

2025 -- H 6370

LC002941

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY --
CAUSES OF ACTION

Introduced By: Representatives Casey, Corvese, and Furtado

Date Introduced: May 28, 2025

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

SECTION 1. Section 9-1-33 of the General Laws in Chapter 9-1 entitled "Causes of Action" is hereby amended to read as follows:

9-1-33. Insurer's bad faith refusal to pay a claim made under any insurance policy.

(a) Notwithstanding any law to the contrary, an insured under any insurance policy as set out in the general laws or otherwise may bring an action against the insurer issuing the policy when it is alleged the insurer wrongfully and in bad faith refused to pay or settle a claim made pursuant to the provisions of the policy, or otherwise wrongfully and in bad faith refused to timely perform its obligations under the contract of insurance. In any action brought pursuant to this section, an insured may also make claim for compensatory damages, punitive damages, and reasonable attorney fees. In all cases in which there has been no trial in the superior court on or before May 20, 1981, the question of whether or not an insurer has acted in bad faith in refusing to settle a claim shall be a question to be determined by the trier of fact.

(b) The provisions of this section shall apply to all actions against insurers which have been commenced and are pending in any state or federal court on May 20, 1981.

(c) A cause of action under this section is independent of a breach of contract claim, and an insured is not required to establish a breach of contract before seeking recovery under this section.

SECTION 2. Section 27-5-3 of the General Laws in Chapter 27-5 entitled "Fire Insurance

1 Policies and Reserves" is hereby amended to read as follows:

2 **27-5-3. Form of standard policy.**

3 The form of the standard fire insurance policy of the state of Rhode Island, with permission
4 to substitute for the word "company" or "companies" a more accurate descriptive term for the type
5 of insurer, shall be as follows:

6 **No**

7 Space for insertion of name of company or companies issuing the policy and other matter
8 permitted to be stated at the head of the policy.

9 Space for listing amounts of insurance, rates, and premiums for the basic coverages insured
10 under the standard form of policy and for additional coverages or perils insured under endorsements
11 attached.

12 In consideration of the provisions and stipulations herein or added hereto and of
13 dollars premium this company, for the term of

14 from the day of, 20

15 to the day of, 20

16 at 12:01 a.m. standard time at location of property involved,

17 to an amount not exceeding dollars, does insure, and legal
18 representatives, to the extent of the actual cash value of the property at the time of loss, but not
19 exceeding the amount which it would cost to repair or replace the property with material of like
20 kind and quality within a reasonable time after a loss, without allowance for any increased cost of
21 repair or reconstruction by reason of any ordinance or law regulating construction or repair, and
22 without compensation for loss resulting from interruption of business or manufacture, nor in any
23 event for more than the interest of the insured, against all direct loss by fire and lightning, and by
24 removal from the premises endangered by the perils insured against in this policy, except as
25 hereinafter provided, to the property described hereinafter while located or contained as described
26 in this policy, or pro rata for five (5) days at each proper place to which any of the property shall
27 necessarily be removed for preservation from the perils insured against in this policy, but not
28 elsewhere.

29 Assignment of this policy shall not be valid except with the written consent of this
30 company.

31 This policy is made and accepted subject to the foregoing provisions and stipulations and
32 those hereinafter stated, which are hereby made a part of this policy, together with such other
33 provisions, stipulations, and agreements as may be added hereto, as provided in this policy.

34 IN WITNESS WHEREOF, this company has executed and attested these presents;

1 at

2

3 Secretary President

4 In the event the domicile state of the company issuing the policy requires a Rhode Island company
5 to have a countersignature affixed by a licensed resident agent to a policy issued in that state then
6 in accordance with the provisions of § 27-2-17, the form of the standard fire insurance policy shall
7 in lieu of the foregoing execution and attestation clause contain the following execution and
8 attestation clause: IN WITNESS WHEREOF, this company has executed and attested these
9 presents; but this policy shall not be valid unless countersigned by the duly authorized agent of this
10 company at

11
12
13 Secretary President

Countersigned this day of 20

.....

