



March 25, 2025

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

Re: House 6053 – An Act Relating To Insurance – Unfair Claims Settlement Practices

Dear Mr. Chairman:

This statement in opposition to H.6053 is submitted by the American Property Casualty Insurance Association (APCIA).¹ H.6053 increases the total loss threshold by 13% and broadens the universe of procedures mandating insurance coverage. Both proposals are likely to further increase the cost of insurance for Rhode Islanders and the related risk of uninsured motorists.

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.² 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%.³ 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.⁴ That's a risk borne by those drivers and it has broader societal impacts as well.

Rhode Island's current total loss threshold is 75% of the vehicle's fair market value. While Rhode Island is often an auto insurance policy outlier, in this case it is one of 17 states that share this threshold.⁵ Six states have a lower threshold, 10 states are higher, and 17 use total loss formula⁶. Only 6 states are at 85% or higher, meaning that H.6053 would move Rhode Island once again into far outlier territory.

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.:

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>

³ 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>

⁴ <https://webserver.rilegislature.gov/Statutes/TITLE31/31-47/31-47-9.htm>

⁵ <https://wallethub.com/edu/ci/total-loss-threshold-by-state/104642>

⁶ Total loss formula considers a car a total loss if the cost of repair plus its salvage value is higher than actual case value. Rhode Island switched from a total loss formula state to the 75% threshold in 2013.

While moving from 75% to 85% may seem like a small increase, it has significant market impacts that are likely, as usual, to be borne by consumers.

- According to CarGurus®, the average used car price at the time of drafting is \$26,998.⁷ Using that data point, the difference in total loss thresholds is \$2,699.⁸
- APCIA estimates conservatively that as many as 16,000 vehicles are declared a total loss under the 75% threshold in Rhode Island each year.⁹
- If 13.3% (percent change from 75% to 85%) more of those 16,000 vehicles are repaired under H.6053 that would otherwise have been declared a total loss, that's 2,128 additional vehicles repaired.
- Conservatively, assuming that the increased insurance payout is in the middle of the \$2,699 range (\$1,349.50), that's an added statewide cost of \$2.9 million.

If more vehicles qualify for repair and/or at higher costs, the price would rise significantly. For example, if 20% more vehicles qualified for repair at an average of \$2,200, statewide costs would be over \$7 million. And on, and on. These costs are likely to ultimately be borne by consumers who will pay more for auto insurance.

The same outcome is likely to come from expanding mandatory insurance reimbursement for procedures recommended by third party collision repair programs. APCIA is not aware of any other state that operates in this way. The car was manufactured by a company that also provides replacement parts and instructions on what is required for repairs. Opening this process up to third party companies is little more than codifying a fishing expedition for auto body shops to hunt for additional procedures they can charge to insurers. Adding expensive and unnecessary procedures to repairs will increase costs ... yet again.

For these reasons, APCIA urges the committee to hold H.6053 for further study.

Very truly yours,



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⁷ <https://www.cargurus.com/research/price-trends>

⁸ 75% of \$26,998 = \$20,249

85% of \$26,998 = \$22,948

\$22,948 - \$20,249 = \$2,699

⁹ CCC Information Solutions data shows that 22% of the time a vehicle is declared a total loss. A 2024 LexisNexis study estimated that 27% of all collision claims in 2023 were declared total losses. Using the 27% number would increase the \$2.9 million statewide cost to \$3.5 million. <https://risk.lexisnexis.com/insights-resources/white-paper/auto-insurance-trends-report>

