

March 31, 2026

Chair Britto, Vice Chair Sosnowski and members of the Senate Commerce Committee,

My name is Alex Martin and I am the Policy Director for Climate Finance at Americans for Financial Reform, a nonpartisan and nonprofit coalition working to lay the foundation for a strong, stable, and just financial system—one that serves the economy and all people of the nation as a whole.

I am writing in strong support of S.2646, the Rhode Island Insurance Market Protection Act.

The insurance industry's response to climate change is not working for people.

The insurance industry has known for decades that its investments and underwriting of the fossil fuel industry would contribute to greater climate-related costs for its property insurance customers.¹ In spite of that, insurance companies have continued to provide substantial financial support for fossil fuel expansion,² even as many households and businesses are reaching their breaking point and cannot afford the rising cost of their property insurance policies.³

As climate change has predictably driven rising disaster costs in recent years, insurers have largely settled on a strategy of hiking prices on homeowners and businesses, sometimes by hundreds of dollars year over year,⁴ closing more property insurance claims without any payment,⁵ and retreating from certain communities altogether.⁶ This strategy has resulted in insurers maintaining substantial profits, including near-record underwriting profit nationwide across all property insurance lines in 2025,⁷ while people face an affordability crisis. This is not a sustainable path forward.

¹ Marcus Baram. "[How big insurance's investments in fossil fuels came back to bite it.](#)" Yale Climate Communications. January 31, 2025.

Munich Re. "[50 years of nat cat risk research.](#)" July 31, 2024.

² Investing in Climate Chaos. Urgewald. "[Fossil Fuel Investment Report.](#)" August 9, 2024; Ceres. "[New Research Shows Insurance Sector has Significant Exposure to Fossil Fuel Assets Despite Vulnerability to Climate Change.](#)" September 13, 2023.

³ Rising insurance premiums are responsible for higher credit card debt, higher credit card default rates, and higher mortgage delinquency rates. See e.g. AFREF and Public Citizen. "[Rising Property Insurance Premiums: The Uneven Risks to Households.](#)" September 18, 2025.

⁴ Cornelissen, Sharon *et al.* Consumer Federation of America "[Overburdened: The Dramatic Increase in Homeowners Insurance.](#)" April 2025; "[Natural Disasters Blamed as Home Insurance Projected to Rise 8% in 2025.](#)" *Rethinking*65. May 19, 2025.

⁵ Weiss Ratings, "[14 Large U.S. Insurers Closed Nearly Half of Homeowner Claims with No Payment in 2024.](#)" June 11, 2025.

⁶ Christopher Flavelle. "[Insurers Are Deserting Homeowners as Climate Shocks Worsen.](#)" New York Times. December 18, 2024. For trends in insurance retreat, see the U.S. Department of Treasury Report: "[Analyses of U.S. Homeowners Insurance Markets, 2018-2022: Climate-Related Risks and Other Factors.](#)" January 2025.

⁷ Jean Eaglesham, "[The Uproar Over Affordability Is Coming for Insurers.](#)" *Wall Street Journal.* January 22, 2026. Projection of underwriting profit from Fitch Ratings.

A better path is available, but it requires the insurance industry to substantially adjust its approach to managing the financial risks of climate change. Rather than offloading the risk onto the public, insurance companies can manage their own climate financial risks by 1) working with homeowners, businesses, and communities to build climate resilience and thus lower their risks and insurance costs, and 2) reducing their own climate-harming investments and underwriting.

S.2646 would lower property insurance costs for Rhode Island households and businesses in the long term by requiring insurance companies to contribute to climate mitigation and raise funds for state-wide climate adaptation.

To accomplish this, the Insurance Market Protection Act would align insurance companies' operations with Rhode Island's state-level climate policy objectives, including the mandatory targets for emissions reduction laid out in chapter 6.2 of title 42 ("2021 Act on Climate").⁸ This would require insurance companies to set science-based emissions targets to reduce emissions to net zero by 2050, phase out fossil fuels exposures by 2035, and immediately halt financial support for fossil fuel expansion. Continuing to back fossil fuel growth is counter to the state's climate goals and harms households and businesses by worsening climate damages.

At the discretion of the Director of the Department of Business Regulation, all proceeds generated through the program could then be directed to other departments and state-administered funds to finance climate mitigation and adaptation projects. These are proven to be effective at lowering risk and should translate to lower property insurance costs for homeowners and businesses. The US Chamber of Commerce and Allstate found in 2024 that every \$1 spent on adaptation and resilience generates \$13 in savings on damages, cleanup costs and economic impact.⁹

Climate-driven insurance retreat is not inevitable if legislators and regulators stand up to the industry.

The bill would also create state withdrawal restrictions for insurance companies, which are critical to protect residents and businesses and avoid disruptions to the state's property insurance markets. Insurance companies have retreated, or threatened to retreat, from various states over the past few years in response to climate-related disasters. The constant threat of retreat, which will likely appear at today's hearing, is a lobbying tool used by the industry to defeat attempts at regulation, especially in smaller states. But these threats are likely bluffs in a state like Rhode Island, which has been an extremely lucrative market for property insurers in recent years. Homeowners insurance loss ratios were just 38.71 percent in 2024,¹⁰ the latest year for which we have statewide data, meaning only about \$1 out of every \$3 charged in premiums actually paid for claims, well below the national average.

⁸ [RI Gen L § 42-6.2-1-12. \(2025\)](#)

⁹ U.S. Chamber of Commerce, Allstate, and the U.S. Chamber of Commerce Foundation. "[The Preparedness Payoff: The Economic Benefits of Investing in Climate Resilience.](#)" 2024.

¹⁰ The national average loss ratio on homeowners multi-peril insurance policies in 2024 was 61.51 percent, compared to 38.71 percent in Rhode Island. National Association of Insurance Commissioners. "[2024 Market Share Reports For Property/Casualty Groups and Companies by State and Countrywide.](#)" June 2025. Pages 4 and 163.

States are not powerless to regulate the insurance industry in the face of threats of retreat. If passed, S.2646 would require insurance companies seeking to leave Rhode Island or stop offering a particular line of insurance to develop a three-year withdrawal plan and obtain approval from the state insurance regulator. This would avert largescale, simultaneous nonrenewals that could disrupt the state's insurance markets. The bill also incentivizes insurance companies to find replacement carriers so that homeowners and businesses can maintain their coverage. New Jersey¹¹ and Massachusetts¹² have similar laws in place to prevent large-scale retreat from the auto insurance market.

Without building climate resilience and mitigating climate change, property insurance will become less available and affordable for decades to come. The insurance industry, which is charged with protecting people financially from disasters, should not continue to profit from fossil fuel expansion while leaving households and communities without coverage as climate change gets worse.

We urge the committee to pass S.2646 to set a path forward to maintain available, affordable property insurance in the long term for Rhode Island households and businesses, especially as they are struggling to make ends meet during an historic climate and affordability crisis.

Thank you for your time and action on this issue.

Alex Martin
Policy Director, Climate Finance
Americans for Financial Reform

¹¹ [NJ Rev Stat § 17:33B-30 \(2025\)](#)

¹² [Mass. Gen. Laws ch. 175, § 22H](#)