Agent

17 1 **Concealment,** This entire policy shall be void if, whether
18 2 **fraud.** before or after a loss, the insured will-
19 3 fully concealed or misrepresented any material
20 4 fact or circumstance concerning this insurance or the subject
21 5 thereof, or the interest of the insured therein, or in the case of
22 6 any fraud or false swearing by the insured relating thereto.

23 7 **Uninsurable** This policy shall not cover accounts, bills,
24 8 **and excepted** currency, deeds, evidences of debt, money, or
25 9 **property.** securities; nor, unless specifically named here-
26 10 on in writing, bullion or manuscripts.

27 11 **Perils not** This company shall not be liable for loss by
28 12 **included.** fire or other perils insured against in this
29 13 policy caused, directly or indirectly, by: (a)
30 14 enemy attack by armed forces, including action taken by mili-
31 15 tary, naval, or air forces in resisting an actual or an immediately
32 16 impending enemy attack; (b) invasion; (c) insurrection; (d)
33 17 rebellion; (e) revolution; (f) civil war; (g) usurped power; (h)
34 18 order of any civil authority except acts of destruction at the time
35 19 of and for the purpose of preventing the spread of fire, provided
36 20 that this fire did not originate from any of the perils excluded

1 21 by this policy; (i) neglect of the insured to use all reasonable
2 22 means to save and preserve the property at and after a loss, or
3 23 when the property is endangered by fire in neighboring prem-
4 24 ises; (j) loss by theft.

5 25 **Other Insurance.** Other insurance may be prohibited or the
6 26 amount of insurance may be limited by an
7 27 endorsement attached hereto.

8 28 **Conditions suspending or restricting insurance.** Unless
9 29 otherwise provided in writing and added hereto this company
10 or companies shall not
11 30 be liable for loss occurring:

12 31 (a) While the hazard is increased by any means within the con-
13 32 trol or knowledge of the insured; or

14 33 (b) While a described building, whether intended for occupancy
15 34 by owner or tenant, is vacant or unoccupied beyond a period of
16 35 sixty (60) consecutive days or
17 35A thirty (30) consecutive days subsequent to the date on which an
18 35B order is issued by the local building inspector pursuant to
19 § 23-27.3-124.2,
20 35C whichever first occurs; or

21 36 (c) As a result of explosion or riot, unless fire ensues, and in
22 37 that event for loss by fire only.

23 38 **Other perils** Any other peril to be insured against or sub-
24 39 **or subjects.** ject of insurance to be covered in this policy
25 40 shall be by endorsement in writing hereon or
26 41 added hereto.

27 42 **Added provisions.** The extent of the application of insurance
28 43 under this policy and of the contribution to
29 44 be made by this company in case of loss, and any other pro-
30 45 vision or agreement not inconsistent with the provisions of this
31 46 policy, may be provided for in writing and added hereto, but no
32 47 provision may be waived except such as by the terms of this
33 48 policy is subject to change.

34 49 **Waiver** No permission affecting this insurance shall

1 50 **provisions.** exist, or waiver of any provision is valid,
2 51 unless granted herein or expressed in writing
3 52 and added hereto. No provision, stipulation, or forfeiture shall
4 53 be held to be waived by any requirement or proceeding on the
5 54 part of this company relating to appraisal or to any examina-
6 55 tion provided for herein.

7 56 **Cancellation** This policy shall be cancelled at any time
8 57 **of policy.** at the request of the insured, in which case
9 58 this company shall, upon demand and sur-
10 59 render of this policy, refund the excess of the paid premium
11 above
12 60 the customary short rates for the expired time. This pol-
13 61 icy may be cancelled at any time by this company by giving
14 62 to the insured a thirty (30) days' written notice of cancellation except that when cancellation is
15 for nonpayment of premium, a ten (10) days' written notice shall be required with
16 63 or without tender of the excess of the paid premium above the
17 pro
18 64 rata premium for the expired time.
19 65 Notice of cancellation shall state that
20 66 the excess premium (if not tendered) will be promptly
21 67 re-funded.

