

The Honorable Robert E. Craven, Sr., Chair
House Judiciary Committee
Rhode Island General Assembly

April 2, 2024

Re: House Bill 7974- Unfair Claims Settlement Practices Act

Dear Representative Craven and Distinguished Committee Members:

On behalf of the American Council of Life Insurers (ACLI), I write to express concerns with House Bill 7974, which would permit an insured to bring a civil action against an insurer for a violation of the Rhode Island Unfair Claims Settlement Practices Act.

ACLI supports strong consumer protections governing the creation, distribution, and administration of life insurance products. State insurance regulators have a wide variety of tools at their disposal to enforce insurance laws and regulations. The Unfair Claims Settlement Practices Act includes an escalating ladder of remedies for a wide array of wrongful conduct, including monetary penalties up to \$250,000, cease and desist orders, and license suspension and revocation.

Private rights of action are a very imperfect tool for enforcement and policy making. Class action and nuisance lawsuits often do more to enrich plaintiff's attorneys than provide meaningful benefits for consumers. Private actions also negatively impact the affordability and availability of life insurance products by, among other things, stifling innovation. Difficulties in measuring damages and the threat of punitive damages will only clog the courts if private actors can sue to enforce life insurance laws and regulations.

Insurance regulators are experts in the products and practices they oversee, and are well-suited to provide strong, tailored, consumer-based outcomes. Consumers benefit from letting insurance regulators do their jobs and leaving private rights of action out of the life insurance business. For these reasons, ACLI respectfully urges you to oppose H. 7974. Thank you for the opportunity to provide comments. Please contact me with any questions.

Respectfully submitted,



Jill Rickard
Regional Vice President, State Relations
202-624-2046; jillrickard@acli.com

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.