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STATEMENT OF BRAD SMOOT
LEGISLATIVE COUNSEL, AMERICAN FAMILY INSURANCE
HOUSE INSURANCE COMMITTEE
REGARDING 2015 HOUSE BILL 2286
March 20, 2015

Mr. Chairman and Members:

American Family Insurance insures approximately 13% of the automobiles and homes in the state of Kansas. We offer these insurance coverages through some 200 appointed agents who reside throughout the state. We support the innovation in commercial transportation such as application-based ride sharing companies and their local drivers. We understand that there are several hundred transportation network company (TNC) drivers operating in Kansas.

The current practices of TNC companies (Uber being the prominent example), as well as the proposed requirements of HB 2286, rely upon the private coverage of the individual driver to cover the first phase of the contractual business transaction of driving for hire. Unfortunately, in almost every case, this coverage is a fiction since most private passenger automobile policies contain an exclusion for use of the vehicle for commercial purposes (e.g. driving for hire). Since the TNC coverage is not primary, the driver, his or her insurance company, the injured passenger, pedestrian or other motorist must go through lengthy and expensive litigation to determine coverage and liability.

The insurance provisions of HB 2286 do nothing to change this situation -- they merely codify what Uber and other TNC's already do, namely burden the Kansas contract driver and his private passenger auto carrier to defend all claims first. Uber, for example, is a \$41.2 Billion privately held company. We think it ought to take some primary responsibility for the Kansas drivers they are putting on Kansas roadways for Uber's own commercial benefit.

States all across the nation are looking at this real and immediate problem. Effective insurance provisions have passed one house of the Legislature in Arizona. Similar language is on the Governor's desk in Utah. And Uber has reportedly offered something similar as a compromise in Missouri. We would urge you to enact meaningful insurance provisions like those circulated by the Chairman at last Wednesday's House Insurance Committee meeting or these other states to protect Kansas TNC drivers, their passengers, pedestrians, other motorists and lending institutions.

We can all agree that TNC's are an innovative concept. We can agree that Uber is a wildly profitable company. Maybe we can agree that Uber ought to "own up" to its responsibility to provide primary coverage for your fellow Kansans. Thank you for considering our views.