

**2026 -- S 2311**

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LC003907

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**S T A T E   O F   R H O D E   I S L A N D**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2026**

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**A N   A C T**

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

Introduced By: Senators Appollonio, Thompson, Britto, Urso, and Famiglietti

Date Introduced: January 23, 2026

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

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

3        **9-1-33. Insurer's bad faith refusal to pay a claim made under any insurance policy.**

4            (a) Notwithstanding any law to the contrary, an insured under any insurance policy as set  
5        out in the general laws or otherwise may bring an action against the insurer issuing the policy when  
6        it is alleged the insurer wrongfully and in bad faith refused to pay or settle a claim made pursuant  
7        to the provisions of the policy, or otherwise wrongfully and in bad faith refused to timely perform  
8        its obligations under the contract of insurance. In any action brought pursuant to this section, an  
9        insured may also make claim for compensatory damages, punitive damages, and reasonable  
10       attorney fees. In all cases in which there has been no trial in the superior court on or before May  
11       20, 1981, the question of whether or not an insurer has acted in bad faith in refusing to settle a claim  
12       shall be a question to be determined by the trier of fact.

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

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

18            (d) A cause of action under this section is a nonnegotiable chose in action, as described in

1       § 9-2-8 or its successors, and is assignable pursuant to the terms of § 9-2-8 or its successors.

2           (e) For purposes of this section, an insurer's obligation of good faith and fair dealing  
3       includes the duty to conduct a reasonable investigation of a claim using competent, properly  
4       licensed, and legally authorized individuals, and to timely evaluate, negotiate, and settle claims  
5       based upon all information reasonably available to the insurer. The use of unlicensed, unregistered,  
6       or otherwise unauthorized individuals or entities, directly or indirectly, to investigate, inspect,  
7       evaluate, or influence the handling, negotiation, appraisal, or settlement of a claim may constitute  
8       evidence of bad faith.

9           SECTION 2. Sections 27-9.1-1 and 27-9.1-4 of the General Laws in Chapter 27-9.1 entitled  
10       "Unfair Claims Settlement Practices Act" are hereby amended to read as follows:

11           **27-9.1-1. Purpose.**

12       The purpose of this chapter is to set forth standards for the investigation and disposition of  
13       claims arising under policies or certificates of insurance ~~issued to residents of that provide coverage~~  
14       on properties located in Rhode Island. It is not intended to cover claims involving workers'  
15       compensation, fidelity, suretyship, or boiler and machinery insurance. ~~Nothing contained in this~~  
16       ~~chapter shall be construed to create or imply a private cause of action for violation of this chapter.~~  
17       Notwithstanding any provision of law to the contrary, a private cause of action for violations of this  
18       chapter shall be permitted as expressly provided in § 27-9.1-2.

19           **27-9.1-4. "Unfair claims practices" defined.**

20       (a) Any of the following acts or omissions by an insurer, if committed in violation of § 27-  
21       9.1-3, ~~constitutes an unfair claims practice~~ shall constitute unfair claims settlement practices and  
22       the duties, obligations, and prohibitions set forth in this subsection are owed to an insured, as  
23       defined in § 27-9.1-2, policyholders, and claimants, regardless of whether the claimant asserts  
24       rights directly under the policy or by valid assignment of rights or benefits:

25           (1) Misrepresenting to claimants and insured relevant facts or policy provisions relating to  
26       coverage at issue;

27           (2) Failing to acknowledge and act with reasonable promptness upon pertinent  
28       communications with respect to claims arising under its policies;

29           (3) Failing to adopt and implement reasonable standards for the prompt investigation and  
30       settlement of claims arising under its policies;

31           (4) Not attempting in good faith to effectuate prompt, fair, and equitable settlement of  
32       claims submitted in which liability has become reasonably clear;

33           (5) Compelling insured, beneficiaries, or claimants to institute suits to recover amounts due  
34       under its policies by offering substantially less than the amounts ultimately recovered in suits

1      brought by them;

2              (6) Refusing to pay claims without conducting a reasonable investigation;

3                      (8) Assigning, permitting, or relying upon adjusters or agents who lack the training,

4                      education, or experience reasonably necessary to competently investigate, evaluate, negotiate, or

5                      settle the type of loss presented;

6                      ~~(7)~~<sup>(9)</sup>(9) Failing to affirm or deny coverage of claims within a reasonable time after having

7      completed its investigation related to the claim or claims;

8                      ~~(8)~~<sup>(10)</sup>(10) Attempting to settle or settling claims for less than the amount that a reasonable

