

2026 -- S 2646

=====
LC004954
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

—————
A N A C T

RELATING TO INSURANCE -- RHODE ISLAND INSURANCE MARKET PROTECTION
ACT

Introduced By: Senators Euer, Kallman, Lauria, DiMario, Zurier, Ujifusa, Mack, Murray,
and Gu

Date Introduced: February 27, 2026

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Findings of fact.

2 The general assembly finds and declares that:

3 (1) This Act ensures that Rhode Island homeowners' insurance premiums will not be
4 invested in activities which damage or put at risk their financial, physical, or property interests, or
5 the integrity of Rhode Island homes, businesses, municipalities, state agencies, or state lands.

6 (2) Climate change, caused by the combustion of fossil fuels, is an immediate and grave
7 threat to the people, buildings, infrastructure, environment, natural resources, and economy of the
8 state.

9 (3) Rising sea levels and temperatures, extreme weather events, flooding, heat waves,
10 droughts, and other climate change effects have and, for the foreseeable future, will continue to
11 damage and destroy homes, businesses, and public infrastructure nationally and within our state,
12 and, additionally, cause homeowners, businesses, municipalities, and states to continuously take on
13 additional expenses of remediation, preparation, and insurance against such effects.

14 (4) In response to climate change impacts, many insurers have raised premiums and
15 deductibles, reduced coverage, denied more claims, or withdrawn from high-risk areas, shifting
16 climate risks onto homeowners, renters, and businesses. These changes particularly impact
17 communities that are already vulnerable to economic instability and natural disasters.

18 (5) Insurers continue to underwrite and invest in fossil fuel expansion that contributes to

1 growing climate risks that are burdening consumers and threatening financial markets. Fossil fuel
2 companies depend on insurance coverage to operate, and insurers remain key financial backers of
3 new coal, oil, and gas infrastructure. Scientific research indicates that a significant portion of known
4 fossil fuel reserves must remain unused to limit global warming, and groups like the International
5 Energy Agency have warned that no new fossil fuel supply projects are compatible with limiting
6 global warming below 2°C.

7 (6) This Act will support the State’s goals by limiting the insurance industry’s participation
8 in fossil fuel industries. The State has committed to reduce climate emissions to net-zero by 2050,
9 as described in chapter 6.2 of title 42 ("2021 act on climate"). Additionally, this act will further the
10 State’s goal to incentivize businesses, institutions, and industry to adapt to climate change, as
11 described in the act on climate.

12 (7) To make sure households are able to maintain affordable property insurance, insurers
13 must align their investments and underwriting with science-based emissions targets—meaning they
14 are in line with what the latest climate science deems necessary to meet the goals of the Paris
15 Agreement and avoid the worst impacts of climate change.

16 (8) Insurers should not profit from activities which put their insured at risk of substantial
17 loss, or which undermine the physical and financial wellbeing of their insured, or otherwise create
18 or transfer substantial risks or costs to residents, municipalities, state agencies, and state property.

19 SECTION 2. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by
20 adding thereto the following chapter:

21 CHAPTER 84

22 RHODE ISLAND INSURANCE MARKET PROTECTION ACT

23 **27-84-1. Short title.**

24 This chapter shall be known and may be cited as the “Rhode Island Insurance Market
25 Protection Act”.

26 **27-84-2. Definitions.**

27 As used in this chapter:

28 (1) “Covered Insurer” means an insurance company authorized to conduct the business of
29 property and casualty insurance in the State of Rhode Island:

30 (i) That reports over ten million dollars (\$10,000,000) of direct property and casualty
31 premiums written in the State of Rhode Island on its annual schedule “T” filing with the National
32 Association of Insurance Commissioners;

33 (ii) Whose activities or investments may expose such insurer to a heightened level of risk
34 from the physical or transition effects of climate change; or

1 (iii) The director otherwise determines that subjecting such an insurer to the requirements
2 of §§ 27-84-3 and 27-84-4 would be in the public interest.

3 (2) “Department” means the department of business regulation.

4 (3) “Director” means the director of the department of business regulation.

