American Property Casualty Insurance Association
INSURING AMERICA apci.org

March 31, 2026

Senate Judiciary Committee
Chair Matthew LaMountain
Rhode Island State House
Providence, RI 02903

Re: Senate 2311 - AN ACT RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY -- CAUSES OF ACTION

Senate 2312 - AN ACT RELATING TO COURTS AND CIVIL PROCEDURES -- PROCEDURE IN PARTICULAR ACTIONS -- ARBITRATION

Senate 2959 - AN ACT RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY -- CAUSES OF ACTION

Dear Chair LaMountain:

Thank you for the opportunity to share these comments on behalf of the American Property Casualty Insurance Association (APCIA).[1] S.2311, S.2312, and S.2959 separately, and together with four other bills from the same proponents (S.2204, S.2205, S.2261, S.2769, S.2944), 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 system[2] that provides consumers value under regulatory oversight by the Department of Business Regulation.

S.2311 overturns basic contract law to expose insurers to significant additional liability
This bill creates new and broadly assignable causes of action that do not require proving a contract breach. The bill is full of vague legally entrapping standards for claims investigations, seemingly designed to abuse the civil

[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.

litigation process, generate frivolous lawsuits, and push insurers to pay questionable or inflated claims to avoid exposure. It would turn minor, routine claims handling disagreements, many of which are regulated under the existing insurance contract and licensing laws, into statutory violations. **As a result, S.2311 would significantly increase costs for consumers**.

S.2312 would upend the Rhode Island Arbitration Act.
This bill confusingly adds a requirement that the court appoint arbitrators or umpires if any party has amorphously delayed, "failed, refused or neglected" to make a contractually required appointment. It seemingly ignores the existing § 10-3-4 which empowers the Superior Court to require arbitration proceedings if it finds a party fails, neglects or refuses to perform them as required by contract. It also seems to ignore the existing § 10-3-6, which already empowers the court to designate and appoint arbitrators or umpires if any party "fail[s] to avail himself or herself" of the contractually mandated appointment process or there is "a lapse in the naming" of an arbitrator or umpire. Finally, it adds the word "appraiser" to a single clause. It is not clear what intent is behind this, but the Rhode Island Supreme Court has long held that the appraisal process is a form of arbitration.[3]

Finally, this bill would halve the time allowed for service to vacate, modify, or correct an award. The 60-day timeline has been law in Rhode Island for at least the last 50-years and is already shorter than federal requirements (90 days), the Uniform Arbitration Act (90 days), and most states. The 30-day requirement would make Rhode Island an outlier and would likely result in more litigation, undoing the benefits of arbitration. With only 30-days (including service time), parties are far more likely to take legal action, file first, and figure out the rest later. **That means more Rhode Islanders could face increased exposure to expensive litigation**. The current 60-day requirement, while still on the short end, allows for greater procedural fairness and substantive review.

S.2959 Creates expensive, confusing, and duplicative business filing requirements that would increase the cost of doing business across industries and harm Rhode Island's competitiveness. Standing alone, this bill would harm any business operating in Rhode Island. However, given the package it appears to be part of, especially when read with S.2944 (which is in this Committee but not on today's agenda), we believe it is also part of an unnecessary and unprecedented attack on the Rhode Island insurance market.

We think S.2944 is relevant to this discussion because it is so closely related, more obviously attacks insurance, and when read together, significantly alters the meaning of S.2959. S.2944 overturns longstanding business regulation laws to target insurers and drastically increase costs for Rhode Islanders. It bizarrely adds an overbroad definition of "claims handling services" to the foreign corporation licensing statute. Not only is this completely out of place, but the overbroad definition is designed to entrap insurers that are not domiciled in Rhode Island, roughly 87% of the Rhode Island homeowners market and 94% of all lines. S.2944 adds significant and onerous penalties and requires extensive licensing requirements merely for advertising in the state. While we can only approach it from an insurance perspective, we believe this would also have significant impacts on other industries as well.

In sum, S.2944 expands the definition of transacting business in Rhode Island generally and to specifically include essentially any insurance-related activity. It alone enhances punishments for noncompliance. S.2959 builds on these problems by also tolling the statute of limitations for any claims against impacted businesses.

The ultimate goal of and the other bills in this package is to empower practitioners of 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 will follow this process for fabricated claims, often using the courts (this was especially extreme in Florida because of

[3] 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.

their since repealed one-way attorney fee statute) as a means of exerting pressure and adding 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.

While the following bills are not before you today, we think it is instructive to better understanding the goals behind S.2311, S.2312, and S.2959 are not limited just to revising some definitions or changing statutes of limitations. Instead, they want to overhaul homeowners insurance law 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 assignment of benefits abuse states in the country. **We have already seen how that ends with the insurance affordability and availability crisis experienced in Florida.** [5]

- S.2204 abuses the unfair sales practices act to drastically expand potential litigants against insurers.
- S.2205 upends Rhode Island's contractor licensing law, increasing costs and fraud perpetrated on Rhode Islanders**.**
- S.2261 overhauls more than 100 years of consumer-protective precedents in the standard fire insurance form to dramatically scale back insurer's ability to combat false or inflated claims or limit liability.
- S.2769 doubles down on expanded liability timelines to increase liability and perpetuate fraud.

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

Very truly yours,

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[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." Such frequent litigation and arguing inconsistent positions are strong evidence of AOB abuse.

[5] See e.g. *Storm-Driven Insurer Insolvencies Stir State Actions: Explained*, Dec. 2022https://www.fltortreform.com/news/storm-driven-insurer-insolvencies-stir-state-actions-explained/ - 15 Florida property insurers became insolvent since 2020 driven by climate change and sever storms as well as excessive litigation and fake claims.

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/ - Florida's non-renewal rate jumped 280% between 2018 and 2023.

*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 - Florida's equivalent of the Rhode Island Joint Reinsurance Association/Rhode Island Fair Plan more than tripled in size between 2017 and 2022, insuring $423 billion worth of property, concentrating risk that could have ultimately forced mS.2204assive assessments on policyholders or even taxpayers writ-large.