22 68 **Mortgagee** If loss hereunder is made payable, in whole
23 69 **interests and** or in part, to a designated mortgagee not
24 70 **obligations.** named herein as the insured, that interest in
25 71 this policy may be cancelled by giving to that
26 72 mortgagee a ten (10) days' written notice of
27 73 cancellation.

28 74 If the insured fails to render proof of loss the mortgagee, upon
29 75 notice, shall render proof of loss in the form herein specified
30 76 within sixty (60) days thereafter and shall be subject to the pro-
31 77 visions hereof relating to appraisal and time of payment and of
32 78 bringing suit. If this company shall claim that no liability ex-
33 79 isted as to the mortgagor or owner, it shall, to the extent of the pay-
34 80 ment of loss to the mortgagee, be subrogated to all the mort-

1 81 gagee's rights of recovery, but without impairing the mort-
2 gagee's
3 82 right to sue; or it may pay off the mortgage debt and require
4 83 an assignment thereof and of the mortgage. Other provisions
5 84 relating to the interests and obligations of the mortgagee may
6 85 be added hereto by agreement in writing.
7 86 **Pro rata liability.** This company shall not be liable for a
8 87 greater proportion of any loss than the
9 88 amount hereby insured shall bear to the whole insurance cover-
10 89 ing the property against the peril involved, whether collectible
11 or not.
12 90 **Requirements in** The insured shall give immediate written
13 91 **case loss occurs.** notice to this company of any loss, protect
14 92 the property from further damage, forth
15 with
16 93 separate the damaged and undamaged personal property, put
17 94 it in the best possible order, furnish a complete inventory of
18 95 the destroyed, damaged, and undamaged property, showing in
19 96 detail quantities, costs, actual cash value and amount of loss
20 97 claimed; and within sixty (60) days after the loss, unless such
21 98 time is extended in writing by this company, the insured shall
22 99 render to this company a proof of loss, signed and sworn to by
23 100 the insured, stating the knowledge and belief of the insured as to
24 101 the following: the time and origin of the loss, the interest of the
25 102 insured and of all others in the property, the actual cash value of
26 103 each item thereof and the amount of loss thereto, all encum-
27 104 brances thereon, all other contracts of insurance, whether valid
28 105 or not, covering any of the property, any changes in the title,
29 106 use, occupation, location, possession, or exposures of the prop-
30 107 erty since the issuing of this policy, and by whom and for what
31 108 purpose any building herein described and the several parts
32 109 thereof were occupied at the time of loss and whether or not it
33 110 then stood on leased ground, and shall furnish a copy of all the
34 111 descriptions and schedules in all policies and, if required, veri-

1 112 fied plans and specifications of any building, fixtures, or
2 machin-
3 113 ery destroyed or damaged. The insured, as often as may be
4 114 reasonably required, shall exhibit to any person designated by
5 115 this company all that remains of any property herein described,
6 116 and submit to examinations under oath by any person named by
7 117 this company, and subscribe the same; and, as often as may be
8 118 reasonably required, shall produce for examination all books of
9 119 account, bills, invoices, and other vouchers, or certified copies
10 120 thereof if the originals are lost, at such reasonable time and
11 place as
12 121 may be designated by this company or its representative, and
13 122 shall permit extracts and copies thereof to be made.

