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In Support of House Bill 331 and Senate Bill 148

I recently became aware of these two bills before the state legislature. After familiarizing myself with the content of the bills I felt I had to send a statement of support for them. I have been in the insurance industry on the agency side for over 25 years and have witnessed the explosion of injury claims. It seems to have gotten much worse over the last five or so years as the number of traffic collisions has increased for a number of reasons best left for other legislation to possibly deal with. That being said, here are my observations about the damage from that.

I have seen just in my own agency the number of crash reports that have come in where on the report the boxes indicating "no injury" have been checked. Many times when one of our insureds calls in a claim they will say that the other party claimed no injury at the scene. Then about three days later on average we get the "letter of representation" from one of the local "ambulance chaser" firms claiming injury for their client and wanting to get claim information. In years past, insurance companies would vigorously challenge these claims and would even go to court if need be to try to repel the fraudulent claim. Unfortunately, in today's society, juries are reluctant to side with the "wealthy" insurance company against a poor injured sole that has been well coached to appear a pitiful as possible. Eventually, insurance companies got tired of spending the money fighting and ultimately losing cases they should have won.

Fast forward to today and we see insurance companies are loath to spend money fighting because of the lessons they learned early on. The dirty truth that you won't find documented anywhere is most companies have a threshold of pain at \$10,000 and above. Anything less and they will just pay it because they have decided that it will cost as much to defend it as to just settle it. The personal injury lawyers have learned this and have figured out they can make money with it. They used to go for the big payouts with bigger injuries. Now, all they have to do is pay to get access daily to the previous days crash reports and they have "boiler room" phone banks that telemarket the participants and convince them they can get them paid if they say they are injured. They also mail out slick ads that are designed to convince folks that have been in a crash they have a winning lottery ticket. And let us not forget that you can't drive down a

highway in this state and not see billboards paid for by these same firms painting the insurance companies as a foe to be crushed if only the person will call.

This has proven to be a lucrative market for them. They know they can get close to \$10,000 for the "injury" without providing much documentation more than a demand letter they get to keep 30% so every time they send out a demand letter and a company settles without a fight they make about \$3,000 and they got their client \$7,000. That's a pretty good day's work.

Now, we aren't done yet. There is still the impact to the person whose insurance paid out that money. That person will pay higher insurance rates and might even lose their coverage. The insurance industry spends millions a year on claims they don't owe. That makes them less profitable and that causes them to raise their rates. When all the companies are doing this it causes rates in our state to rise unnecessarily which puts a burden on all of us but the low income people most of all. When they are impacted with rates they can't afford they drive without insurance and then we all pay the price. The numbers of people driving uninsured in this state are very high.

Any legislative relief that would cut down on the frivolous and fraudulent abuse of the insurance industry by the personal injury attorney industry would benefit all insurance customers in this state. It would ultimately result in lower rates for everyone and may even make it more affordable to those without insurance.

Sincerely,

Hal Kresser