5 (4) “Financed emissions” means greenhouse gas emissions associated with insurer
6 investments, as defined by the department in consultation with the department of environmental
7 management. Insurer investments under this definition shall include, at a minimum, investments in
8 fossil fuel companies and fossil fuel projects. The department may, by rule or guidance, designate
9 additional asset classes, sectors, or investment types to be included for the purpose of calculating
10 financed emissions including, but not limited to, high-emitting industries, emissions-intensive
11 supply chains, and emissions-intensive utilities. In establishing a definition under this subsection,
12 the department shall consider:

13 (i) Internationally recognized standards for financed emissions accounting, including those
14 issued by the Partnership for Carbon Accounting Financials (PCAF);

15 (ii) The availability and quality of emissions data from subsidiary, joint venture, or
16 portfolio companies and asset classes;

17 (iii) The proportional contribution of investment activities to an insurer’s overall
18 greenhouse gas footprint;

19 (iv) The need to provide consistent, comparable, verifiable, and transparent emissions
20 disclosures and disclosure standards across the insurance sector; and

21 (v) Alignment with Rhode Island climate policy objectives, including emissions reduction
22 targets, climate risk mitigation strategies, and sector-specific decarbonization targets.

23 (5) “Fossil fuel” means a carbon-based energy source formed in the earth’s crust from
24 decayed organic material including, but not limited to, petroleum, crude oil, natural gas, and coal.

25 (6) “Fossil fuel company” means any entity including, but not limited to, corporations,
26 limited liability companies, partnerships, joint ventures, trusts, special purpose vehicles, private
27 equity funds, subsidiaries, associates, affiliates, or any other legal, financial, or organizational
28 structure that derives ten percent (10%) or more of its revenue from any new or existing fossil fuel
29 project.

30 (7) “Fossil fuel project” means a project, undertaking, activity, or investment designed to
31 facilitate any significant action with respect to fossil fuels or any byproduct thereof for commercial
32 purposes including, but not limited to:

33 (i) Upstream activities to include exploration, extraction, drilling, mining, production,
34 collection, gathering, development, redevelopment, expansion, or construction of mines, fields,

1 wells, rigs, platforms, or any other related infrastructure;

2 (ii) Midstream activities to include refining, processing, exportation, transportation,
3 storage, petrochemical manufacturing, or any other distribution infrastructure or logistics including
4 construction of pipelines, terminals, power plants, or compressors; and

5 (iii) Downstream activities to include power, heat, or cooling generation facilities and fossil
6 fuel-powered manufacturing under North American Industry Classification System (NAICS)
7 codes: 221112 (Fossil Fuel Electric Power Generation), 325110 (Petrochemical Manufacturing),
8 and 324199 (All Other Petroleum and Coal Products Manufacturing).

9 (8) “Insured emissions” means greenhouse gas emissions associated with insurer
10 underwriting, as defined by the department, in consultation with the department of environmental
11 management. Insurer underwriting under this definition shall include, at a minimum, underwriting
12 fossil fuel companies and fossil fuel projects. The department may, by rule or guidance, designate
13 additional asset classes, sectors, or investment types to be included for the purpose of calculating
14 insured emissions including, but not limited to, high-emitting industries, emissions-intensive
15 supply chains, and emissions-intensive utilities. In establishing a definition under this subsection,
16 the department shall consider:

17 (i) Methodologies for attributing greenhouse gas emissions to insurance underwriting
18 activities, including the methodology issued by the Partnership for Carbon Accounting Financials
19 (PCAF) for insurance-associated emissions, and guidance from international initiatives such as the
20 Forum for Insurance Transition to Net Zero (FIT) and the Science Based Targets Initiative (SBTi);

21 (ii) Distinctions among lines of business, including whether the underwriting pertains to
22 high-emitting sectors such as fossil fuel exploration, extraction, processing, exporting, transporting,
23 and any other significant action with respect to oil, natural gas, coal, or any byproduct thereof;

24 (iii) The extent to which emissions attributable to underwriting can be reasonably
25 measured, estimated, or modeled using available data;

26 (iv) The need to provide consistent, comparable, verifiable, assured, and transparent
27 emissions disclosures and disclosure standards across the insurance sector; and

28 (v) Alignment with Rhode Island climate policy objectives, including emissions reduction
29 targets, climate risk mitigation strategies, and sector-specific decarbonization targets.

30 (9) “New fossil fuel project” means a fossil fuel project in excess of what is in or approved
31 for development as of the effective date of this chapter, including projects designed to expand the
32 use of or generate new infrastructure for production from existing reserves. A “new fossil fuel
33 project” shall not include modifications made solely to increase safety or reduce carbon intensity
34 including, but not limited to, reduce fugitive or vented emissions; provided that, such modifications

1 do not expand the fossil fuel supply base.

2 (10) “Science-based climate mitigation targets” means absolute emissions reduction targets
3 that are in line with limiting global temperature rise to well below 2°C above pre-industrial levels,
4 as defined by the department, in consultation with the department of environmental management.