14 ~~123 Appraisal. In case the insured and this company shall~~
15 ~~124 fail to agree as to the actual cash value or~~
16 ~~125 the amount of loss, then, on the written demand of either, each~~
17 ~~126 shall select a competent and disinterested appraiser and notify~~
18 ~~127 the other of the appraiser selected within twenty (20) days of~~
19 ~~128 that demand. The appraisers shall first select a competent and~~
20 ~~129 disinterested umpire; and failing for fifteen (15) days to agree~~
21 ~~130 upon the umpire, then, on request of the insured or this com-~~
22 ~~131 pany, the umpire shall be selected by a judge of a court of~~
23 ~~132 record in the state in which the property covered is located. The~~
24 ~~133 appraisers shall then appraise the loss, stating separately actual~~
25 ~~134 cash value and loss to each item; and, failing to agree, shall~~
26 ~~135 submit their differences, only, to the umpire. An award in writ-~~
27 ~~136 ing, so itemized, of any two (2) when filed with this company~~
28 ~~shall~~
29 ~~137 determine the amount of actual cash value and loss. Each~~
30 ~~138 appraiser shall be paid by the party selecting him or her and~~
31 ~~139 the expenses of appraisal and the umpire shall be paid by~~
32 ~~140 the parties equally.~~

33 123 Appraisal. If the insured and this company fail to agree on the amount of loss, either
34 124 party may submit a written demand for appraisal. A denial of coverage does

1 125 not relieve this company of its obligation to resolve disputes regarding the amount of loss
2 126 through appraisal.
3 127 Once appraisal is demanded, each party shall select an appraiser who is competent,
4 128 disinterested, and knowledgeable of the regulations promulgated under
5 129 § 27-9.1-8, or its successors, concerning the calculation of actual cash value, replacement
6 130 cost value, and consequential damage. Each party must notify the other of its selected
7 131 appraiser within twenty (20) days of the demand.
8 132 The appraisers shall have fifteen (15) days from their appointment to agree on a competent
9 133 and disinterested appraisal umpire; and failing, for any reason, for fifteen (15) days to
10 134 select an umpire, upon request of either the insured or this company, the umpire shall be
11 135 selected by a judge of a court of record in the state where the property covered is located.
12 136 The appraisers shall then appraise the loss, separately stating the actual cash value,
13 137 replacement cost value, and cause of the loss. If they fail to agree, only their differences
14 138 shall be submitted to the umpire. Actual cash value and replacement cost value shall be
15 139 determined in accordance with the regulations promulgated under
16 140 § 27-9.1-8, or its successors. The award shall include interest calculated from the date of
17 141 loss. A written award, so itemized, signed by any two (2) members of the appraisal panel,
18 142 filed with this company, shall determine the actual cash value and replacement cost value
19 143 of the loss. If this policy covers the appraised loss on a replacement cost basis, the
20 144 replacement cost value stated in the award shall be the amount due to the insured. This
21 145 company shall issue payment of the appraisal award within thirty (30) days of receiving
22 146 the award, unless the policy does not provide coverage for the cause of loss determined
23 147 by the award.
24 148 If this company disputes the validity of the appraisal award, it must, at the time of filing its
25 149 initial court action contesting the award or its initial defense against nonpayment of the
26 150 award, deposit the total amount of loss listed in the award into the court registry pending
27 151 resolution of the dispute.
28 152 Each appraiser shall be paid by the party selecting them, and the costs of the appraisal and
29 153 umpire shall be shared equally by the parties.
30 ~~141~~154 **Company's** It shall be optional with this company to
31 ~~142~~155 **options.** take all, or any part, of the property at the
32 ~~143~~156 agreed or appraised value, and also to re-
33 ~~144~~157 pair, rebuild, or replace the property destroyed or damaged with
34 ~~145~~158 another of like kind and quality within a reasonable time, on

