

**STATE OF RHODE ISLAND  
IN GENERAL ASSEMBLY  
JANUARY SESSION, A.D. 2026**

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AN ACT

RELATING TO COURTS AND CIVIL PROCEDURE — PROCEDURE GENERALLY —  
CAUSES OF ACTION

Introduced By: Senators Appollonio, Thompson, Britto, Urso, and Famiglietti

Date Introduced: January 23, 2026

Referred To: Senate Judiciary

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Senate Judiciary Hearing Date: March 31, 2026

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**WRITTEN TESTIMONY OF NEW ENGLAND PROPERTY SERVICES GROUP, LLC  
IN FAVOR OF PASSAGE**

Dear Members of the Senate Judiciary Committee:

New England Property Services Group, LLC (“NEPSG”) respectfully submits this testimony in strong support of S 2311 and the accompanying amendments to Rhode Island’s insurance claims handling statutes. These proposals are necessary to correct systemic imbalances in the insurance claims process and to provide meaningful protection to Rhode Island consumers.

**I. S 2311 Restores the Independence of Bad Faith Claims and the General Assembly’s Intended Consumer Protections**

Rhode Island law recognizes that insurers owe policyholders a duty of good faith and fair dealing that extends beyond mere contract performance. *See Skaling v. Aetna Ins. Co.*, 799 A.2d 997 (R.I. 2002) (recognizing insurer’s obligation to promptly investigate and respond to claims consistent with good faith). However, courts have interpreted R.I. Gen. Laws § 9-1-33 to require a predicate breach of contract before a bad faith claim may proceed. That interpretation is inconsistent with the statute’s plain language and undermines its remedial purpose. By effectively collapsing bad faith into breach of contract, current law allows insurers to engage in delay, misrepresentation, and obstruction during the claims process without meaningful accountability so long as a formal breach cannot yet be established. This conflicts with the statute’s text, which imposes liability for an insurer’s bad faith refusal to “timely perform” its obligations under the policy. Those obligations extend beyond mere payment of covered claims.

S 2311 corrects this misinterpretation by clarifying that a bad faith cause of action exists independently of breach of contract. This clarification is necessary to restore the statute’s intended deterrent effect. Bad faith conduct most often arises in the handling of a claim, not

only in the ultimate failure to pay, and Rhode Island law already permits recovery of extra-contractual damages where an insurer violates its duty of good faith. See *Skaling*, 799 A.2d 997. S 2311 restores the General Assembly's original intent in enacting section 9-1-33 and ensures that wrongful claim-handling practices face meaningful consequences.

## **II. The Amendments to Unfair Claims Practices Are Consistent with Existing Law**

The proposed amendments to the Unfair Claims Settlement Practices Act codify obligations already recognized under Rhode Island common law.

Although R.I. Gen. Laws § 27-9.1 does not itself create a private right of action, the Rhode Island Supreme Court has made clear that violations of the statute are admissible as evidence of bad faith. See *Skaling*, 799 A.2d at 1012 n.8.

The amendments strengthen enforcement by:

- Requiring reasonable investigation;
- Mandating competent and licensed claim handling;
- Prohibiting delay-based tactics; and
- Expanding private enforcement mechanisms.

These changes are consistent with Rhode Island precedent recognizing that insurers must act reasonably in investigating and processing claims.

## **III. Assignment of Claims Is Essential to Consumer Protection**

Permitting the assignment of bad faith claims serves an important deterrent function and is consistent with Rhode Island law, which allows the assignment of post-loss insurance claims. Courts, however, have limited that right by requiring a breach of contract before an existing bad faith claim can be assigned. As a result, a bad faith claim cannot be transferred unless and until the insurer has both breached the policy and failed to pay a resulting judgment.

This restriction has serious practical consequences. It prevents homeowners from assigning bad faith claims that arose before the assignment in common repair and restoration agreements, where contractors perform work in exchange for the insurance claim. In these situations, contractors step in after the insurer has already delayed, underpaid, or obstructed the claim. They take on the financial risk of completing the repairs while the insurer remains entrenched in a bad faith position regarding the claim and is unlikely to act fairly.

Under the current state of the law, those contractors have no way to pursue recovery for the bad faith conduct that made their involvement necessary and likely increased their expense in repairing the claim. S 2311 fixes this problem by ensuring that the parties harmed by wrongful claim handling can hold insurers accountable for bad faith whenever it occurs.

## **IV. Private Enforcement Is Necessary to Deter Systemic Misconduct**

Rhode Island courts have repeatedly emphasized that bad faith claims serve a deterrent function. See *Skaling*, 799 A.2d 997.

Unfortunately, without meaningful private enforcement, violations of the Unfair Claims Settlement Practices Act remain under-enforced. Insurers frequently fail to disclose

policyholder rights, including statutory dispute resolution mechanisms, resulting in the systematic underpayment of claims and leaving Rhode Island consumers without recourse.

Private enforcement:

- Increases compliance;
- Reduces litigation delay; and
- Ensures that statutory protections have practical effect.

## **V. Conclusion**

Insurance is intended to provide financial protection in times of loss. When insurers engage in bad faith conduct, they undermine that purpose and impose significant harm on Rhode Island consumers.

S 2311 and the related amendments restore balance to the claims process by:

- Clarifying the independence of bad faith claims;
- Strengthening enforcement of unfair claims practices; and
- Ensuring that assignees can enforce the rights they lawfully acquire.

Rhode Island law already recognizes the principles underlying these reforms. This legislation ensures they are applied as intended.

NEPSG respectfully urges the Committee to report this legislation favorably.

Respectfully submitted,



**Thomas J. Alves, Esq.**

In-House Legal Counsel

New England Property Services Group, LLC