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 2769

Dear Chair Britto:

The Rhode Island Insurance Federation submits this statement in opposition to Senate Bill No. 2769, which would establish minimum limitations standards for structural property damage claims, and would void any policy provision, endorsement, condition, limitation, agreement, or claim practice that shortens those standards. This act would further prohibit insurers and insurer affiliated claim handlers from treating any payment as a full settlement or claim closure absent a formal written release and settlement agreement executed by the claimant or insured, and notarized, consistent with chapter 9.1 of title 27 ("unfair claims settlement practices act"), and require clear disclosures to insureds and claimants regarding applicable time limitations and claim rights. As previously noted in other testimony to the Committee, this legislation appears to be part of a larger package of bills designed to significantly disrupt the property insurance market in Rhode Island

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. 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.

This legislation poses several risks to the insurance market by 1) forcing an expansion of the claim reporting window, 2) eliminating policy-based defenses, 3) potentially increasing claim frequency from stale claims, 4) creates upward pressure on loss costs and reserve volatility, and 5) the interpretative ambiguity in the bill is likely to lead to increased litigation.

Expanding on each of these issues. First the forced expansion of claims comes from the expanded statute of limitations for non-fire/lightening claims to 10 years. This is excessive and will likely results in claims being paid that may not have been if investigated closer to the date of loss. Adopting this standard will create a number of long-tail liability claims, which increases uncertainty in pricing and reserve management.

Senate Bill 2769 then eliminates policy-based defenses for insurers, also known as contract preemption. This is especially concerning, especially for the surplus lines market, which is highly unregulated as an incentive to write policies the admitted market is unlikely to absorb. By voiding any policy provision in conflict with this statute, many standard policy tools like suit limitation clauses and notice provisions become enforceable. This undermines freedom of contract between insurers and our policyholders and will likely trigger significant coverage disputes over ambiguous terms like "shortening".

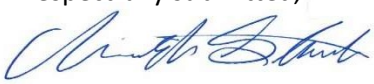
The next issue presented in the bill is that it opens the door for what would previously be time-barred claims to proceed. This will likely cause a surge in late-reported claims, reopened claims, and claims tied to prior policy years and even different insurance companies. This inevitably will lead to higher claim frequency and lower claim defensibility. This ties in directly to the upward pressure on loss costs and reserve management. Insurers will be forced to expand their "incurred but not yet reported" reserves and hold capital longer for prior loss years. By not requiring timely claim filings, premium increases are more likely from the inflation of repair costs and expanded damage discovery, which is not in the interest of policyholders.

Finally the interpretive ambiguity in this legislation is a major concern for the Federation. Just as a few examples from the bill, there is likely to be increased litigation over what constitutes an impermissible limitation and whether the claims handling practices violated the intent of this legislation. When taken together with the rest of this package it will also provide greater exposure to bad faith allegations. These higher legal costs and operational complexity's end result will likely be a further increase in premiums.

Everything about this package, including Senate Bill 2769 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.

For the reasons set forth above, the Federation opposes Senate Bill 2769, and we urge the Committee to hold the bill indefinitely.

Respectfully submitted,



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[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