1 ~~146~~¹⁵⁹ giving notice of its intention so to do within thirty (30) days
2 ~~147~~¹⁶⁰ after the receipt of the proof of the loss herein required.
3 ~~148~~¹⁶¹ **Abandonment.** There can be no abandonment to this com-
4 ~~149~~¹⁶² pany of any property.
5 ~~150~~¹⁶³ **When loss** The amount of loss for which this company
6 ~~151~~¹⁶⁴ **payable** may be liable shall be payable ~~sixty (60)~~ ^{thirty (30)}
7 ~~152~~¹⁶⁵ days after proof of loss, as herein provided,
8 ~~153~~¹⁶⁶ is received by this company and ascertainment of the loss is
9 ~~154~~¹⁶⁷ made either by agreement between the insured and this com-
10 ~~155~~¹⁶⁸ pany expressed in writing or by the filing with this company
11 ~~156~~¹⁶⁹ of an award as herein provided.
12 ~~157~~¹⁷⁰ **Suit.** No suit or action on this policy for the recov-
13 ~~158~~¹⁷¹ ery of any claim shall be sustainable in any
14 ~~159~~¹⁷² court of law or equity unless all the requirements of this policy
15 ~~160~~¹⁷³ shall have been complied with, and unless commenced within
16 ~~161~~¹⁷⁴ twenty-four (24) months next after inception of the loss.
17 ~~162~~¹⁷⁵ **Subrogation.** This company may require from the insured
18 ~~163~~¹⁷⁶ an assignment of all rights of recovery.
19 ~~164~~¹⁷⁷ against any party for loss to the extent that payment therefor
20 ~~165~~¹⁷⁸ is made by this company.

21 Standard Fire Insurance Policy of the State of

22 Expires

23 Property

24 Assured

25 No.....

26 **(COMPANY)**

27 It is important that the written portions of all policies covering
28 the same property read exactly alike. If they do not, they should
29 be made uniform at once.

30 SECTION 3. Section 27-9.1-4 of the General Laws in Chapter 27-9.1 entitled "Unfair
31 Claims Settlement Practices Act" is hereby amended to read as follows:

32 **27-9.1-4. "Unfair claims practices" defined. [Effective January 1, 2025.]**

33 (a) Any of the following acts by an insurer, if committed in violation of § 27-9.1-3,
34 constitutes an unfair claims practice:

- 1 (1) Misrepresenting to claimants and insured relevant facts or policy provisions relating to
2 coverage at issue;
- 3 (2) Failing to acknowledge and act with reasonable promptness upon pertinent
4 communications with respect to claims arising under its policies;
- 5 (3) Failing to adopt and implement reasonable standards for the prompt investigation and
6 settlement of claims arising under its policies;
- 7 (4) Not attempting in good faith to effectuate prompt, fair, and equitable settlement of
8 claims submitted in which liability has become reasonably clear;
- 9 (5) Compelling insured, beneficiaries, or claimants to institute suits to recover amounts due
10 under its policies by offering substantially less than the amounts ultimately recovered in suits
11 brought by them;
- 12 (6) Refusing to pay claims without conducting a reasonable investigation;
- 13 (7) Failing to affirm or deny coverage of claims within a reasonable time after having
14 completed its investigation related to the claim or claims;
- 15 (8) Attempting to settle or settling claims for less than the amount that a reasonable person
16 would believe the insured or beneficiary was entitled by reference to written or printed advertising
17 material accompanying or made part of an application;
- 18 (9) Attempting to settle or settling claims on the basis of an application that was materially
19 altered without notice to, or knowledge or consent of, the insured;
- 20 (10) Making claims payments to an insured or beneficiary without indicating the coverage
21 under which each payment is being made;
- 22 (11) Unreasonably delaying the investigation or payment of claims by requiring both a
23 formal proof of loss form and subsequent verification that would result in duplication of
24 information and verification appearing in the formal proof of loss form;
- 25 (12) Failing in the case of claims denials or offers of compromise settlement to promptly
26 provide a reasonable and accurate explanation of the basis of those actions;
- 27 (13) Failing to provide forms necessary to present claims within ten (10) calendar days of
28 a request with reasonable explanations regarding their use;
- 29 (14) Failing to adopt and implement reasonable standards to assure that the repairs of a
30 repairer owned by or required to be used by the insurer are performed in a workmanlike manner;
- 31 (15) Misleading a claimant as to the applicable statute of limitations;
- 32 (16) Failing to respond to a claim within thirty (30) days, unless the insured shall agree to
33 a longer period;
- 34 (17) Engaging in any act or practice of intimidation, coercion, threat, or misrepresentation

