



March 31, 2026

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

Re: S.2763 – AN ACT RELATING TO MOTOR AND OTHER VEHICLES -- MOTOR VEHICLE REPARATIONS ACT

Dear Mr. Chairman:

This statement in opposition to S.2763 is submitted by the American Property Casualty Insurance Association (APCIA).¹ It is unclear what exactly S.2763 would do. At a minimum, it would prohibit the use of credit history or credit score in creating rates. It also seems (perhaps unintentionally) to prohibit consideration of all rating factors other than “past claim experience.”² Both outcomes would harm Rhode Islanders.

How Insurance Pricing Works - Incentivizing Accuracy

The best and most fair way to price auto insurance policies is to use actuarially sound and independently predictive rating variables. This leads to the most accurate pricing and assures that no single rating variable has a disproportionate impact on an individual’s premium. Eliminating variables increases costs and creates unfair subsidies as insurers lose accuracy and put more weight on other factors.

In a competitive market, insurance companies strive to charge customers for their risk as accurately as they can. Insurance premiums are priced for future risk. Insurers have no way of knowing whether a driver will have an accident tomorrow, maxing out their coverage, or be accident-free for a decade. They must use all the available data to make an accurate estimate of the loss risk (which is also reviewed by regulators).

If a company does not accurately price risks, they are likely to face some combination of the following financial challenges:

1. Risks they inaccurately priced too high will buy their auto insurance from competitors with more accurate (cheaper) pricing.
2. Risks that they have inaccurately priced too low will remain with the company and are more likely to result in financial losses (claims exceeding premiums).

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.

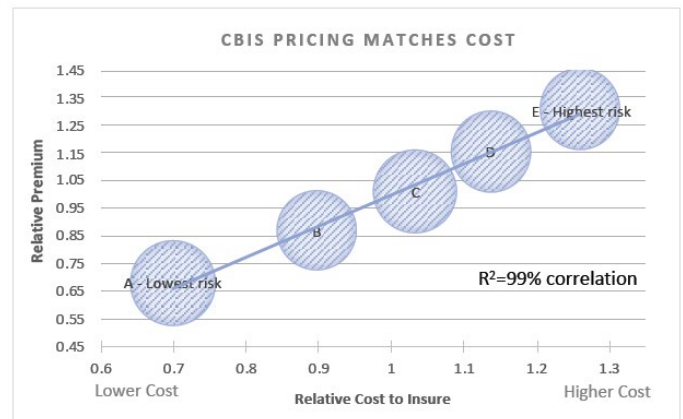
² “**...but shall only** take into account the past claim experience....”

Accurately predicting risk and charging a corresponding premium—the business of insurance—meets two essential consumer protection goals: Preserving the solvency of the risk pool to ensure claims payment; and consumers paying their fair share in accordance with their likelihood of causing a loss to the common fund. The twenty-year consensus of regulators and legislators is that credit-based insurance scoring furthers these policy goals.

Below are several commonly used rating factors (education level, occupation, credit, gender, and zip code) that have all been demonstrated to be actuarially sound predictors of risk and their use for this purpose, as well as any other factor(s), must be confirmed as such in annual filings with state regulators. Here is a deeper dive on several factors:

Credit

State and federal regulators, universities, independent auditors, and insurance companies have all shown that an individual's credit history is a proven, accurate indicator of how likely a person is to file a future claim and the potential cost of that claim. The chart at right demonstrates that credit-based insurance scores align with the relative risk to insure.



The vast majority of consumers either benefit from the use of credit-based insurance scores or it is neutral for them. Credit-based insurance scores generally allow insurers to write business that they may not have accepted in the past, and to offer lower rates to many insureds. The majority of consumers have good credit-based insurance scores and benefit accordingly – with rates refined to reduce disproportionate subsidies of higher risk individuals. Credit information typically saves consumers anywhere from 30% to 59% on their car insurance.

However, given the sensitive nature of credit scores, Rhode Island has amongst the strongest and most comprehensive consumer protection requirements in the country³. The use of credit is prohibited after extraordinary life events such as serious illness or unemployment. Furthermore, insurers must demonstrate the predictive nature of credit scoring to use it as a factor and update customer insurance scores every two years and provide rate decreases for improved credit scores.

