



Rhode Island Insurance Federation

Via Email to SenateCommerce@rilegislature.gov

March 31, 2026

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

RE: Rhode Island Insurance Federation Statement in Opposition to Senate Bill 2431

Dear Chair Britto:

The Rhode Island Insurance Federation submits this statement in opposition to Senate Bill No. 2431, which permits on and after July 1, 2027, for an insurer to consider the zip code in which the vehicle is garaged provided that the calculation of the zip code is segmented by the municipality where the vehicle is garaged.

The Federation was recently formed to advocate for the property and casualty insurance industry in Rhode Island. Federation members write approximately 60% of the total property casualty insurance premiums in the state, and importantly over 85 percent of the private passenger auto insurance market in the state. Federation members include most of the major property-casualty insurance companies doing business in the state, and every national P&C insurance trade association is a member of the Federation.

Insurance companies compete vigorously in the market and seek to provide their customers with a product at the best possible rate based on the predicted risk of loss. The most accurate and fair way to price policies is to use many actuarially based rating variables, which assures that no single variable has a disproportionate impact on an individual's premium. This allows insurers to offer products to a broader range of consumers at a competitive price.

Territorial rating is a key factor in establishing that fair rate. Like virtually all other states, Rhode Island allows the use of territory in setting auto insurance premiums. Why? Because, as noted by the Casualty Actuarial Society, the use of territory "is considered one of the primary drivers of claims experience. Consequently, it is one of the most well established and widely used rating variables."

In many instances, when overlaid with accident frequency maps, as compiled by the National Association of Insurance Commissioners, the territories with the highest premiums also have the highest frequency of accidents.

Senate Bill 2431 seeks to put its thumb on the proverbial statistical scale by functionally causing insurers to have to rate at the municipality level rather than the more precise use of zip codes. The reality is that

without the use of zip codes for territorial rating, it will likely result in lower-risk drivers subsidizing higher-risk drivers.

When insurers can accurately price policies, consumers benefit with lower rates overall, more choices, and greater market and price stability. Rather than further restricting underwriting and pricing criteria, the Legislature should be taking steps to enhance roadway infrastructure and safety, prevent distracted driving, and allow for the further development of a broad range of insurance-related discounts and other policyholder benefits. Passing Senate Bill 2431 might lower auto insurance costs for some higher-risk drivers in the short term, but based on what has happened elsewhere, it will likely raise prices for others.

As just a snapshot of the data we have been able to analyze to date, two zip codes in Pawtucket clearly highlight the impacts of this legislation. Generally speaking, insurers will have to solve for this change in the law by elevating their underwriting to either the county-level or municipal-level data. For Zip Code 08260 and 08261 in Pawtucket the results are stark. If cured at the municipal level, for liability only coverage residents in 08261 would pay an estimated 13% more for liability insurance while those in 08260 would pay 6% less. If cured at the county level, 08261 would pay 10% more for liability-only coverage while 08260 would save 9%. If insurers solved at the county level, 24 zip codes would see an increase of over 20% while only 2 zip codes would see a savings over 20%.

For the reasons set forth above, the Federation opposes Senate Bill 2431, and we urge the Committee to recommend passage.

Respectfully submitted,



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Executive Director

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