



Insurance Agents & Brokers of Pennsylvania

**Testimony of Insurance Agents and Brokers of Pennsylvania
Before the House Insurance and Transportation Committees
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Regarding HB 1258 and SB 928

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Good morning Chairwoman Pickett, Chairman Taylor, members of the committee, and staff. My name is Lauren Brinjac and I am the government affairs director for Insurance Agents & Brokers of Pennsylvania (IA&B). With me today is Greg Gunn of Gunn-Mowery, LLC located in Lemoyne. Greg is a licensed insurance producer and past chair of our board of directors. Also here is Jason Ernest, Esq., deputy CEO of IA&B.

We would like to thank the committee for holding this important public hearing on increasing Pennsylvania's minimum auto insurance liability limits and we're happy to voice our support for the two pieces of legislation before you.

IA&B is a professional trade association for independent insurance agents in Pennsylvania. Our membership is comprised of approximately 1,100 member agencies located throughout the state, representing a cross-section of large and small businesses providing primarily property and casualty insurance coverage to their clients.

In communicating regularly with our member agencies, it is clear that agents believe that the current minimum limits in Pennsylvania are far too low and are well overdue for an increase. Costs for vehicle repairs, medical services, and emergency services have increased considerably over the last 42 years while minimum required liability limits haven't been touched. Minimum auto limits were originally meant to ensure that an injured party would be made whole again after an accident, but with Pennsylvania's current minimum coverage levels, this is not possible.

Our members' concerns with the current limits in Pennsylvania are not unfounded. As you can see from the attached list, the Commonwealth has the second lowest minimum coverage levels in the country. Although we've heard the arguments that higher limits will raise premiums considerably and lead to an increase in drivers dropping coverage altogether, when we look nationwide, we haven't found any basis for this assumption. Since 2007, 12 states have been proactive in ensuring that their citizens are properly covered by raising their minimum coverage limits, but Pennsylvania remains behind the curve.

Now I'll turn things over to Greg, as he can provide firsthand knowledge and insight into the problems the current level of minimum auto limits causes.

Good morning. My name is Greg Gunn and I am a licensed insurance agent in Pennsylvania and managing partner of Gunn-Mowery located in Lemoyne.

As a licensed agent, I can personally confirm the need for the current minimum coverage limits to be addressed by the legislature. Increasing minimum limits provides all Pennsylvania residents with a much better, and safer, level of protection. Our current limits are dangerously low. Independent agents, like myself, understand the inadequacy of these minimum coverage amounts and we routinely advise our clients to choose higher, more appropriate levels of coverage.

This is not an attempt by agents to sell more expensive policies. The fact of the matter is that the cost of buying additional coverage is often minimal, especially in relation to the increased protection it provides. Although it may be tempting for drivers to buy minimum limits coverage in an attempt to save a few dollars on their premiums, in reality, they are putting both their fellow citizens and themselves in a very vulnerable situation. Drivers who don't have enough liability insurance to cover amounts owed after a car accident risk having to make up the difference using their personal income and assets. With the average cost of a new car over \$30,000, anyone who has been in even a minor fender-bender can attest to the fact that the current property damage coverage limit of \$5,000 does not go far at all when repairing damage to a vehicle, let alone any additional property destroyed in an accident.

We can't escape the fact that there are certain costs involved in exercising one's privilege to drive: the cost of buying and maintaining a vehicle, the cost of gas, and the cost of adequate insurance. There is a good reason that no one can drive – at least not legally – without auto insurance. Our motor vehicle financial responsibility law was put in place to enforce personal responsibility. That is to say, a driver must be capable of providing the compensation necessary to make whole again an injured party after an accident, regardless of the size and scope of an

accident. Appropriate minimum limits should not be decided by simply looking at the average cost of a claim in today's market without taking into consideration the true costs of a catastrophic accident – these are the situations in which adequate insurance matters most.

Today, the burden is shifted to our responsible consumers' uninsured and underinsured motorist coverage to protect them against minimally insured drivers who should be required to carry higher limits reflecting the actual risk in the event of an accident. We agents believe that responsible, adequately insured drivers should not have to pay for their own liability and the anticipated lack of these drivers' insurance.

In closing, current minimum limits in Pennsylvania are simply behind the times and we fully support raising these limits as outlined in Senate Bill 928 and House Bill 1258 and we urge the legislature to address this issue as soon as possible.

Thank you again, chairmen and committee members, for your willingness to examine this issue. Jason, Lauren, and I are happy to answer any questions you may have.

MINIMUM AUTO LIMITS ARRANGED HIGHEST TO LOWEST BY STATE

(as of April 2016)

1.	Alaska 50/100/25	34.	New York 25/50/10
2.	Maine 50/100/25	35.	Vermont 25/50/10
3.	North Carolina 30/60/25	36.	Washington 25/50/10
4.	Texas 30/60/25	37.	Wisconsin 25/50/10
5.	Maryland 30/60/15	38.	Iowa 20/40/15
6.	Minnesota 30/60/10	39.	Connecticut 20/40/10
7.	Utah 25/65/15	40.	Hawaii 20/40/10
8.	Alabama 25/50/25	41.	Michigan 20/40/10
9.	Arkansas 25/50/25	42.	Massachusetts 20/40/5
10.	Georgia 25/50/25	43.	Louisiana 15/30/25
11.	Indiana 25/50/25*	44.	Arizona 15/30/10
12.	Mississippi 25/50/25	45.	Delaware 15/30/10
13.	New Hampshire 25/50/25	46.	Nevada 15/30/10
14.	Nebraska 25/50/25	47.	California 15/30/5
15.	North Dakota 25/50/25	48.	New Jersey 15/30/5
16.	Ohio 25/50/25	49.	Pennsylvania 15/30/5
17.	Oklahoma 25/50/25	50.	Florida 10/20/10
18.	Rhode Island 25/50/25		
19.	South Carolina 25/50/25		
20.	South Dakota 25/50/25		
21.	West Virginia 25/50/25		
22.	Illinois 25/50/20		
23.	Montana 25/50/20		
24.	Oregon 25/50/20		
25.	Virginia 25/50/20		
26.	Wyoming 25/50/20		
27.	Colorado 25/50/15		
28.	Idaho 25/50/15		
29.	Tennessee 25/50/15		
30.	Kansas 25/50/10		
31.	Kentucky 25/50/10		
32.	Missouri 25/50/10		
33.	New Mexico 25/50/10		

*Effective July 1, 2017