1 of consumers rights, for or against any insured person, claimant, or entity to use a particular rental
2 car company for motor vehicle replacement services or products; provided, however, nothing shall
3 prohibit any insurance company, agent, or adjuster from providing to such insured person, claimant,
4 or entity the names of a rental car company with which arrangements have been made with respect
5 to motor vehicle replacement services; provided, that the rental car company is licensed pursuant
6 to § 31-5-33;

7 (18) Refusing to honor a “direction to pay” executed by:

8 (i) An insured, claimant, indicating that the insured or claimant wishes to have the
9 insurance company directly pay the insured’s or claimant’s motor vehicle replacement vehicle
10 rental benefit to the rental car company of the consumer’s choice; provided, that the rental car
11 company is licensed pursuant to § 31-5-33. Nothing in this section shall be construed to prevent
12 the insurance company’s ability to question or challenge the amount charged, in accordance with
13 its policy provisions, and the requirements of the department of business regulation; provided that,
14 the insurance company promptly notifies the rental car company in writing of the reason. The
15 written notification shall be made at or before the time that the insurance company submits payment
16 to the rental car company;

17 (ii) An insured or claimant, indicating that the insured or claimant wishes to have the
18 insurance company directly pay the insured’s or claimant’s motor vehicle repair benefit, as a single
19 party payment exclusively to the auto body shop of the consumer’s choice; provided that, the auto
20 body shop is licensed pursuant to § 5-38-4;

21 (19) Refusing to honor a “direction to pay” executed by an insured, claimant, indicating
22 that the insured or claimant wishes to have the insurance company directly pay the insured’s
23 property damage benefit to the restoration company of the consumer’s choice; provided, however,
24 that the amount of the claim to be paid directly to the restoration company shall be no greater than
25 five thousand dollars (\$5,000), and that the restoration company is licensed pursuant to § 5-65-3.
26 Nothing in this section shall be construed to:

27 (i) Prevent the insurance company’s ability to question or challenge whether the services
28 billed for are covered by the policy, related to an occurrence covered by the policy, or the amount
29 charged, in accordance with its policy provisions, and the requirements of the department of
30 business regulation; or

31 (ii) Adversely affect the right of any mortgagee or other person with an interest in the policy
32 unless such mortgagee or other person has also executed the “direction to pay”;

33 (20) Modifying any published manual, i.e., Motor’s Auto Repair Manual, Mitchells, or any
34 automated appraisal system, relating to auto body repair without prior agreement between the

1 parties;

2 (21) Failing to use a manual or system in its entirety in the appraisal of a motor vehicle;

3 (22) Refusing to compensate an auto body shop for its documented charges as identified,

4 and based on, the most current version of automotive industry-recognized software programs or

5 systems for paint, body, and refinishing materials, utilized in auto body repair, including, but not

6 limited to, programs such as Mitchell's RMC, PMC Logic, Paint, Micromix, or other paint

7 manufacturer's programs. An insurer shall not discount documented charges by failing to use a

8 system in its entirety, including an automotive industry standard markup;

9 (23) Refusing to acknowledge and compensate an auto body repairer for documented

10 procedures identified as required or recommended by the original equipment manufacturer, or paint

11 manufacturer, upon the initial request from the auto body shop, such as, but not limited to, post

12 collision procedures and components that should not be reused or reinstalled, when included in the

13 repairer's appraisal, or when requested by the repairer (i.e., components that cannot be

14 reused/reinstalled: requiring clips, retainers, hardware, and materials);