9      person would believe the insured or beneficiary was entitled by reference to written or printed

10     advertising material accompanying or made part of an application;

11                      ~~(9)~~<sup>(11)</sup>(11) Attempting to settle or settling claims on the basis of an application that was

12     materially altered without notice to, or knowledge or consent of, the insured;

13                      ~~(10)~~<sup>(12)</sup>(12) Making claims payments to an insured or beneficiary without indicating the

14     coverage under which each payment is being made;

15                      ~~(11)~~<sup>(13)</sup>(13) Unreasonably delaying the investigation or payment of claims by requiring both

16     a formal proof of loss form and subsequent verification that would result in duplication of

17     information and verification appearing in the formal proof of loss form;

18                      ~~(12)~~<sup>(14)</sup>(14) Failing in the case of claims denials or offers of compromise settlement to

19     promptly provide a reasonable and accurate explanation of the basis of those actions;

20                      ~~(13)~~<sup>(15)</sup>(15) Failing to provide forms necessary to present claims within ten (10) calendar days

21     of a request with reasonable explanations regarding their use;

22                      ~~(14)~~<sup>(16)</sup>(16) Failing to adopt and implement reasonable standards to assure that the repairs of

23     a repairer owned by or required to be used by the insurer are performed in a workmanlike manner;

24                      ~~(15)~~<sup>(17)</sup>(17) Misleading a claimant as to the applicable statute of limitations;

25                      ~~(16)~~<sup>(18)</sup>(18) Failing to respond to a claim within thirty (30) days, unless the insured shall agree

26     to a longer period;

27                      ~~(17)~~<sup>(19)</sup>(19) Engaging in any act or practice of intimidation, coercion, threat, or

28     misrepresentation of consumers rights, for or against any insured person, claimant, or entity to use

29     a particular rental car company for motor vehicle replacement services or products; provided,

30     however, nothing shall prohibit any insurance company, agent, or adjuster from providing to such

31     insured person, claimant, or entity the names of a rental car company with which arrangements

32     have been made with respect to motor vehicle replacement services; provided, that the rental car

33     company is licensed pursuant to § 31-5-33;

34                      ~~(18)~~<sup>(20)</sup>(20) Refusing to honor a "direction to pay" executed by:

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

14                   (19)(21) Refusing to honor a "direction to pay" executed by an insured, claimant, indicating  
15                   that the insured or claimant wishes to have the insurance company directly pay the insured's  
16                   property damage benefit to the restoration company of the consumer's choice; provided, however,  
17                   that the amount of the claim to be paid directly to the restoration company shall be no greater than  
18                   five thousand dollars (\$5,000), and that the restoration company is licensed pursuant to § 5-65-3.  
19                   Nothing in this section shall be construed to:

20 (i) Prevent the insurance company's ability to question or challenge whether the services  
21 billed for are covered by the policy, related to an occurrence covered by the policy, or the amount  
22 charged, in accordance with its policy provisions, and the requirements of the department of  
23 business regulation; or

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

26                    (20)(22) Modifying any published manual, i.e., Motor's Auto Repair Manual, Mitchells,  
27                    or any automated appraisal system, relating to auto body repair without prior agreement between  
28                    the parties;

29 (21)(23) Failing to use a manual or system in its entirety in the appraisal of a motor vehicle;

30 (22)(24) Refusing to compensate an auto body shop for its documented charges as  
31 identified, and based on, the most current version of automotive industry-recognized software  
32 programs or systems for paint, body, and refinishing materials, utilized in auto body repair,  
33 including, but not limited to, programs such as Mitchell's RMC, PMC Logic, Paint, Micromix, or  
34 other paint manufacturer's programs. An insurer shall not discount documented charges by failing

1 to use a system in its entirety, including an automotive industry standard markup;

2        ~~(23)~~(25) Refusing to acknowledge and compensate an auto body repairer for documented  
3 procedures identified as required or recommended by the original equipment manufacturer,  
4 manufacturer's program, or collision repair industry recognized programs such as Alldata,  
5 Repairlogic, CCC Repair Methods, I-Car or paint manufacturer, upon the initial request from the  
6 auto body shop, such as, but not limited to, post collision procedures and components that should  
7 not be reused or reinstalled, when included in the repairer's appraisal, or when requested by the  
8 repairer (i.e., components that cannot be reused/reinstalled: requiring clips, retainers, hardware, and  
9 materials);

10        ~~(24)~~(26) Failing to comply with the requirements of § 31-47-12.1;

