



March 25, 2025

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

Re: House 6079 – An Act Relating To Insurance – Liability Insurance – Rental Vehicle Coverage
House 6032 – An Act Relating To Insurance – Liability Insurance

Dear Mr. Chairman:

This statement in opposition to H.6079 and H.6032 is submitted by the American Property Casualty Insurance Association (APCIA).¹ Section 27-7-6 is unique to Rhode Island and was first passed in 2004. The law's scope has recently expanded, with amendments in 2021 and 2023, in lock-step with auto body shops' expansion into the rental car business.²

That expansion makes a great deal of sense. It's convenient for consumers and a great way for body shops to participate in a booming industry. While much has been made of recent auto insurance cost increases, they can't keep pace with car rental rates. Average annual auto premiums in Rhode Island increased just under 30% between 2020 and 2024.³ Over the same time, rental car prices increased by 35%.⁴

For consumers, a car rental while their car is being repaired is a convenience and often a necessity to get them where they need to be. That's why insurers typically cover this cost. The purpose is utility and it behooves the consumer and their insurer to opt for safe, reliable, and economical options to keep costs down.

However, these bills seem designed to bolster the car rental industry rather than serve consumers. Setting aside significant drafting concerns, H.6032 requires insurers to cover the cost of rentals comparable to the make, model, and trim of the customer's car. It can be read as a way to increase luxury car rentals for

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 over 75% of the auto insurance sold in the state.

² See e.g. "We make more money renting cars than fixing them" ... Xpress Rent-a-Car President Bob Holt says body shops with more than 25 cars should be able to net a profit of 20 percent" *New Profit Center: Rental car revenue*, Engebretson (Dec. 31, 2019), <https://www.fenderbender.com/running-a-shop/finance/article/33030722/new-profit-center-rental-car-revenue>

³ From \$2,103 <https://www.thezebra.com/state-of-insurance/auto/2020/#rates-by-state> to \$2,733 <https://patch.com/rhode-island/cranston/car-insurance-surges-ri-heres-why-what-you-can-do>

⁴ <https://www.nerdwallet.com/article/travel/car-rental-pricing-statistics>

which rental car companies charge a markup of two to three times base prices.⁵ H.6079 allows insureds to designate other drivers who can use the rental vehicle covered by insurance. It is designed to expand the universe of potential rental car drivers. Both will significantly increase insurance costs while providing scant benefits to consumers.

And that's a big problem for Rhode Island. Depending on who is doing the ranking and how it is done, Rhode Island is widely recognized as a top 10 most expensive state for auto insurance costs today.⁶ This is likely a significant driver in Rhode Island's ranking (11th or 16th depending on source) amongst states with the highest percentage of uninsured motorists at around 16%.⁷ That means roughly one-in-six drivers in Rhode Island is facing the risk of personal liability for expenses in addition to fines and license suspensions.⁸ Adding additional cost drivers that benefit rental car providers over consumers will only exacerbate these challenges.

For all these reasons, APCIA urges the committee to hold H.6079 and H.6032 for further study.

Very truly yours,



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⁵ “On average, renting a luxury car could cost anywhere from \$100 up to \$500 per day. In contrast, a standard sedan might cost between \$30-\$70 per day,” ... “On average, luxury cars can cost anywhere from 2 to 3 times more than their non-luxury counterparts”... <https://finance.yahoo.com/news/much-does-cost-rent-luxury-180017283.html>

⁶ See e.g.:

5th overall, 7th as a percentage of median household income - <https://www.iii.org/fact-statistic/facts-statistics-auto-insurance>

6th average insurance premium - <https://www.lendingtree.com/insurance/car-ownership-study/>

8th annual minimum liability premium, 13th average annual full-coverage premium -

<https://www.marketwatch.com/insurance-services/auto-insurance/car-insurance-rates-by-state/>

10th - <https://www.insurancebusinessmag.com/us/guides/the-top-10-most-expensive-states-for-car-insurance-486233.aspx>

⁷ 16th at 15.6% (2022 data), <https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists>

11th at 16.5% (2024), <https://www.valuepenguin.com/auto-insurance/uninsured-motorist-statistics#heatmap>

⁸ <https://webserver.rilegislature.gov/Statutes/TITLE31/31-47/31-47-9.htm>