



March 31, 2026

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

Re: S.2770 - AN ACT RELATING TO INSURANCE -- UNFAIR CLAIMS SETTLEMENT PRACTICES ACT

Dear Mr. Chairman:

This statement in opposition to S.2770 is submitted by the American Property Casualty Insurance Association (APCIA).¹ This bill would add matching to the insurance unfair claims statute (27-9.1-4). The first sentence² of the proposed new language is unclear and the following three sentences appear intended to clarify the provision by largely mirroring existing regulatory language already found in 230-RICR-2-40-2.9(A)(1)(b).³

As shown below, Rhode Island regulations already require matching when adjusting first-party replacement cost losses and provide the Department of Business Regulation with robust enforcement authority, including significant fines and potential license suspension or revocation following a complaint and hearing process. While administrative penalties are slightly less proscriptive than those under the unfair claims act, DBR has more flexibility and a wider menu of options when enforcing regulations. As a result, the need for this bill is unclear, as it does not establish new consumer protections or remedy a regulatory gap.

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 "Failure of an insurer to apply the matching principle to the interpretation of its homeowner's insurance policy's replacement cost coverage provisions which would have resulted in the advancement of a reasonably uniform appearance of the insured's property."

³ https://risos-apa-production-public.s3.amazonaws.com/DBR/REG_13444_20260303090259616.pdf

Language Comparison

S.2770	Existing 230-RICR-2-40-2.9(A)(1)(b)
<p>Failure of an insurer to apply the matching principle to the interpretation of its homeowner's insurance policy's replacement cost coverage provisions which would have resulted in the advancement of a reasonably uniform appearance of the insured's property. It would require the replacement of items when replaced items do not match in quality, color or size. The matching principle shall be utilized for interior and exterior losses. The insured shall not bear any cost over the applicable deductible, if any.</p>	<p>When the insurance policy provides for the adjustment and settlement of first party claimant losses based on replacement cost, the following shall apply:</p> <p>When a loss requires replacement of items and the replaced items do not match in quality, color or size, the insurer shall replace all such items so as to conform to a reasonably uniform appearance. This applies to interior and exterior losses. The first party claimant shall not bear any cost over the applicable deductible, if any.</p>

Penalty Options Comparison – Both require a hearing and written findings.

S.2770 (§ 27-9.1-6)	DBR Administrative Powers (§ 42-14-16)
<p>Cease and desist order</p> <p>Monetary fines up to \$10,000 per violation up to \$100,000 unless the violation was committed flagrantly and in conscious disregard for the law, in which case fines are up to \$25,000 per violation up to \$250,000</p> <p>Suspension or revocation of the insurer's license if the insurer knew or reasonably should have known their actions violated the law</p>	<p>Order violators cease actions or require them to take required actions in order to achieve compliance.</p> <p>Administrative penalties up to \$50,000</p> <p>Revoke or suspend a license</p>

The most notable difference between the bill language and existing regulation is the replacement of the technical term “first party claim/claimant,” with the broader term “insured.” The impact of this change is unclear, but seems likely to increase litigation, at least in the short term.

Because Rhode Island already requires matching through regulation and provides meaningful enforcement tools to address noncompliance, this bill does not meaningfully enhance consumer protections. Instead, it adds duplicative and unclear statutory language that increases compliance and enforcement costs while reducing flexibility in claims operations and product design.

For these reasons, APCIA respectfully urges the Committee to hold S.2770 for further study. We welcome the opportunity to engage with policymakers and regulators to better understand the objectives of the legislation and to explore whether existing regulatory frameworks already provide sufficient protection for Rhode Island consumers without unintended market consequences.

Very truly yours,



Jonathan Schreiber
 Associate Vice President, State Government Relations, APCIA
Jonathan.schreiber@apci.org, (202) 828-7121