11        ~~(25)~~(27) Failure to have an appraisal performed by a licensed appraiser where the motor  
12 vehicle has sustained damage estimated to exceed two thousand five hundred dollars (\$2,500). The  
13 licensed appraiser referred to herein must be unaffiliated with the repair facility repairing the  
14 subject motor vehicle; must perform a physical inspection of the damaged motor vehicle; and may  
15 not perform an appraisal based upon pictures of the damaged motor vehicle;

16        ~~(26)~~(28) Failure of an insurer's assigned appraiser, or representative, to promptly schedule  
17 an appointment for an appraisal of a damaged vehicle with the auto body repair shop, at an agreed  
18 upon date and time, between normal business hours;

19        ~~(27)~~(29) Failure to perform an appraisal within three (3) business days after a request is  
20 received from an auto body repair shop, provided the damaged motor vehicle is on the premises of  
21 the repair shop when the request is made, and failure to perform a supplemental appraisal inspection  
22 of a vehicle within four (4) business days after a request is received from an auto body repair shop.  
23 If the insurer's appraiser fails to inspect the damaged motor vehicle within the allotted number of  
24 business days for an appraisal or a supplemental appraisal, the insurer shall forfeit its right to inspect  
25 the damaged vehicle prior to repairs, and negotiations shall be limited to labor and the price of parts  
26 and shall not, unless objective evidence to the contrary is provided by the insurer, involve disputes  
27 as to the existence of damage or the chosen manner of repair. The time limitations set forth in this  
28 subsection may be extended by mutual agreement between the auto body repair shop and the  
29 insurer;

30        ~~(28)~~(30) Refusing to extend the rental vehicle coverage requirements of an insured or  
31 claimant proportionally to claim delays caused by the insurer;

32        ~~(29)~~(31) Designating a motor vehicle a total loss if the cost to rebuild or reconstruct the  
33 motor vehicle to its pre-accident condition is less than seventy-five percent (75%) to eighty percent  
34 (80%) of the "fair market value" of the motor vehicle immediately preceding the time it was

1 damaged. The consumer may designate the motor vehicle a total loss when the seventy-five percent  
2 (75%) threshold is met but less than eighty percent (80%) of the fair market value of the motor  
3 vehicle:

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

7 (ii) Nothing herein shall be construed to require a vehicle be deemed a total loss if the total  
8 cost to rebuild or reconstruct the motor vehicle to its pre-accident condition is greater than eighty  
9 percent (80%) of the fair market value of the motor vehicle immediately preceding the time it was  
10 damaged;

11 (iii) Nothing herein shall prohibit an insurance company from agreeing to deem a vehicle  
12 a total loss at the vehicle owner's request and with the vehicle owner's express written authorization  
13 if the cost to rebuild or reconstruct the motor vehicle to its pre-accident condition is less than eighty  
14 percent (80%) of the "fair market value" of the motor vehicle immediately preceding the time it  
15 was damaged;

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

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

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

31 ~~(31)~~(33) Refusing to pay an auto body repair shop for documented necessary sublet  
32 services paid out to vendors or incurred by the auto body repair shop, for specialty or unique  
33 services performed in the overall repair process, including costs and labor incurred to research,  
34 coordinate, administrate, or facilitate the necessary sublet service, and an automotive industry

1 standard markup. Examples of sublet services include, but are not limited to, towing, transportation,  
2 suspension, alignments, electronic calibrations, diagnostic work, mechanical work, and paid  
3 charges to release a vehicle;

4 ~~(32)~~(34) Failure of any domestic, foreign, or alien insurers to comply with the requirements  
5 of this section; when settling claims on Rhode Island registered vehicles repaired in Rhode Island,  
6 regardless of the state where the insurance policy was issued or originates;

7 ~~(33)~~(35)(i) When a claim is settled, or partially settled, where the named insured is  
8 represented by a public adjuster licensed pursuant to § 27-10-5, failing to obey a direction to pay  
9 letter directing the insurer to issue a check or checks payable to the public adjuster for the public  
10 adjuster's fee, but not more than ten percent (10%) of the total amount of the settlement, and a  
11 separate check payable to the named insured or any loss payee or mortgagee, or both, whichever is  
12 appropriate, for the balance; provided that, the direction to pay letter is signed or electronically  
13 signed and dated or electronically dated by the named insured and contains the following  
14 information:

15 (A) Name of insured(s);  
16 (B) The claim number (if obtained);  
17 (C) The date or approximate date of the loss;  
18 (D) The public adjuster's name;  
19 (E) The name of the insurer;  
20 (F) The public adjuster's fee; and  
21 (G) The addresses to which each check shall be sent.

