



**Department of Business Regulation  
Office of the Director**

1511 Pontiac Avenue, Cranston, RI 02920  
P: 401.462.9552 • F: 401.462.9532  
TTY: 711 • [www.DBR.RI.gov](http://www.DBR.RI.gov)



March 31, 2026

The Honorable Matthew L. LaMountain  
Chair, Senate Committee on Judiciary  
Rhode Island State House  
Providence, Rhode Island 02903

RE: S 2311 -- RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY --  
CAUSES OF ACTION

Dear Chair LaMountain:

Thank you for the opportunity to comment on this bill, we oppose. This bill would expand third party bad faith lawsuits against insurers in Rhode Island. First, it removes the statutory requirement that there be a breach of the insurance contract prior to commencement of an action for bad faith. Second, it adds a private cause of action to the Unfair Claims Practices Act.

The Unfair Claims Practices Act is based on a model of the National Association of Insurance Commissioners (NAIC) that expressly prohibits private causes of action. The reason for this is because it is designed as a regulatory statute not a statute setting forth a civil action. Some of the provisions of that statute make no sense in the context of a civil cause of action.

Were this bill to be enacted, in addition to its contractual obligation to its insured, an insurer would be liable to a third party claimant for "bad faith" claims handling although there is no contractual privity between the insurer and third party claimant. Other states that have had experience with third party bad faith have suffered severe impacts to their property & casualty insurance marketplace including significant premium increases for all insureds and the withdrawal of insurance carriers from the state.

A similar action was taken in California in 1979 in [Royal Globe Ins. Co. v. Superior Court, 23 Cal.3d 880, 153 Cal.Rptr. 842, 592 P.2d 329 \(1979\)](#) in which the Supreme Court established a private right of action under the NAIC Unfair Claims Act. Over the next decade, that decision caused premium increases and lack of availability of insurance such that, less than ten years later, the Supreme Court reversed its decision in [Moradi-Shalal v. Fireman's Fund Ins. Companies 46 Cal.3d. 287, 758 P.2d 58; 250 Cal.Rptr. 116 \(1988\)](#).

Rhode Island consumers are already experiencing premium increases adversely affecting affordability of insurance. This bill could exacerbate those issues and add availability issues to the market. As a result, passage of this statute could have a serious adverse impact on the economic development of the state.

Sincerely,

Elizabeth Kelleher Dwyer, Esq.

Director

Department of Business Regulation

[elizabeth.dwyer@dbri.gov](mailto:elizabeth.dwyer@dbri.gov)

cc: Honorable Members of the Senate Committee on Judiciary  
Honorable Peter A. Appollonio, Jr.  
Kristen Silvia, Deputy Chief of Staff/Director of Legislation