



HouseCorporations@rilegislature.gov

March 14, 2024

Representative Joseph J. Solomon, Jr.
Chair, House Committee On Corporations
Rhode Island State House
Providence, RI 02903

Re: House 7506 – An Act Relating To Insurance – Liability Insurance

Dear Mr. Chairman:

This statement in opposition to H.7506 is submitted by the American Property Casualty Insurance Association (APCIA).¹ House 7506 is similar to legislation filed in 2023 and proposes two changes to current law:

The first change –

- In Rhode Island insurers are required to provide uninsured motorist coverage (UM) equal the bodily injury limits (BI). Named insureds have the option to have less coverage for BI liability coverage down to the statutory limits in § 31-47-2(13)(i)(A) (provided below)
- The change in the bill would remove an exception to this where insureds can reduce coverage to zero if they are purchasing the minimum limits, and signs an approved advisory notice regarding UM/UIM.²

The second change –

- Removes language that allows insureds to reject UM coverage for property damage loss (UMPD).

¹ Representing nearly 65% 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 represents the broadest cross-section of home, auto, and business insurers of any national trade association. 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. Together, APCIA members write almost 76% of the personal lines auto insurance sold in the state.

² [§ 31-47-2(13)(i)(A), ... Every owner's policy of liability insurance shall provide insurance... with respect to each motor vehicle of twenty-five thousand dollars (\$25,000) because of bodily injury to, or death of, one person in any one accident; and subject to the limit for one person, to a limit of fifty thousand dollars (\$50,000), because of bodily injury to, or death of, two (2) or more persons in any one accident; and a limit of twenty-five thousand dollars (\$25,000) because of injury to, or destruction of, property of others in any one accident; or seventy-five thousand dollars (\$75,000) combined, single limit.

The addition of this coverage will come at a cost. It will vary from company to company and driver to driver, but it can potentially be significant.

Last year, APCIA estimated that this additional cost could exceed \$450 in additional premium in some cases. Given the spike in auto insurance premiums we have seen in the past year, this estimate is likely low.

As was the case in 2023, APCIA is concerned that amending the law as this bill proposes will likely increase the state's already high number of uninsured drivers. According to the Insurance Research Council, 16.5% of the drivers on our roads are uninsured. This is the highest number in New England – by far – and the 11th highest in the country.³ The rate had been dropping, due in no small part by some of the measures passed by this committee, but it is climbing again. Passage of this bill won't help.

In sum, APCIA opposes the proposals contained in H.7506. They are restrictive of consumers being able to tailor coverage to their means and needs (related to their individual risk) --- mandating coverage and elevating premiums. The lack of flexibility limits coverage availability for lower income consumers to possibly risk having no coverage due to affordability. More options for consumers in selecting the coverage suited to their risk is a better approach.

For these reasons, APCIA opposes H.7506 and urges this committee to not move the bill forward.

Very truly yours,



Francis C. O'Brien
Vice President, State Gov't. Relations

³ Rhode Island compares unfavorably with Massachusetts (3.5%) and Maine (4.9%) who have some of the fewest uninsured motorists in the country. Connecticut (6.3%) and Vermont (8.8%) are also lower. See "Uninsured motorist statistics and facts 2021", Bankrate May 13, 2021 at: <https://www.bankrate.com/insurance/car/uninsured-motorist-statistics/>