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HOUSE OF REPRESENTATIVES

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February 15, 2018

2104 Increasing the Bodily Limits and Altering the Offset Provisions

Ladies and Gentlemen,

Here is the minority report from Representative Hodge re: HB 2104.

I respectfully offer a different opinion from my other colleagues on this subcommittee. After participating in the subcommittee process, the Committee has even more information showing this bill is long overdue.

1. How many Kansans have the minimum limits?
 - a. 13% of drivers
 - b. This result in a \$30-\$50 increase in their premium per year.
2. Will motor vehicle liability bodily injury (BI) insurance premiums increase?
 - a. Policy holders with prudent policy limits like \$100k/\$300k will not be affected.
 - b. There are only 1700 High risk policy holders. They may see a premium increase, but that will depend on the company.
3. Will this cause people to not be insured?
 - a. In total, in the eight (8) states where the limits have been increased during 2007 and 2014, the overall number of uninsured drivers decreased by 1.3%
4. When was the last time the limits were adjusted and how does that compare with inflation?
 - a. The \$25k/\$50k limits were set in 1981
 - b. CPI would place the limits at \$67k/\$135k
 - c. Medical CPI would place the limits at \$143k/\$286k
 - d. Food and beverages up 167%, Housing up 178%, Transportation up 116%
 - e. Wages up by 3.7% per year.
 - f. Yet this stays the same

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5. Who is hurt by these limits?
 - a. The folks who have higher bills than the minimums
 - i. We've heard all the stories
 - b. Medical insurance companies that have to pay the difference
 - i. If it's Blue Cross Blue Shield, then they will have increased costs
 - ii. If it is Medicare or Medicaid, then they will have increased costs
 - iii. If there is no insurance, then the hospital is going to lose the cost of their care
6. UIM offset
 - a. I am in agreement with the committee regarding this portion of the bill.
 - b. However, if you are injured and your UIM must be invoked, that may result in your premium going up, even though you did not cause the accident. I would not be opposed to a measure that prevented that result.
 - c. I also do not believe the fundamental logic that Kansans would not get the benefit of the premium they purchased due to the law. However, the industry has spoken.
7. Solutions
 - a. I would propose the BI portion of this bill be separated from the offset portion of the bill and that both bills be approved for passage.