

TO: The Honorable Scott Schwab, Chair  
House Insurance Committee

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

SUBJECT: H.B. 2067

DATE: February 4, 2015

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 our neutral testimony regarding H.B. 2067.

Although the bill is relatively simple with it changing the minimum financial responsibilities for mandatory auto insurance, this change can have huge, and potentially damaging effects.

First, auto insurance is priced using several factors including limits of coverage. Thus any increase in mandatory coverage's will cause an increase in the price for those coverage's. Our experience shows that only a small portion of our insured purchase minimum coverage's and those who do, do so because of costs. Those families financially struggling might be forced to make difficult decisions and not purchase insurance. Thus this change might potentially increase your uninsured market.

Second, these limits are a part of a larger set of laws that also include benchmarks in amounts of medical cost that need to be incurred before an individual can sue. HB 2067 does not consider that balance and what effect larger limits without any change on medical threshold will have on the judicial system.

Finally, we would urge the committee that it move cautiously when looking at a change in mandatory limits. A strong case should be made that demonstrates how such a change benefits all Kansans.

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Thus, on behalf of my client, the State Farm Insurance companies, we stand ready to provide any technical assistance to the committee as it evaluates HB 2067.

Thank you, and I will be happy to answer any questions you may have at your convenience.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Will W. Sneed", is written in a cursive style.

William W. Sneed

WWS:lih