

BRAD SMOOT
ATTORNEY AT LAW

800 SW JACKSON, SUITE 808
Topeka, Kansas 66612
bradsmoot@smootlawoffice.com

(785) 233-0016 (Office)
(785) 224-1200 (Cell)
(785) 234-3789 (Fax)

STATEMENT OF BRAD SMOOT
LEGISLATIVE COUNSEL
AMERICAN PROPERTY & CASUALTY INSURANCE ASSOCIATION
HOUSE JUDICIARY COMMITTEE
WRITTEN TESTIMONY IN SUPPORT OF 2019 SB 78
MARCH 11, 2019

Mr. Chairman and Members:

Along with Larrie Ann Brown, I have the privilege of representing the American Property and Casualty Insurance Association (APCI). The Association is the result of the merger of the American Insurance Association (AIA) and the Property and Casualty Insurance Association (PCI). The new Association will represent hundreds of P&C companies providing commercial, workers compensation, auto, homeowners, general liability and other lines of protection for thousands of Kansas businesses and families.

Severe weather accounts for the majority of insured losses in the United States. The trend lines for catastrophes continue to point to more frequent and costly events.

In addition to the potential for devastating losses that drive costs up, insurers in some states must increasingly contend with activity that unnecessarily adds to costs. In states like Texas, Florida and Colorado, states with extreme exposure to catastrophic weather events, we see contractors and lawyers abusing the legal system and driving up the cost of claims. Costs that are paid for by all consumers.

In recent years unscrupulous vendors have used AOB to inflate claims and file costly lawsuits against insurance companies, driving up the cost of insurance for homeowners. In 2018, Nebraska passed legislation to control abuses that had begun to appear in that state. SB 78 is modeled after the Nebraska legislation.

According to a study released in January 2018 by the National Association of Insurance Commissioners, published by the Insurance Information Institute, Kansans pay the 5th highest average homeowners insurance premiums. Only Louisiana, Texas, Florida, and Oklahoma are ranked higher. Increased costs and litigation expenses drive up insurance rates and can make insurance simply unaffordable for many consumers.

SB 78 provides a balanced approach to addressing the assignment of benefits issue by requiring that insured be provided with written notice of an assignment of benefits.