

TO: Members of the Senate Committee on Judiciary

FROM: Steven C. Lang, Hardwood Millwork & Supply

DATE: January 19, 2015

RE: K.S.A. 40-908 and S.B. 16

Dear Representatives:

My name is Steven C. Lang. I live in Harvey County, Kansas, where I operate Hardwood Millwork & Supply. My company employs more than 30 people in the community, and we regularly operate more than a dozen vehicles, including sales vehicles and delivery trucks, on the Kansas highways. Please consider this my written testimony in opposition to S.B. 16.

A few years ago, my company suffered a loss in excess of \$200,000 when the roof of our new building collapsed from the weight of snow. Our insurance company attempted to avoid paying the full amount of our insured loss, so we were required to hire attorneys to enforce our rights. In that dispute, we were protected against the cost of litigation by a statute, K.S.A. 40-908, which would have shifted the cost of successful litigation to the insurance company. By invoking the statute, our attorneys were able to convince the insurance company to pay without a need for litigation.

If K.S.A. 40-908 had been amended per S.B. 16, it would not have applied to my loss, and my business would have been forced to eat the loss or invest tens of thousands of dollars to litigate the matter. The impact on my business would have been devastating in either event.

When we pay our premiums, we expect that the insurance company will honor its promises, without delay, and without making us go to the trouble and expense of hiring lawyers. Under the right circumstances, a wrongful denial of a claim – or even an unreasonable delay in payment – could put me out of business and my employees out of a job. It makes no sense to me to take away existing protections for insured vehicles or insured claims caused by events other than fire, tornado, lightning or hail. It seems to me that K.S.A. 40-908, if amended, should be expanded to encompass all insurance coverages.

Respectfully submitted,

Steven C. Lang
Hardwood Millwork & Supply