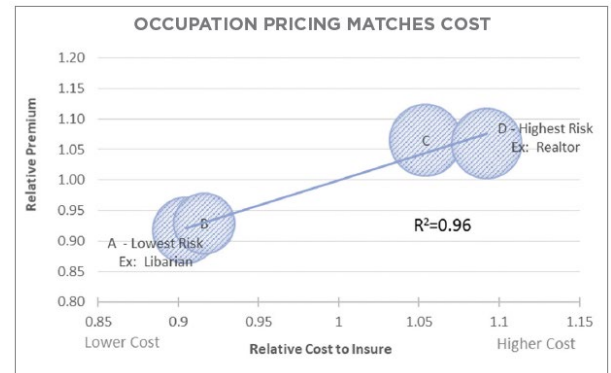
Insurers are prohibited from increasing rates, declining insurance, or cancelling or non-renewing coverage based solely on a worsening score except for very limited enumerated circumstances. Furthermore, insurers are prohibited from considering credit inquiries not initiated by the consumer, medical collections, or multiple lender inquiries related to home mortgages or auto loans.

46 states and the District of Columbia permit auto insurers to use credit as a rating factor.

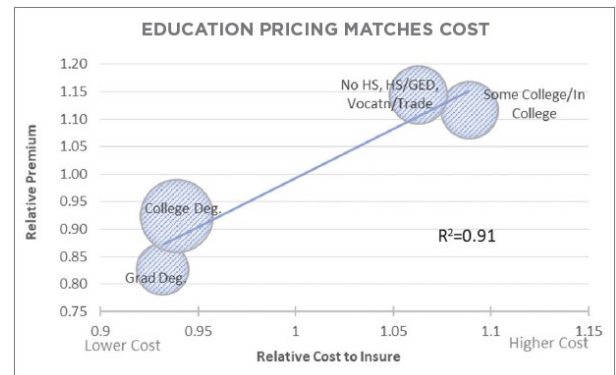
³ R.I. Gen. Laws § 27-9-56 and 230-RICR-20-05-15

Education and Occupation⁴

Occupation: Workers that commute greater distances or drive their vehicles for their job are at higher risk of accidents than others, such as those that work from home or near home. Drivers with certain occupations⁵ are associated with insurance claim costs that are approximately 5 percent to 10 percent higher than the overall population of drivers. Conversely, drivers with other occupations have claim costs that are 5 percent to 10 percent below the overall population of drivers.



Education: Those with higher educational attainment⁶, tend to be better drivers. Drivers with lower levels of educational attainment are associated with insurance claim costs that are approximately 5 percent to 10 percent higher than the overall population of drivers. Conversely, drivers with higher educational attainment have claim costs that are at least 5 percent to nearly 20 percent below the overall population of drivers.



Maryland⁷ and New Jersey⁸ conducted extensive studies of these factors and found their use to be reasonable because they are predictive of losses.

****48 states and the District of Columbia allow insurers to use education and occupation as a rating factor.****

Gender

Gender continues to be an accurate variable in predicting the likelihood and severity of insurance claims. Overall, men drive more than women, and the more a person drives, the more likely they are to have an accident. There is also a long history of data demonstrating that men are riskier drivers than women. From 1975 to 2016, more than twice as many males were killed in traffic crashes as females. Young men are much more likely to have an accident compared to young women.

****43 states and the District of Columbia permit auto insurers to use gender as a rating factor.****

⁴ Table credits – Behavioral Validation of Auto Insurance Rating Variables, Dr. Hartwig and APCIA (November 2021), https://www.claimsjournal.com/app/uploads/2021/11/AutoInsRatingVariables_WhitePaper.pdf

⁵ Based on risk groups, not income. Low-income and high-income occupations exist within each risk group. Additionally, U.S. Census data shows that each risk group is represented by people from every race and ethnicity.

⁶ The level of academic achievement matters, not the institution or cost. For example, a degree from community college is treated the same as an undergraduate degree from an Ivy League school.

⁷ <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Private-Passenger-Motor-Vehicle-Ins-Rating-Factors-Report.pdf>

⁸ https://www.nj.gov/dobi/division_insurance/pdfs/ed_occ_april2008.pdf

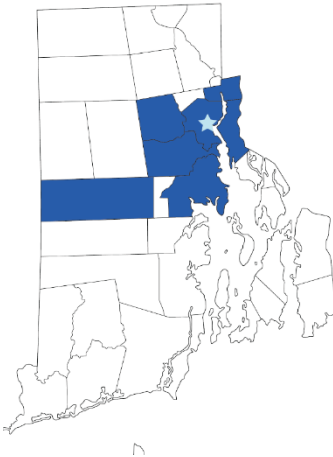
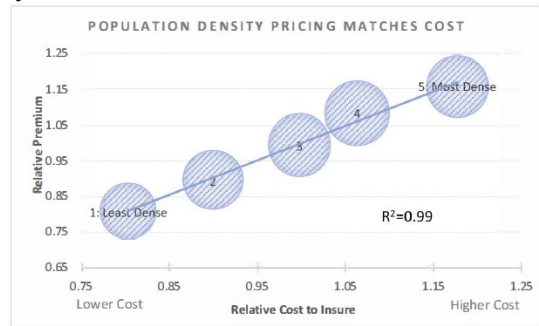
Zip Code