15 (24) Failing to comply with the requirements of § 31-47-12.1;

16 (25) Failure to have an appraisal performed by a licensed appraiser where the motor vehicle

17 has sustained damage estimated to exceed two thousand five hundred dollars (\$2,500). The licensed

18 appraiser referred to herein must be unaffiliated with the repair facility repairing the subject motor

19 vehicle; must perform a physical inspection of the damaged motor vehicle; and may not perform

20 an appraisal based upon pictures of the damaged motor vehicle;

21 (26) Failure of an insurer's assigned appraiser, or representative, to promptly schedule an

22 appointment for an appraisal of a damaged vehicle with the auto body repair shop, at an agreed

23 upon date and time, between normal business hours;

24 (27) Failure to perform an initial appraisal within three (3) business days after a request is

25 received from an auto body repair shop, provided the damaged motor vehicle is on the premises of

26 the repair shop when the request is made, and failure to perform a supplemental appraisal inspection

27 of a vehicle within four (4) business days after a request is received from an auto body repair shop.

28 If the insurer's appraiser fails to inspect the damaged motor vehicle within the allotted number of

29 business days for an initial appraisal or a supplemental appraisal, the insurer shall forfeit its right

30 to inspect the damaged vehicle prior to repairs, and negotiations shall be limited to labor and the

31 price of parts and shall not, unless objective evidence to the contrary is provided by the insurer,

32 involve disputes as to the existence of damage or the chosen manner of repair. The time limitations

33 set forth in this subsection may be extended by mutual agreement between the auto body repair

34 shop and the insurer;

1 (28) Refusing to extend the rental vehicle coverage requirements of an insured or claimant
2 proportionally to claim delays caused by the insurer;

3 (29) Designating a motor vehicle a total loss if the cost to rebuild or reconstruct the motor
4 vehicle to its pre-accident condition is less than seventy-five percent (75%) of the “fair market
5 value” of the motor vehicle immediately preceding the time it was damaged:

6 (i) For the purposes of this subdivision, “fair market value” means the retail value of a
7 motor vehicle as set forth in a current edition of a nationally recognized compilation of retail values
8 commonly used by the automotive industry to establish values of motor vehicles;

9 (ii) Nothing herein shall be construed to require a vehicle be deemed a total loss if the total
10 cost to rebuild or reconstruct the motor vehicle to its pre-accident condition is greater than seventy-
11 five percent (75%) of the fair market value of the motor vehicle immediately preceding the time it
12 was damaged;

13 (iii) Nothing herein shall prohibit an insurance company from agreeing to deem a vehicle
14 a total loss at the vehicle owner’s request and with the vehicle owner’s express written authorization
15 if the cost to rebuild or reconstruct the motor vehicle to its pre-accident condition is less than
16 seventy-five percent (75%) of the “fair market value” of the motor vehicle immediately preceding
17 the time it was damaged;

18 (iv) If condition adjustments are made to the retail value of a motor vehicle designated a
19 total loss, all such adjustments must be in accordance with the standards set forth in the current
20 edition of a nationally recognized compilation of retail values, commonly used by the automotive
21 industry, used by the insurer to determine the retail value of the vehicle; and all such adjustments,
22 including prior damage deductions, must be itemized, fair, and reasonable; and

23 (v) When a vehicle is deemed a total loss, if the insurer is not retaining the salvage, the
24 insurer must notify the owner of the vehicle in writing of the requirements of obtaining both a
25 salvage title and a reconstructed title from the department of motor vehicles pursuant to chapter 1
26 of title 31, and must obtain, in writing, the owner’s consent and acknowledgement that the insurer
27 is not retaining the salvage and include a statement of the owner’s obligation and potential costs to
28 dispose of or otherwise retain the salvage;

