



March 12, 2026

Senate Committee on Housing and Municipal Government
Chair Jacob Bissaillon
Rhode Island State House
Providence, RI 02903

Re: Senate 2261 - AN ACT RELATING TO INSURANCE -- FIRE INSURANCE POLICIES AND RESERVES

Dear Chair Bissaillon:

Thank you for the opportunity to share these comments on behalf of the American Property Casualty Insurance Association (APCIA).¹ S.2261 separately, and together with seven other Senate bills from the same proponents that are before various other committees (S.2204, S.2205, S.2311, S.2312, S.2769, and S.2959), represent an unprecedented and unnecessary attack on the homeowners' insurance market (and beyond) in Rhode Island. While we are still attempting to quantify the exact impacts, **conservatively, these bills separately, and most certainly together, could have catastrophic results for Rhode Island policyholders, with the potential of generating significant affordability and availability challenges**, damaging a well-functioning and heavily regulated industry that has operated to the benefit of Rhode Islanders for hundreds of years.

The homeowners' insurance industry plays an essential role in the Rhode Island housing market. As of 2021, Rhode Island was home to over 265,000 homeowners and renters who purchased insurance policies. Most banks require homeowners' insurance to access and maintain mortgages. In 2024, Rhode Island homeowners' insurance policies paid out \$270 million in losses. While it has experienced some challenges recently, it is generally a healthy and well-functioning system² that provides consumers value under regulatory oversight by the Department of Business Regulation, which is widely recognized as a national leader³.

S.2261 would almost entirely rewrite the claims process in the standard property insurance form.

Efforts to 'standardize' insurance policy language date back to the early 1900s, to reduce confusion and promote greater efficiency and consistency in claims handling. Thirty-one states have such a form. Rhode Island's standard fire insurance policy statute (§ 27-5-1) was first promulgated in 1896 and has been continually updated over the subsequent 130 years. The current homeowners policy form is a legal contract incorporating decades of precedents that provide efficiency and certainty for the homeowner and insurer.

S.2261 would weaken loss notice and inventory requirements inherent in the existing form, while also severely limiting insurers' ability to conduct inspections, making it very difficult to accurately document the damage claimed, and resist inflated or potentially non-meritorious claims. It also would upend the standard umpire

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 Rhode Island is ranked as the 9th most stable homeowners insurance market by Lending Tree - <https://www.lendingtree.com/insurance/home-insurance-stability-study/>. It has 22 licensed insurers each writing more than 1% of the market and in 2023 had a 58% loss ratio - <https://content.naic.org/sites/default/files/publication-msr-pb-property-casualty.pdf>.

³ <https://content.naic.org/article/naic-officers-elected-2026>

appraisal process in a similar manner, exposing insurers to undue liability, forcing excessive payouts, and generating significant additional administrative burdens. The proposed interest and statute of limitations provisions could impose further additional expenses. **All of these substantial and unnecessary added costs would likely be reflected in the premiums borne by Rhode Island residents.**

This bill appears designed to facilitate assignment of benefits (AOB) abuse. AOB is the legal practice of a homeowner assigning their benefits to a restoration contractor they have hired to complete repairs following damage. An AOB can streamline the process from the homeowners' perspective and allows the insurer and repair company to negotiate directly. However, it is also ripe for abuse as unscrupulous contractors may try to get as much money from the insurer as possible and complete the work for as cheaply as possible as they stand to gain the delta. In the worst cases, unscrupulous contractors fabricate claims, often using the courts as an extortion tool to exert pressure and add expense for insurers in the hopes that they can encourage inaccurate or completely unsubstantiated settlements. **We are seeing this practice emerging in Rhode Island**⁴ where litigation laws make it a particularly enticing state for these types of practices.

This became a pervasive practice in Florida, which overhauled its civil justice rules in 2023 following fifteen (15) insurer insolvencies, a 280% increase in non-renewals, and a \$423 billion concentration of risk in their Fair Plan equivalent that was on the verge of triggering an unprecedented taxpayer bailout in the early 2020s.⁵ **Further facilitating AOB abuse through S.2261 is likely to at best raise costs and at worst severely impact affordability and availability of homeowners insurance in Rhode Island.**

While the aforementioned six additional bills are not before this Committee, we think they are instructive to understanding the goals of the proponents of S.2261. The proponents want to overhaul homeowners insurance law (and more) in order to prevent insurers from combatting fraud or limiting liability. **These bills together lay out a playbook that would make Rhode Island one of the top AOB abuse states in the country.**

- **S.2204** attempts to abuse the Unfair Sales Practices Act to turn even the most basic claims into potential statutory violations. This massive additional legal exposure is likely to generate significant affordability and availability insurance challenges in Rhode Island.
- **S.2205** upends Rhode Island's contractor licensing law, increasing costs and fraud perpetrated on Rhode Islanders while decreasing access to licensed adjusters.
- **S.2311** overturns basic contract law in favor of vague legally entrapping standards for claims investigations, seemingly designed to abuse the civil litigation process, generate frivolous lawsuits, and push insurers to pay questionable or inflated claims to avoid exposure.
- **S.2312** attacks the Rhode Island Arbitration Act increasing expensive legal exposure for Rhode Islanders.
- **S.2769** drastically expands insurer liability, specifically allowing for assignment of benefits abuses to facilitate fraud and raise costs for Rhode Islanders.
- **S.2959** creates expensive, confusing, and duplicative business filing requirements that would increase the cost of doing business across industries and harm Rhode Islands competitiveness.

⁴ See e.g. *Vermont Mutual Insurance Company v. New England Property Services Group, LLC*, 2025 RI 20 (March 20, 2025) <https://law.justia.com/cases/rhode-island/supreme-court/2025/24-67.html>. The Rhode Island Supreme Court posited "The Plaintiff's actions make clear its willingness to use every judicial avenue available to it, irrespective of efficient conflict resolution." A footnote cites "dozens of pending cases in the Superior Court involving the plaintiff and a multitude of homeowners' insurance companies" and issues a warning – "The plaintiff should beware of continually arguing inconsistent positions in litigation."

⁵ See e.g. *Storm-Driven Insurer Insolvencies Stir State Actions: Explained*, Dec. 2022 <https://www.flortreform.com/news/storm-driven-insurer-insolvencies-stir-state-actions-explained/>
Next to Fall: The Climate-Driven Insurance Crisis is Here – And Getting Worse, Senate Budget Committee Staff Report Dec. 2024, <https://www.documentcloud.org/documents/26217177-senate-the-climate-driven-insurance-crisis-is-here-and-getting-worse/>

Climate Change, Housing, and Homeowners Insurance in Florida: Lessons for California Brief, Newamerica.org, Sept, 2025, <https://www.newamerica.org/future-land-housing/briefs/insurance-in-florida-lessons-for-california>

APCIA appreciates the opportunity to provide feedback. We strongly oppose these **bills that are likely to harm the state's economy and housing market and generate explosive additional costs for Rhode Island residents.** We urge unfavorable reports and welcome the opportunity to discuss them further.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jonathan Schreiber".

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