

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 a.m. on February 15, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Lee Wright, Farmers Insurance
Bren Abbott, Farmers Insurance
David Hanson, Kansas Assn. Of Property and
Casualty Insurance Companies in Kansas
and PCI
David Monaghan, American Family Insurance (written only)
Brad Smoot, American Insurance Association (written only)
Bill Sneed, State Farm Insurance Cos. (written only)

Others attending:

See attached list.

The Chair called the meeting to order and introduced the newest committee member, Senator Allen Schmidt, who will be the ranking minority member.

The Chair presented Minutes of February 3, 8, 9, and 10 for committee approval. Senator Steineger moved approval of the minutes. Senator Longbine seconded the motion. Motion was approved.

Hearing on:

SB 136 – No cause of action for recovery of certain losses while operating an uninsured motor vehicle.

Melissa Calderwood, Legislative Research, gave an overview of **SB 136**. She stated **SB 136** would prohibit an individual who does not maintain the required personal injury protection coverage from collecting non-economic damages if the individual sustains injuries in an automobile accident. The bill would apply to individuals whose insurance coverage has been expired for more than 30 days, she said.

Lee Wright, Farmers Insurance, testified in support of **SB 136**. Mr. Wright stated that this bill applies only to non-economic damages. He said only pain and suffering are not covered. He noted that the concept of the legislation is relatively simple. He said if an uninsured driver is involved in a vehicle accident, they would be restricted to recovering only their economic damages against the at-fault driver. Economic damages include expenses for past and future medical care, lost wages, and property damage to the vehicle. The uninsured driver is not eligible to receive compensation for non-economic damages. (Attachment 1)

Lee Wright then introduced Bren Abbott from Farmers Branch Legal Office. He said Mr. Abbott could provide the committee with additional information as his law firm regularly handles motor vehicle accident litigation, including claims involving uninsured motorists.

Mr. Abbott stated that **SB 136** is a bill that limits in two situations when an injured person can make a claim for non-economic losses. The act is relatively simple and is designed to promote two concepts, (1) an individual who owns a vehicle of the type that is required to have insurance, but does not, should not benefit from those who purchase insurance; and (2) an individual who is convicted or pleads guilty to refusing or failing a test for alcohol or drugs following an accident or is convicted of driving under the influence of alcohol or drugs should be allowed to make a claim only for economic damages. Mr. Abbott added that the proposed act appears to reinforce the public policy that we want drivers to be

CONTINUATION SHEET

The minutes of the Financial Institutions & Insurance Committee at 9:30 a.m. on February 15, 2011, in Room 152-S of the Capitol.

insured and at the same time, protect those who make a one-time mistake. It also allows those who follow the law to be fully compensated for their injuries. (Attachment 2)

David Hanson, on behalf of the Kansas Association of Property and Casualty Insurance Companies, testified in support of **SB 136**. Mr. Hanson stated that this bill restricts the type of damages an injured owner or operator of an uninsured vehicle can recover in Kansas in the event of an automobile accident. (Attachment 3)

David Monaghan, American Family Insurance, Brad Smoot, American Insurance Association and Bill Sneed, State Farm Insurance Cos. presented written testimony only in support of **SB 136**.

Meaghan Dalton, Kansas Association for Justice, testified in opposition to **SB 136**. She stated this bill punishes Kansas drivers for failing to maintain mandatory auto coverage for at least a year or more and have a break in coverage of greater than 30 days just prior to an auto accident. She said **SB 136** eliminates a legal right to seek recovery of non-economic loss in court, no matter how serious the injuries or how negligent or wrongful the other driver was in causing the accident. She added that this bill will punish more law-abiding Kansans than drivers who intentionally disregard mandatory coverage laws. She said **SB 136** eliminates legal rights to seek recovery of loss in court. She added that this is a punishment that does not fit the crime. (Attachment 4)

The Chair closed the hearing on **SB 136**.

The next meeting is scheduled for February 16, 2011.

The meeting was adjourned at 10:30 a.m.