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STATEMENT OF BRAD SMOOT  
LEGISLATIVE COUNSEL, THE AMERICAN INSURANCE ASSOCIATION  
HOUSE INSURANCE COMMITTEE  
REGARDING 2015 HB 2249  
February 11, 2015  
(WRITTEN ONLY)

Mr. Chairman and Members:

Thank you for this opportunity to comment on HB 2249 on behalf of the American Insurance Association. AIA is a trade group of more than 300 member insurance companies who write commercial, general liability, auto, home, life and workers compensation insurance in all 50 states. Our members include companies that are household names, employ thousands of Kansans and may even insure your family or business.

AIA supports innovation in commercial transportation such as application-based ride sharing companies and their local drivers. Indeed, many of you and your constituents may already have purchased a ride from these "transportation network companies." These companies are doing extremely well financially and spreading to ever-larger geographic areas. They are now in Kansas.

What many of your constituents may not know is many drivers may not have the right kind of insurance to cover themselves, their passengers, other drivers and pedestrians. Simply put, there are longstanding and well supported differences between private passenger automobile driving and driving for compensation. Those differences are reflected in the distinct auto policies designed to cover each type of driving. Standard personal auto policies, for example, contain a "livery" exclusion that means the policyholders or others affected are not covered by the policy when the vehicle is used for a commercial purpose. This enables private passenger automobiles to pay for only the coverage they need and not pay the extra coverage for commercial activities.

Taxis and limousines have to maintain adequate insurance and we believe that drivers for transportation network companies ought to have some appropriate level of coverage to protect the public. HB 2249 sets up a statutory scheme to close the coverage gap so that this new type of transportation mechanism can prosper without shifting the costs of their business to other drivers or the public.

Companies like Uber, Lyft and Sidecar have created something new and increasingly popular. They have truly created a "new way to hail a cab." These wildly successful companies should not be allowed to set their drivers in motion without adequate insurance coverage. The public deserves to be protected and Kansas insurance laws need to adapt to the times by enacting HB 2249. Thank you for considering our views.