



Rhode Island Insurance Federation

Via Email to HouseJudiciary@rilegislature.gov

February 4, 2025

Representative Robert E. Craven
Chair, House Judiciary Committee
Rhode Island State House
Providence, RI 02903

RE: House Bill 5179—Amends calculations of interest in civil actions a rate determined by average accepted auction price for last auction of 52-week U.S. treasury bills.

Dear Chair Craven:

The Rhode Island Insurance Federation submits this statement in support of House Bill No. 5179. This legislation would lower the pre- and post-judgment interest rate for civil actions from the current level of 12% to the average of the fifty-two-week United States treasury bills.

The Federation was recently formed to advocate for the property and casualty insurance industry in Rhode Island. Federation members write approximately 60% of the total property casualty insurance premiums in the state, and importantly over 73 percent of the medical liability insurance market. Federation members include most of the major insurance companies doing every form of property-casualty (P&C) insurance business in the state. In addition, every national P&C insurance trade association is a member of the Federation.

Currently, the prejudgment interest rate for civil actions is set by statute at 12% per year. By contrast, the prejudgment interest rate in most states is set at a factor of the one-year United States treasury bill rate. In light of the still relatively low interest rates that have prevailed for investments for a generation, the Rhode Island statutory pre- and post-judgment interest rates for civil actions are clearly excessive. The Rhode Island Supreme Court stated that the dual purpose of prejudgment interest “is to encourage early settlement of claims and to compensate an injured plaintiff for delay in receiving compensation to which he or she may be entitled.” *Id.* (citing *Martin v. Lumbermen's Mutual Casualty Co.*, [559 A.2d 1028, 1031](#) (R.I.1989)). However, prejudgment interest rates above the market rates can result in windfalls for plaintiffs and can effectively discourage the prompt resolution of cases; not to mention that the statute of limitations on most personal injury claims is 3 years, so a plaintiff could have accrued 35 percent interest before filing a civil action for personal injury. Moving the pre- and post-judgment interest rate to the market level for all cases is a necessary reform for our legal system.

House Bill 5179 would reduce the prejudgment interest rate for all civil claims from 12% to “a rate equal to the coupon issue yield equivalent, as determined by the United States secretary of the treasury, of the average accepted auction price for the last auction of fifty-two (52) week United States treasury bills

settled immediately preceding the date of the filing of the action.” This is a sensible and reasonable approach, and we support this long-overdue change.

For the reasons set forth above, the Federation supports House Bill 5179, and we urge the Committee to recommend passage.

Respectfully submitted,



Christopher S. Stark

Executive Director

Rhode Island Insurance Federation

cstark@rhodeislandinsurancefederation.org

(617) 356-2644 (cell)