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STATEMENT OF BRAD SMOOT  
LEGISLATIVE COUNSEL, THE AMERICAN INSURANCE ASSOCIATION  
HOUSE INSURANCE COMMITTEE  
REGARDING 2017 HB 2104  
MINIMUM LIABILITY LIMITS FOR MOTOR VEHICLES  
FEBRUARY 14, 2017

Mr. Chairman and Members:

Thank you for this opportunity to comment on HB 2104 on behalf of the American Insurance Association. AIA is a trade group of more than 300 member insurance companies who write commercial, general liability, auto, home, life and workers compensation insurance in all 50 states. Our members include companies that are household names, employ thousands of Kansans and may even insure your family or business.

The American Insurance Association respectfully urges the Committee not endorse HB 2104. Kansas law requires all drivers to carry at least minimum levels of liability coverage. The state makes every effort to enforce this requirement by imposing criminal penalties for failure to maintain coverage, requiring drivers to show proof of coverage at annual registration and requiring proof of coverage during a traffic stop. Despite these efforts, the Insurance Information Institute estimates that 9.4% of Kansas drivers fail to maintain the required liability insurance and the Kansas Insurance Department has estimated that number may be as high 13% during a typical year. The state also requires auto insurers to report their lists of insured drivers to the Motor Vehicle Department so that the state can verify coverage and DMV regularly looks at ways to further encourage compliance with the mandated minimum coverage.

In short, the state of Kansas has expended enormous amounts of time and effort to deal with the uninsured motorist. Yet those drivers are still among us. We don't think it takes data or research to understand why there are so many uninsured motorists. It must be, in part, a matter of money. Even with modest minimums like those in Kansas and most other states, some folks just can't afford to maintain insurance coverage. We think the Legislature would want to avoid exasperating this problem by making minimum coverage even less affordable. Raising coverages as proposed by HB 2104 raises premiums and those folks least able to pay would be most affected by the change.

As insurance companies, AIA members are more than willing to sell larger insurance coverages and encourage drivers to buy as much coverage as they need. The law in question is a mandatory minimum. Kansans can purchase all the coverage they want and can afford. The question posed by HB 2104, is how much liability coverage are you going to require your constituents to purchase.

I would also call your attention to the excellent comments of David Monaghan, submitted as written testimony. David points out the very odd situation created by the language on page 2, lines 6-8, in which a driver with the new minimum limits hit by an underinsured driver would get twice as much recovery than a driver hit by an uninsured motorist. That, of course, makes no sense at all. Moreover, common logic requires us to accept that if additional dollars are paid out in claims, as proposed by this bill, additional dollars must be collected from Kansas drivers in the form of premiums. All three of the changes requested in this bill are designed to create increased payouts for plaintiffs. While the legislature is considering increasing the taxes of fellow Kansans, let's not add yet another tax on licensed drivers who follow the mandatory insurance requirements imposed by the Legislature. HB 2104 is a new "Kansas driver tax."

Attached is a chart from the Insurance Information Institute containing the private passenger auto minimum liability limits imposed by each state. As you can see, current Kansas law is very much in line with most states. HB 2104 would move Kansas to one of the highest mandated minimums in the nation. Property damage limits proposed are particularly unusual, as no other state appears to have a minimum that high. AIA urges the legislature to be cautious about making such a move and to be mindful of the unintended consequences for your constituents. Thank you.

Attachment

## Insurance Information Institute

## AUTOMOBILE FINANCIAL RESPONSIBILITY LIMITS AND ENFORCEMENT BY STATE

State	Insurance required (1)	Minimum liability limits (2)	Insurer verification of insurance (3)
AL	BI & PD Liab	25/50/25	c, d
AK	BI & PD Liab	50/100/25	a
AZ	BI & PD Liab	15/30/10	a, b
AR	BI & PD Liab, PIP	25/50/25	b, d
CA	BI & PD Liab	15/30/5 (4)	a, b, d
CO	BI & PD Liab	25/50/15	a, d
CT	BI & PD Liab	20/40/10	a
DE	BI & PD Liab, PIP	15/30/10	a, b, c, d
DC	BI & PD Liab, UM	25/50/10	a, c, d
FL	PD Liab, PIP	10/20/10 (5)	a, d
GA	BI & PD Liab	25/50/25	a, d
HI	BI & PD Liab, PIP	20/40/10	a
ID	BI & PD Liab	25/50/15	none
IL	BI & PD Liab, UM	25/50/20	a, b, c
IN	BI & PD Liab	25/50/10	a
IA	BI & PD Liab	20/40/15	a
KS	BI & PD Liab, PIP, UM, UIM	25/50/10	a, c
KY	BI & PD Liab, PIP	25/50/10 (5)	a, d
LA	BI & PD Liab	15/30/25	a, d
ME	BI & PD Liab, UM, UIM	50/100/25 (6)	b
MD	BI & PD Liab, PIP (7), UM, UIM	30/60/15	a
MA	BI & PD Liab, PIP, UM, UIM	20/40/5	a, d
MI	BI & PD Liab, PIP	20/40/10	a
MN	BI & PD Liab, PIP, UM, UIM	30/60/10	a, c
MS	BI & PD Liab	25/50/25	a, d
MO	BI & PD Liab, UM	25/50/10	a, c, d
MT	BI & PD Liab	25/50/10	d
NE	BI & PD Liab, UM, UIM	25/50/25	a, b, d
NV	BI & PD Liab	15/30/10	a, d
NH	FR only, UM	25/50/25 (6)	a
NJ	BI & PD Liab, PIP, UM, UIM	15/30/5 (8)	a, d
NM	BI & PD Liab	25/50/10	a, c
NY	BI & PD Liab, PIP, UM	25/50/10 (9)	a, d
NC	BI & PD Liab, UM, UIM (10)	30/60/25	a, d
ND	BI & PD Liab, PIP, UM, UIM	25/50/25	c
OH	BI & PD Liab	25/50/25	a, c
OK	BI & PD Liab	25/50/25	a, c, d
OR	BI & PD Liab, PIP, UM, UIM	25/50/20	a, c
PA	BI & PD Liab, PIP	15/30/5	a
RI	BI & PD Liab	25/50/25 (5)	d
SC	BI & PD Liab, UM	25/50/25	a, d
SD	BI & PD Liab, UM, UIM	25/50/25	a
TN	BI & PD Liab	25/50/15 (5)	a, d
TX	BI & PD Liab	30/60/25	a, d
UT	BI & PD Liab, PIP	25/65/15 (5)	d
VT	BI & PD Liab, UM, UIM	25/50/10	c
VA	BI & PD Liab (11), UM, UIM	25/50/20	a, b, c, d
WA	BI & PD Liab	25/50/10	a
WV	BI & PD Liab, UM	25/40/10	a, d
WI	BI & PD Liab, UM, UIM	25/50/10	a
WY	BI & PD Liab	25/50/20	c, d