



Department of Business Regulation Office of the Director

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March 31, 2026

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

Re: S2763 – An Act Relating to Motor and Other Vehicles - Motor Vehicle Reparatons Act

Dear Chairman Britto:

I am writing on behalf of the Department of Business Regulation (“DBR”) to provide information on the topic of insurance rating and to urge the amendment of S2763 by the Senate Commerce Committee.

This bill as drafted adds language to Title 31 intending to ban the use of credit in Rhode Island auto insurance rating. However, [R.I. Gen. Laws § 27-9-56](#) allows insurers to use credit in auto and home insurance rating subject to express safeguards. By regulation DBR prohibits the use of credit after extraordinary life events such as terminal illness or loss of employment. If the Legislature chooses to ban credit, it will result in a reallocation of premium with some insureds experiencing an increase in rates while others experience a decrease in rates. Banning a single rating factor, however, will not lower the overall total amount that insurers collect in premium from all consumers.

If the Legislature moves forward to prohibit the use of credit, the Department has three suggestions to offer:

1. This proposal would need to be added to Title 27 for DBR to enforce its provisions;
2. The effective date would need to be pushed back to ensure that consumers are able to get insurance throughout the transition; and
3. Existing laws allowing rating based on credit factors would need to be addressed.

Current Limitation on Credit: In 2012, the Department adopted a regulation ([230-RICR-20-05-15](#)) establishing guidelines for insurers’ use of credit when a consumer experiences an extraordinary life event (such as terminal illness or temporary loss of employment) or the absence of or insufficient credit. This restriction is only found in a handful of other states.
Statutory Location of the Bill: DBR’s enforcement authority over insurers is contained in [R.I. Gen. Laws § 42-14-16](#) which allows DBR to take administrative action against insurers for violation of “...title 27 and/or chapters 14, 14.5, 62 or 128.1 of title 42 or the regulations promulgated thereunder...” DBR is, therefore, concerned that an effort by it to enforce R.I. Gen. Laws § 31-47-18 would result in a possibly successful legal challenge.

Effective Date: If this bill were enacted all insurers would have to create and file new rating plans with DBR. Therefore, if the bill is made effective on passage, it could make auto insurance inaccessible to consumers during the time the insurers are preparing the revised rating plans and while DBR would need to have the filings reviewed by actuaries. As a result, a phase-in time would be needed to allow insurers to continue to write policies prior to completion of the review of filings. We would suggest an effective date of sometime in 2027.


Current Authorization for Credit: Use of credit in auto insurance rating is expressly allowed by the provisions of R.I. Gen. Laws § 27-9-56. Therefore, if the legislation only amended R.I. Gen. Laws § 31-47-18 but R.I. Gen. Laws § 27-9-56 stayed in place it would create confusion and a possible legal challenge.

Finally, this bill relates only to automobile rates. R.I. Gen. Laws § 27-6-53 expressly allows insurers to use credit in determining homeowners insurance rates. Most states that have enacted statutes permitting or banning the use of credit have applied those policy decisions to both auto and home insurance coverages and not to just automobile policies.

We would be happy to provide you with whatever additional information you would request. Please do not hesitate to contact me at elizabeth.dwyer@dbr.ri.gov or 401.462.9615 (office) or 401.578.6653 (mobile).

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

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Kelleher Dwyer". The signature is fluid and cursive, with the first name being the most prominent.

Elizabeth Kelleher Dwyer, Esquire
Director, Department of Business Regulation

cc: Honorable Members of the Senate Committee on Commerce
Honorable Melissa Murray
Kristen Silvia, Deputy Chief of Staff/Director of Legislation