our local licensed public adjuster community's expertise should not be abandoned for this theory that home inspection companies or contractors should be active participants in the claims settlement process. In fact, such ideas are antithetical to the ethical position of most public adjuster trade associations, which require you to not be both a contractor and public adjuster because of the inherent conflict of interest. While the 46 states that license adjusters largely prohibit this conflict of interest through the licensing rules, due to assignment of benefit abuse, 11 states have statutory bans on contractors acting as adjusters.

Everything about this package, including Senate Bill 2205 appear to directly appeal to the legislature to change the case law which the Rhode Island Supreme Court decided just last year in two separate decisions.^{1&2} In one case, the Supreme Court not only found in favor of the insurer but made sure to insert this footnote into their decision: *"Moreover, a review of court records yields dozens of pending cases in the Superior Court involving the plaintiff and a multitude of homeowners' insurance companies. The plaintiff should beware of continually arguing inconsistent positions in litigation. See Gaumond v. Trinity Repertory Company, 909 A.2d 512, 520 (R.I. 2006) ("Judicial estoppel should be employed when a litigant is playing fast and loose with the courts, and when intentional self-contradiction is being used as a means of obtaining unfair advantage in a forum provided for suitors seeking justice.") (quoting Patriot Cinemas, Inc. v. General Cinemas Corp., 834 F.2d 208, 212 (1st Cir. 1987))."* Much like the Supreme Court, this legislature should promptly put this issue to bed by giving this entire package an indefinite postponement.

This package of bills is anti-insurer, anti-consumer, anti-public adjuster, and is designed to make a simple single mistake eligible for attorney fees and punitive damages and creates a system of regulation through litigation that will clog our courts. To use terms like "the duty to conduct a reasonable investigation of a claim using competent, **properly licensed**, and legally authorized individuals, and to timely evaluate, negotiate, and settle claims based upon all information reasonably available to the insurer" means that insurers will have the Sword of Damocles hanging over every claim, which inevitably leads to unnecessarily larger settlements, increased propensity for fraud, and a cost to all Ocean State policyholders. Rhode Island already has a robust system of regulatory oversight at the Department of Business Regulation, and through case law, to protect consumers from wanton actors in the market. Unfortunately, Senate Bills 2205 (when combined with the rest of the package) will upend the insurance market for consumers by creating standards for the entirety of the property insurance claims settlement practices that legitimizes an inherent conflict of interest and sets Rhode Island on a course to see rampant abuses in the assignment of benefits.

¹<https://law.justia.com/cases/rhode-island/supreme-court/2025/23-238.html>

² <https://www.courts.ri.gov/Opinions/Supreme-24-67.pdf>

For the above reasons, the Rhode Island Insurance Federation respectfully asks the Senate Commerce Committee to indefinitely postpone action on Senate Bill 2205, along with this entire package of bills.

Thank you for the opportunity to offer the Federation's concerns on behalf of our members and Rhode Island's policyholders.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christopher S. Stark".

Christopher S. Stark

Executive Director

Rhode Island Insurance Federation

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