



DATE: January 31, 2024

TO: The Honorable Susan Humphries
Members of the House Committee on Judiciary

FROM: Beth Smoller, General Counsel
Kansas Association of Insurance Agents

RE: HB 2510; regarding third party financing of lawsuits

The Kansas Association of Insurance Agents (KAIA) is a statewide association of independent insurance agents. It has approximately 320-member insurance agencies with more than 2,200 licensed independent insurance agents throughout the state of Kansas. Thank you for the opportunity to submit written testimony in support of HB2510, which would allow a party to *“obtain discovery of the existence and content of any third-party agreement under which any person, other than an attorney representing a party, has agreed to pay expenses directly related to prosecuting the legal claim and has a contractual right to receive compensation that is contingent on and sourced from any proceeds. Information concerning the third-party agreement is not, by reason of disclosure, admissible as evidence at trial.”*

The Kansas Supreme court ruled in 2019 that the state’s statutory cap on non-economic damages was unconstitutional. This decision was a major blow to the state’s business community. Our members, who are small businesses and work for small business clients, support legislative efforts to mitigate the impact of this decision. The new legal environment not limiting economic damages makes businesses especially vulnerable to bogus and abusive litigation. One nuclear jury award would be enough to put a small business out of business and have a chilling effect on other entrepreneurs. As a result of this new climate in Kansas, many business owners are seeing insurance rates increase due to increased exposure and the growing number of cases and settlement amounts.

Our member agents strive to be the leading and most trusted resource for helping individual families and businesses with their insurance needs. As such, KAIA’s mission includes advocating for measures that provide a favorable insurance marketplace and climate that allows Kansans to thrive. We believe HB 2510 helps to achieve this goal.

KAIA is firmly supportive of HB 2510 and we urge the committee to pass the bill out favorably.