Auto insurers in Rhode Island and elsewhere have determined, based on decades of data collection, that location is a highly accurate variable for predicting the likelihood and severity of insurance claims. Insurers quantify this risk by evaluating a myriad of local factors such as:

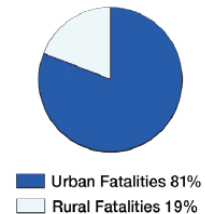
- Population density
- Traffic congestion
- Road type and condition
- Theft and vandalism rates
- Weather
- Motor vehicle repair costs
- Medical costs
- Litigiousness

While insurance companies make rate decisions based on their own proprietary information, there is ample public data to support the notion that risk is heavily correlated to location.

As shown in the chart to the right⁹, drivers in high density areas are associated with insurance claim costs that are approximately 20% higher than the overall population of drivers. Conversely, drivers in areas with the lowest population density tend to have claim costs that are 20% below the overall population of drivers.



These factors are corroborated locally by reports on road and traffic safety in Rhode Island. Notably, the map at left from the Rhode Island Strategic Highway Safety Plan 2023-2027¹⁰ highlights in blue the 7 municipalities that have accounted for 50% of all traffic fatalities in the state from 2018-2022. The report also notes that 81% of traffic fatalities in Rhode Island occur in urban areas compared with 19% in rural areas. This dovetails with other data in the report. For example, from 2017-2021, 20% of roadway fatalities occurred at or were related to an intersection and 18% involved a pedestrian. Urban areas have more intersections and pedestrian traffic in close proximity.



⁹ Based on billions of miles driven by voluntary telematics participants from one large member company from January 2017-June 2019.

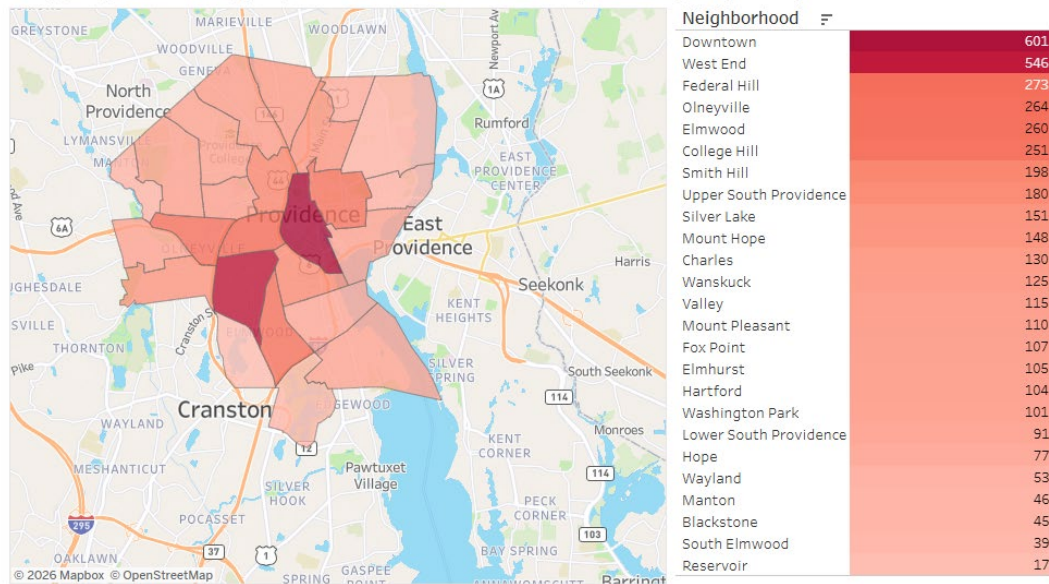
¹⁰ https://www.dot.ri.gov/Safety/reports/docs/Strategic_Highway_Safety_Plan.pdf

The Providence Streets Coalition is also a valuable localized resource. It's PVD Crash Data website¹¹ logged over 4,000 police reported crashes involving pedestrians, cyclists, and scooters. Even within Providence, the data reveals significant variance by neighborhood, with 15% occurring downtown compared to just 0.4% occurring in the Reservoir neighborhood. In other words, as a pedestrian, cyclist, or scooter driver, you are roughly 363 times more likely to be struck by a car in 02903 than in 02910.