5 In establishing a definition under this subsection, the department shall:

6 (i) Consider peer-reviewed, science-based methodologies and criteria developed by
7 recognized and reputable standard-setting bodies, including the Science Based Targets Initiative
8 (SBTi), the Intergovernmental Panel on Climate Change (IPCC), and relevant international
9 agreements such as the 2015 Paris Climate Accords;

10 (ii) Cover Scopes 1 (direct), 2 (indirect energy), and 3 (value chain) greenhouse gas
11 emissions, as defined by the Greenhouse Gas Protocol and consistent with best available accounting
12 and disclosure practices, to include, the accounting methodologies issued by the Partnership for
13 Carbon Accounting Financials (PCAF) for financed emissions and insurance-associated emissions;

14 (iii) Require that targets shall not rely on carbon offsets, avoided emissions claims, or
15 unproven greenhouse gas removal technologies;

16 (iv) Align with Rhode Island climate policy objectives, including the mandatory targets for
17 emissions reduction laid out in chapter 6.2 of title 42 (“2021 act on climate”); and.

18 (v) Provide for periodic review and updating of targets based on evolving climate science,
19 sector-specific developments, and real-world performance data.

20 (11) “State” or “the State” or “this State” means the State of Rhode Island.

21 **27-84-3. Implementing climate leadership targets for Insurers.**

22 (a) The department shall:

23 (1) On or before July 1, 2027, submit a report to the governor, the speaker of the house and
24 senate president on the budgetary impacts of this chapter.

25 (2) On or before January 1, 2028, develop and implement a process for covered insurers to
26 file reports pursuant to the provisions of subsection (b) of this section;

27 (3) Align covered insurer investment and underwriting activities with science-based
28 climate mitigation targets, including by:

29 (i) Prohibiting covered insurers from underwriting any new fossil fuel projects on or after
30 July 1, 2026;

31 (ii) Directing covered insurers to unwind and terminate any outstanding or pending
32 commitments or negotiations to underwrite new fossil fuel projects no later than July 1, 2028.

33 (iii) Directing covered insurers to phase out all underwriting for any existing fossil fuel
34 projects and fossil fuel companies by January 1, 2035 and establish short, medium, and long term

1 benchmarks;
2 (iv) Prohibiting covered insurers from investing in any new fossil fuel projects on or after
3 July 1, 2026;
4 (v) Directing covered insurers to unwind and terminate any outstanding or pending
5 commitments or negotiations to invest in new fossil fuel projects on or before July 1, 2028;
6 (vi) Directing covered insurers to phase out all investments from any existing fossil fuel
7 projects and fossil fuel companies by January 1, 2035 and establish short, medium, and long term
8 benchmarks; and
9 (vii) Any other requirements deemed necessary by the department to align covered
10 insurers' investments and underwriting with science-based climate mitigation targets, including
11 developing and implementing enterprise-wide transition plans
12 (4) On or before January 1, 2028, develop and implement a process for covered insurers to
13 certify pursuant to the provisions of subsection (c) of this section, as a condition of licensure in the
14 State of Rhode Island, that covered insurers meet the requirements of this section, which may
15 include mandatory transition plans and progress; and
16 (5) Annually review the reports and certifications required under this section, and compile
17 and post the information in such reports and certifications on the department's website within three
18 (3) months of receiving the same.
19 (b) On or before July 1, 2028, and annually thereafter, covered insurers shall submit, within
20 six (6) months of the end of each fiscal year, a report to the director disclosing:
21 (1) The covered insurer's investments in any fossil fuel company, fossil fuel project, or
22 new fossil fuel project;
23 (2) The financed emissions from all of the covered insurer's investments in the previous
24 fiscal year;
25 (3) The covered insurer's underwriting for any fossil fuel company, fossil fuel project, or
26 new fossil fuel project, in terms of total gross premiums in dollars, disaggregated by company and
27 project in a format determined by the director;
28 (4) The insured emissions from all of the covered insurer's underwriting in the previous
29 reporting year;
30 (5) The timelines, strategies, and methodologies the covered insurer has implemented to
31 comply with the requirements of this chapter;
32 (6) The progress the covered insurer has made towards achieving these requirements,
33 including specific milestones; and
34 (7) Any other information the department deems necessary to effectively implement and

1 enforce any rule or regulation promulgated pursuant to this chapter, which the department shall
2 publish in advance.

