
Sneed Law Firm, LLC

Memorandum

To: The Honorable Jene Vickrey, Chair
House Insurance Committee

From: William W. Sneed, Legislative Counsel
The State Farm Insurance Companies

Date: February 7, 2017

RE: HB 2104

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the State Farm Insurance Companies ("State Farm"). State Farm is the largest insurer of homes and automobiles in Kansas. State Farm insures one out of every three cars and one out of every four homes in the United States. Please accept this memorandum as my client's opposition to HB 2104.

HB 2104 would make a number of changes to the Kansas uninsured/underinsured motorist "UIM" laws, including requiring certain limits to be maintained on UIM coverages, redefining "underinsured vehicle," dictating policy interpretation as to calculation of UIM benefits, and a mandatory increase in liability limits from 25/50 to 50/100. My client would make the following comments regarding these changes.

First, State Farm contends that this this bill interferes with the policy/contract interpretation of current law.

Second, these changes would interfere with the policyholder's freedom to choose.

Next, the changes in Section (1)(b) of the bill eliminate offset, thus making the cost of coverage more expensive. The same changes would appear to permit stacking of the UIM benefits atop the liability limits. This would represent a major change in Kansas law, and would undoubtedly lead to an increase in litigation.

Financial responsibility laws establish the minimum limits of bodily injury and property damage which must be provided by insurers, or financially responsible owners and drivers following an accident. The days of \$5,000 per person and \$10,000 per accidental bodily injury and \$5,000 property damage liability are long past. Much higher limits are now common. Nevertheless, high minimum limits can be counterproductive. They aggravate problems of insurance affordability for some drivers, and cause more uninsured drivers to be on the road. Moreover, when financial responsibility limits increase, they often have a shadow effect on jury verdicts and legal settlements. The "floor" of demand and recovery usually rises to the new minimum amounts.

We appreciate the opportunity to voice our opposition to HB 2104. For the above reasons, we respectfully request that the Committee act unfavorably on this bill.

I am happy to answer questions at the appropriate time.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "William W. Sneed". The signature is fluid and cursive, with the first name "William" and last name "Sneed" clearly distinguishable.

William W. Sneed