29 (30) Negotiating, or effecting the settlement of, a claim for loss or damage covered by an
30 insurance contract with an unlicensed public adjuster acting on behalf of an insured. Nothing
31 contained in this section shall be construed to preclude an insurer from dealing with any individual
32 or entity that is not required to be licensed under chapter 10 of title 27;

33 (31) Refusing to pay an auto body repair shop for documented necessary sublet services
34 paid out to vendors or incurred by the auto body repair shop, for specialty or unique services

1 performed in the overall repair process, including costs and labor incurred to research, coordinate,
2 administrate, or facilitate the necessary sublet service, and an automotive industry standard markup.
3 Examples of sublet services include, but are not limited to, towing, transportation, suspension,
4 alignments, electronic calibrations, diagnostic work, mechanical work, and paid charges to release
5 a vehicle;

6 (32) Failure of any domestic, foreign, or alien insurers to comply with the requirements of
7 this section; when settling claims on Rhode Island registered vehicles repaired in Rhode Island,
8 regardless of the state where the insurance policy was issued or originates;

9 (33)(i) When a claim is settled, or partially settled, where the named insured is represented
10 by a public adjuster licensed pursuant to § 27-10-5, failing to obey a direction to pay letter directing
11 the insurer to issue a check or checks payable to the public adjuster for the public adjuster's fee,
12 but not more than ten percent (10%) of the total amount of the settlement, and a separate check
13 payable to the named insured or any loss payee or mortgagee, or both, whichever is appropriate,
14 for the balance; provided that, the direction to pay letter is signed or electronically signed and dated
15 or electronically dated by the named insured and contains the following information:

16 (A) Name of insured(s);

17 (B) The claim number (if obtained);

18 (C) The date or approximate date of the loss;

19 (D) The public adjuster's name;

20 (E) The name of the insurer;

21 (F) The public adjuster's fee; and

22 (G) The addresses to which each check shall be sent.

23 (ii) Nothing in this subsection shall be construed to:

24 (A) Prevent the insurance company's ability to question or challenge whether the services
25 billed for are covered by the policy, related to an occurrence covered by the policy, or the amount
26 charged, in accordance with its policy provisions, and the requirements of the department of
27 business regulation; or

28 (B) Adversely affect the right of any mortgagee or other person with an interest in the
29 policy unless such mortgagee or other person has also executed the "direction to pay";

30 (34) Depreciating the cost of labor when calculating and paying actual cash value or
31 replacement cost value, as defined in the regulations promulgated under § 27-9.1-8 or its
32 successors;

33 (35) Failing to account for consequential damage or applicable safety laws when
34 calculating and paying actual cash value or replacement cost value, as defined in the regulations

1 [promulgated under § 27-9.1-8 or its successors;](#)

2 [\(36\) Failing to notify the claimant of their right to invoke the policy's appraisal provision](#)
3 [once it becomes reasonably clear that the claimant and the insurer disagree on the claim's amount](#)
4 [of loss.](#)

5 (b)(1) Nothing contained in subsections (a)(20), (a)(21), and (a)(22) of this section shall be
6 construed to interfere with an auto body repair facility's contract with an insurance company.

7 (2) If an insurance company and auto body repair facility have contracted under a direct
8 repair program or any similar program thereto, the provisions of subsections (a)(20), (a)(21), and
9 (a)(22) of this section shall not apply.

10 (3) If the insured or claimant elects to have the vehicle repaired at a shop of the insured's
11 or claimant's choice, the insurer shall not limit or discount the reasonable repair costs based upon
12 the charges that would have been incurred had the vehicle been repaired by the insurer's chosen
13 shop(s).

14 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO COURTS AND CIVIL PROCEDURE -- PROCEDURE GENERALLY --
CAUSES OF ACTION

- 1 This act would provide greater clarity in insurance claim settlements, with regard to the
2 appraisal process in fire insurance loss claims and procedural safeguards to enhance consumer
3 protections against unfair claims practices by insurers.
4 This act would take effect upon passage.

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