22 (ii) Nothing in this subsection shall be construed to:  
23 (A) Prevent the insurance company's ability to question or challenge whether the services  
24 billed for are covered by the policy, related to an occurrence covered by the policy, or the amount  
25 charged, in accordance with its policy provisions, and the requirements of the department of  
26 business regulation; or  
27 (B) Adversely affect the right of any mortgagee or other person with an interest in the  
28 policy unless such mortgagee or other person has also executed the "direction to pay".

29 (b)(1) Nothing contained in subsections (a)~~(2022)~~, (a)~~(2123)~~, and (a)~~(2224)~~ of this section  
30 shall be construed to interfere with an auto body repair facility's contract with an insurance  
31 company.

32 (2) If an insurance company and auto body repair facility have contracted under a direct  
33 repair program or any similar program thereto, the provisions of subsections (a)~~(2022)~~, (a)~~(2123)~~,  
34 and (a)~~(2224)~~ of this section shall not apply.

5                   (36) Depreciating the cost of labor when calculating and paying actual cash value or  
6                   replacement cost value, as defined in the regulations promulgated under § 27-9.1-8 or its  
7                   successors;

(37) Failing to account for consequential damage or applicable safety laws when calculating or paying actual cash value or replacement cost value, as defined in the regulations promulgated under § 27-9.1-8 or its successors;

11                   (38) Failing to promptly notify the claimant of the claimant's right to invoke the policy's  
12                   appraisal provision, regardless of whether the insurer disputes coverage, reserves rights, or asserts  
13                   that any portion of the claim is not covered.

14        (39) Failing to account for overhead and profit, regardless if a contractor may be needed to  
15        perform the necessary work, when calculating or paying actual cash value or replacement cost  
16        value, as defined in the regulations promulgated under § 27-9.1-8 or its successors.

22 (41) Using any business entity that is not properly registered with the Rhode Island  
23 secretary of state and/or up to date with the required annual filings.

31                   (ii) The use of any individual or business entity in the investigation, inspection, adjustment,  
32 or appraisal of a homeowners or property damage insurance claim that does not meet the  
33 requirements of this subsection shall constitute an unfair claims settlement practice.

34 (iii) For purposes of this subsection, the licensing or registration required shall be

1    determined by the function actually performed, and the title, designation, or description assigned  
2    to the individual or entity shall not supersede or circumvent applicable licensing or registration  
3    requirements.

4    (iv) The requirements of this subsection apply regardless of whether the individual or entity  
5    is retained directly by the insurer or indirectly through a vendor, consultant, third-party  
6    administrator, appraisal company, or other intermediary, and regardless of whether the individual  
7    or entity is located within or outside the state.

8    (v) A violation of this subsection shall constitute an unfair claims settlement practice.

9       SECTION 3. Chapter 27-9.1 of the General Laws entitled "Unfair Claims Settlement  
10      Practices Act" is hereby amended by adding thereto the following section:

11      **27-9.1-10. Private right of action.**

12      (a) Any insured or claimant injured by a violation of § 27-9.1-4 may bring a civil action in  
13      the superior court to recover actual damages proximately caused by the violation.

14      (b) A violation of § 27-9.1-4 shall constitute evidence of a breach of the insurer's duty of  
15      good faith and fair dealing.

16      (c) Upon a finding that an insurer knowingly or recklessly violated § 27-9.1-4, the court  
17      may award actual damages, interest pursuant to § 9-21-10, reasonable attorneys' fees and costs,  
18      and enhanced damages not to exceed two (2) times the actual damages.

19      (d) No action under this section shall lie for mere negligence or for good-faith disputes  
20      over coverage or valuation consistent with §§ 27-5-3 and 27-5-9.1.

21      (e) Nothing in this section shall be construed to impair or limit remedies available under  
22      Asermely v. Allstate Ins. Co., 728 A.2d 461 (R.I. 1999), that provides that, when liability of the  
23      insured has become reasonably clear and a claimant makes a written settlement demand within the  
24      applicable policy limits, the insurer shall accept the settlement demand if a reasonable insurer,  
25      exercising ordinary care, would do so under the circumstances.

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

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LC003907

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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

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- 1        This act would strengthen consumer protections in insurance claims by expanding
- 2        definitions of unfair claims settlement practices as well as clarifying an insured's right to pursue
- 3        bad-faith remedies.
- 4        This act would take effect upon passage.

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