



**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
1511 Pontiac Avenue, Bldg. 68-2
Cranston, Rhode Island 02920**

Office of the Director

March 14, 2024

The Honorable Joseph J. Solomon, Jr.
Chair, House Committee on Corporations
Providence, Rhode Island 02903

Re: H7507– An Act Relating to Insurance – Unfair Claims Settlement Practices Act –
Restoration Companies

Dear Chair Solomon:

I write on behalf of the Department of Business Regulation to express concerns regarding S2681. This bill would alter R.I. Gen. Laws § 27-9.1-4 to create a regulatory violation for insurers who fail to pay restoration companies directly out of an insurance claims settlement.

DBR believes the bill's current placement within this consumer protection chapter is misplaced, as this bill appears to protect restoration companies rather than consumers. The bill also presupposes that contracts between consumers and restoration companies will end amicably. However, Rhode Island consumers and these entities commonly have disputes, arising from disagreements over the scope and quality of work performed, and the cost of that work. Moreover, the bill lacks mechanisms to address consumer disputes that may arise before work completion, particularly if a consumer terminates their contract with a restoration company that already filed a direction to pay form with the insurer.

Considering these issues, we urge a reevaluation of the bill's substantive provisions to better ensure the protection of consumer interests and its placement within Title 27.

We would be happy to provide you with any additional information you request. Please do not hesitate to contact me at elizabeth.dwyer@dbr.ri.gov or 401.462.9615 (office) or 401.449.0983 (mobile).

Thank you for your consideration of our input on this proposed legislation.

Sincerely,

Elizabeth K. Dwyer, Esq.,
Director, Department of Business Regulation

cc: The Honorable Members of the House Committee on Corporations
The Honorable Joseph J. Solomon, Jr.
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House