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February 7, 2017

Representative Jene Vickrey  
Chairman, House Committee on Insurance  
State Capital Building  
300 SW 10<sup>th</sup> Ave. Room 276-W  
Topeka, KS 66612

Re: American Family Insurance's opposition to House Bill 2104

Mr. Chairman and Members:

American Family Insurance insures approximately thirteen percent of the automobiles and homes in the state. We offer insurance products through some 200 appointed producers who reside throughout the state.

We oppose House Bill 2104. The bill would increase the minimum vehicle liability limits, increase the minimum uninsured motorist coverage limits, and unnecessarily broaden the scope of underinsured motorist coverage.

While the vast majority of our policyholders choose to purchase coverage which exceeds the current minimum limits, we believe House Bill 2104 would have an unintended consequence of increasing the number of uninsured drivers in Kansas. The cost of requiring higher minimum limits would be borne by folks who can least afford it. Young drivers, low-income drivers, and high-risk drivers may forego purchasing insurance entirely rather than pay increased premiums resulting from the passage of House Bill 2104.

The bill would modify K.S.A. 40-3107(e), page 3 of the bill, to increase the minimum vehicle liability limits from 25/50/25 to 50/100/25. If this change is adopted, American Family's minimum limits policyholders would face a 13% premium increase.

Although it may not be readily apparent, any increase in the minimum vehicle liability limits would trigger a similar increase in the minimum limits for uninsured motorist coverage. This is due to language in K.S.A. 40-284 (which appears on page 1-2 of the bill) that provides every vehicle liability policy shall include uninsured motorist coverage at limits equal to the minimum vehicle liability limits. Uninsured motorist coverage must also include an underinsured motorist provision with coverage limits equal to the uninsured motorist coverage. Accordingly, House Bill 2104 would increase coverage limits for both uninsured motorist coverage and underinsured motorist coverage from 25/50 to 50/100.

The new language K.S.A. 40-284(b), page 1-2 of the bill, would prohibit the sale of underinsured motorist products in which the protection is modified based on the other driver's liability limits. If this new language became law, consumers would have more protection in accidents with underinsured drivers than accidents with uninsured drivers. For example, a driver and his/her passengers would have a minimum of 100/200 in protection for bodily injury when involved in an accident with an underinsured motorist; i.e., at least 50/100 from the other driver's liability coverage plus 50/100 from the driver's underinsured motorist coverage; however, the same driver and her/his passengers would have only 50/100 in coverage for bodily injury when involved in an accident with an uninsured motorist.

Uninsured and underinsured drivers pose the same threat to the public and most consumers would likely choose to obtain the same level of protection for accidents with uninsured and underinsured drivers. This bill would force consumers to purchase more protection for accidents with underinsured drivers than uninsured drivers.

In conclusion, House Bill 2104 would double the vehicle liability limits for bodily injury, double the uninsured motorist limits, and unnecessarily broaden underinsured motorist coverage. The current minimum automobile insurance limits in Kansas are in line with most states and should remain the same.

We urge you to oppose House Bill 2104. Thank you for the opportunity to provide this information to the committee.

David Monaghan