Crash Counts By Neighborhood

Crash Counts by Providence Neighborhoods, 2010 through June 2025

In any given year downtown typically sees the most crashes; however this pattern is beginning to change



****48 States permit auto insurers to use ZIP code as a rating factor.****

Increasing Reliance on Claims History and Driving Record Will Have a Disparate Racial Impact

This bill proposes making Rhode Island the only state in the country to limit insurance rates and premiums to only past claims experience and the “principles used in merit rating or experience rating rate plans,” which include driving record. A driving record provides a limited view of how careful or risky someone may be while driving in large part because driving-record level offenses are fairly rare and records change or are wiped clean over time.

APCIA recognizes that the causal links between a poor driving record and an above-average likelihood of filing an auto insurance claim are both intuitive and obvious. Moreover, society often views higher premiums paid by drivers with poor records to be both fair and equitable. However, as noted above, stripping away variables means insurers are poorly positioned to evaluate risk. Stripping away all but driving record will have two significant consequences:

1. Because most drivers have fairly clean records, it will be difficult for insurers to distinguish between risks. Drivers with even minor blemishes on their record will face significantly higher costs, and that is likely to have a disparate impact on BIPOC Rhode Islanders as explained in #2 below.

Many other people will likely see rate increases as well as possible availability challenges as insurers will face the nearly impossible task of creating a rate that is neither inadequate nor excessive with almost no information on which to make those judgments. Lower risk groups who currently pay lower rates, are likely to see those rates increase, subsidizing higher risk groups.

¹¹ <https://pvdstreets.org/crash-map/>

Groups likely to face higher rates include women and people who are middle-aged, those who live in suburban or rural areas, and people who possess college degrees or good credit.

2. Increasing reliance on driving records is also likely to have a severe disparate impact on minority populations. BIPOC drivers are far more likely than white drivers to have blemishes on their driving records because they are far more likely to be pulled over and receive driving citations. There is ample evidence to support this:
 - A Brown University compilation of traffic data and studies from 2003-2019 found “selective enforcement of traffic laws against communities of color in comparison to white motorists”¹² in Rhode Island.
 - A 2018 Rhode Island policing study found that police stopped Black and Hispanic drivers at a significantly disproportionate rate and notes that “stopped motorists were more likely to be minorities during daylight relative to darkness suggesting the existing of a racial or ethnic disparity in terms of the treatment of minority motorists relative to white motorists.”¹³
 - The Stanford Open Policing Project¹⁴ reviewed 200 million traffic and search stops nationwide and found that black drivers are 20 percent more likely to get pulled over than white drivers and when they are pulled over, black and Hispanic drivers are more likely to be searched than white drivers.
 - A 2011 study by the U.S. Department of Justice, *Policy Behavior during Traffic and Street Stops*¹⁵, found black drivers are more likely to get pulled over for a traffic stop and black and Hispanic drivers were both ticketed and searched at higher rates than white drivers.

S.2763 is also likely to have a disparate impact on economic terms, because it increases rating reliance on “past claim experience.” Lower-income drivers are more likely to make claims for minor damage than more affluent drivers. Thus, by significantly increasing reliance on claims history and driving record, S.2763 is likely to drastically increase rates for many low-income and BIPOC Rhode Island residents.

Thus, rather than penalizing certain Rhode Islanders by limiting information insurers can use to accurately price risk, we hope legislators will instead consider policies to minimize the state’s racial wealth gap and discriminatory policing practices. APCIA opposes S.2763 because of the potential negative impacts it will have both on insurers writing auto insurance in Rhode Island and on premiums paid by consumers. Please reach out if you would like to discuss this bill further.

Very truly yours,



Jonathan Schreiber
Associate Vice President, State Government Relations
American Property Casualty Insurance Association
Jonathan.schreiber@apci.org
(202) 828-7121

¹² Racism and Policing in Rhode Island, <https://mappingsocialmovementsri.digitalscholarship.brown.edu/events/>

¹³ *State of Rhode Island Comprehensive Police-Community Relationship Act of 2015 (CCPRA) Traffic Stop Data analysis and findings*, 2016 March, 2018 <https://upriseri.com/wp-content/uploads/2018/04/2016-Rhode-Island-Traffic-Stop-Study.pdf>

¹⁴ <https://openpolicing.stanford.edu/>

¹⁵ <https://bjs.ojp.gov/content/pub/pdf/pbtss11.pdf>