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# Sneed Law Firm, LLC

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## Memorandum

To: The Honorable Rick Wilborn, Chair  
Senate Judiciary Committee

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

Date: February 19, 2019

RE: SB 78

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. I am appearing today on behalf of my client to convey our support of SB 78.

Litigation over the assignment of rights in insurance policy claim payments has become a disturbing trend around the U.S. In some states, notably Florida, such litigation (or the threat of litigation) has led to dramatic upward pressure in claims payouts for situations such as water losses or windshield repairs, which in turn has caused premium rates to climb rapidly. It has typically been a small handful of aggressive players in the repair industry, along with partnering lawyers, who have driven this trend.

Many states, having observed the problems in Florida and elsewhere, are trying to get ahead of the problem by enacting common-sense reforms that are aimed at curbing troublesome practices while allowing ethical operators to continue with historic practices.

SB 78 is focused on property insurance policies in Kansas and would require consumer-friendly disclosures to people who are engaging repair or clean-up providers to do work on their homes. Among the prohibitions in the bill is a rule that affected providers may not make promises or

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representations as to what may or may not be covered by an insurance policy for a particular work project. In addition, the bill allows a cooling-off period so that the consumer can cancel the assignment within a reasonable time if they should change their minds.

SB 78 is in keeping with changes in law undertaken in neighboring states and around the country to ensure a healthy and fair insurance market into the future.

Based on the above, we respectfully request that when this Committee takes action on SB 78, it passes SB 78 favorably.

I am happy to answer questions at your convenience.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'WWS', with a stylized flourish at the end.

William W. Sneed

WWS:kjb