3 (c) As part of the annual report required under subsection (b) of this section, the chief
4 executive officer (CEO) or chief financial officer (CFO) of a covered insurer shall certify the
5 accuracy of the information contained in such reports and that the covered insurer has:

6 (1) Ceased or made progress towards cessation of underwriting and investment in any fossil
7 fuel project;

8 (2) Relinquished or made progress in relinquishing any direct or indirect stake in any fossil
9 fuel company or fossil fuel project; and

10 (3) Not invested in or underwritten any new fossil fuel project.

11 (d) The director may engage the services of third-party attorneys, actuaries, accountants,
12 and other experts not otherwise a part of the director's staff, at the reporting covered insurer's
13 expense, as shall be reasonably necessary to assist in the review of such covered insurer's filings
14 under this section. All persons so engaged shall be under the direction and control of the director
15 and shall act in a purely advisory capacity.

16 **27-84-4. Statewide withdrawal restrictions.**

17 (a) A covered insurer may surrender to the director its certificate of authority and thereafter
18 cease to transact insurance in the State of Rhode Island, or discontinue the writing or renewal of
19 one or more individual lines of insurance specified in the certificate of authority in the State of
20 Rhode Island, only after the submission and approval of an informational filing submitted to the
21 director, which filing shall be subject to the following provisions:

22 (1) The covered insurer shall send a notice to policyholders of the proposed withdrawal no
23 later than thirty (30) days following the submission of the informational filing to the director, which
24 shall state that the covered insurer intends to withdraw and has filed its intention to withdraw with
25 the director, the terms of the withdrawal, including the date of the proposed commencement of
26 nonrenewal of policies, and the proposed duration of the withdrawal plan for the covered insurer's
27 book of business;

28 (2) Nonrenewals shall not commence prior to one calendar year and ninety (90) days
29 following the submission of the informational filing;

30 (3) The company shall send a notice of nonrenewal to every policyholder:

31 (i) No later than one calendar year preceding the date of nonrenewal; and

32 (ii) A subsequent notice of nonrenewal ninety (90) days preceding the date of nonrenewal;

33 and

34 (4) Nonrenewals shall take place in a manner in order to be applicable to all insureds on an

1 equitable basis with respect to risk classification and territorial or other form of rating factor, and
2 shall be effectuated at a uniform rate over a period of not less than three (3) calendar years
3 commencing with the date established in subsection (a)(2) of this section.

4 (b) Upon receiving the informational filing provided for in subsection (a) of this section,
5 the director shall:

6 (1) Within seven (7) days, publish the informational filing on the department's website;
7 and

8 (2) Within thirty (30) days, hold a public hearing, at which the covered insurer and any
9 members of the public may present testimony to determine if the withdrawal is justifiably required
10 to protect the solvency of the covered insurer and would not be contrary to the public interest by
11 disrupting the market or markets for said insurance.

12 (c) Within sixty (60) days of receiving the informational filing provided for in subsection
13 (a) of this section, the director shall notify the covered insurer in writing whether the withdrawal
14 plan has been approved, any conditions of approval, and any requested modifications. If the director
15 concludes that the withdrawal is not justified to protect the solvency of the covered insurer or would
16 be contrary to the public interest by disrupting the market or markets for said insurance, the director
17 shall prohibit the withdrawal unless the covered insurer surrenders all certificates of authority held
18 by the covered insurer or other companies within the same holding company system as the covered
19 insurer.

20 (d) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, if the
21 covered insurer finds a replacement carrier for the business that will not be renewed as the result
22 of the withdrawal either prior to or after the date of the informational filing, the covered insurer
23 may apply to the director for approval to transfer the business to a replacement carrier or carriers.
24 If the director approves the replacement carrier or carriers, notwithstanding the provisions of
25 subsection (a) of this section, the notice of nonrenewal shall be in compliance with the time limits
26 provided by law for that line of insurance, and the covered insurer shall offer every insured
27 coverage with the replacement carrier prior to the effective date of the nonrenewal. The director
28 shall not withhold approval of a replacement carrier or carriers if that covered insurer is authorized
29 to do business in the same line of business in Rhode Island and has the financial and business
30 capability to write and service the business being transferred to it by the withdrawing covered
31 insurer. The director shall approve or disapprove the replacement carrier or carriers within sixty
32 (60) days of:

33 (1) The date of the filing by the withdrawing covered insurer requesting approval of a
34 replacement carrier or carriers; or

1 (2) The filing by the replacement carrier or carriers requesting to be a replacement carrier,
2 whichever is later.

3 (e) The director may waive the requirements of subsection (a)(2) of this section, and the
4 one-year nonrenewal notice of subsection (a)(3) of this section, as well as the three (3) year
5 minimum withdrawal period in subsection (a)(4) of this section if the director deems a waiver to
6 be necessary to protect the solvency of the covered insurer making the informational filing or if the
7 director deems the withdrawal to have a limited impact on the market.

8 **27-84-5. Compliance and penalties.**

9 (a) Any covered insurer that fails to comply with the reporting requirements, divestment
10 obligations or investment and underwriting prohibitions, or withdrawal restrictions under this
11 chapter shall be subject to, at the discretion of the director, one or more of the following:

12 (1) Administrative penalties:

13 (i) Pursuant to § 42-14-16(a); and

14 (ii) Equivalent to the covered insurer's fractional share of the property and casualty
15 insurance market in Rhode Island based on total premiums received multiplied by the insurer's net
16 profits generated from the covered insurer's enterprise-wide operations within Rhode Island in the
17 violation year, and

18 (iii) Up to an additional one-tenth of one percent (0.01%) of the violation year's net profits
19 generated from the covered insurer's enterprise-wide operations within Rhode Island per day of a
20 continuing violation; and

21 (2) Restriction, suspension, or revocation of the insurer's certificate of authority to do
22 business in Rhode Island.

23 (b) Any covered insurer that fails to comply with the reporting requirements, divestment
24 obligations or investment and underwriting prohibitions under this chapter shall be required to
25 report semiannually to the director and submit a compliance plan until the director determines the
26 covered insurer is in compliance with this chapter.

27 (c) Any covered insurer that fails to comply with the provisions of this chapter three (3)
28 times within five (5) years may be subject to additional penalties available to and at the discretion
29 of the director under Rhode Island insurance laws.

30 (d) The director may transfer fees collected under this section to other departments or state-
31 administered funds for the purpose of financing projects and initiatives designed to avoid, limit, or
32 adapt to negative impacts caused by climate change, including for the benefit of households
33 residing in and businesses located in low- and moderate- income communities or disadvantaged
34 communities.

1 **27-84-6. Reporting.**

2 (a) On or before July 1, 2028, and once every two (2) years thereafter, the director shall
3 submit a report to the governor, speaker of the house and senate president. The report shall also be
4 made available to the public and posted on the department’s website. The report shall disclose, for
5 the preceding two (2) calendar years, the department’s:

6 (1) Efforts to implement the provisions of § 27-84-3, including anonymized and aggregated
7 data on insurer investments in and underwriting of fossil fuel companies and fossil fuel projects,
8 financed emissions, and insured emissions;

9 (2) Regulatory and supervisory actions taken, if any, to bolster the resilience of insurers to
10 the physical impacts of climate change;

11 (3) Regulatory and supervisory actions planned, if any, to bolster the resilience of insurers
12 to the physical impacts of climate change;

13 (4) Violations of § 27-84-3, and any penalties assessed as a result, anonymized and
14 aggregated;

15 (5) Violations of §27-84-4, and any penalties assessed as a result, anonymized and
16 aggregated; and

17 (6) The effects, if any, that insurers’ efforts to address climate risk have had on the
18 affordability and availability of insurance for low income communities, communities of color and
19 other traditionally underserved communities in the state.

20 (b) Such report shall also summarize available information regarding:

21 (1) Insurer and insurance market readiness for climate change and the energy transition;

22 (2) Major sources of climate risk faced by the insurers;

23 (3) Any gaps related to climate risk that the department intends to address; and

24 (4) Any legislative action that must be taken in order to allow the department to address
25 climate risk.

26 **27-84-7. Rules and regulations.**

27 The department shall adopt such regulations as the director deems necessary to implement
28 and carry out the purposes of this chapter.

29 **27-84-8. Severability.**

30 If any provision of this chapter, or the application of it to any person or circumstance, is
31 held invalid, that determination shall not affect the provisions or applications of this chapter which
32 can be given effect without the invalid provision or application, and to that end the provisions of
33 this chapter are severable.

1 SECTION 3. This act shall take effect upon passage.

=====
LC004954
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- RHODE ISLAND INSURANCE MARKET PROTECTION
ACT

1 With limited exception, this act would create and impose penalties for covered insurers that
2 fail to comply with its reporting requirements, divestment obligations, and withdrawal restrictions,
3 such as administrative penalties proportional to their statewide market share and profit, restrictions
4 on the insurer's ability to do business within the state, and escalating penalties for repeated
5 noncompliance. This act would also create a structured withdrawal process by which covered
6 insurers would cease doing business within the state upon proper notice to their insureds, public
7 comment, and approval by the director of the department of business regulation (DBR).

8 This act would take effect upon passage.

=====
LC004954
=====