

WRITTEN TESTIMONY IN SUPPORT OF SB55

Before the Kansas Senate Committee on Financial Institutions and Insurance

Chairman Dietrich and members of the committee. My name is Tony Kimmi, and I am the Property Casualty Claims Vice President at Farm Bureau Financial Services. Thank you for the opportunity to submit testimony **in favor of SB55** which prohibits Assignment of Benefits (AOB) in residential and commercial property claims.

Kansas currently regulates post-loss AOBs through K.S.A. § 50-6,143, which limits residential-contractor AOBs to co-payee only and requires specific disclosures. This framework reflects longstanding concerns that unrestricted AOBs expose homeowners and insurers to abuse.

Experiences in other states—most notably Florida—demonstrate that broad AOB rights create runaway claim inflation, excessive litigation, fraud, and ultimately market destabilization. Kansas should oppose expanding AOBs because the practice introduces significant moral hazard and weakens consumer protections. When homeowners transfer claim rights to contractors, those contractors gain control over claim valuation and payment. This shift incentivizes inflated invoices, unnecessary work, and the exploitation of insurance payments, since contractors seek direct payment regardless of quality or efficiency. This loss of homeowner oversight erodes cost discipline and reduces accountability for contractors.

To preserve market stability and protect consumers, Kansas should maintain and strengthen existing AOB restrictions. This includes continuing to prohibit full post-loss assignments to contractors, ensuring strong consumer disclosures and cancellation rights in co-payee arrangements, and preventing contractors from negotiating or handling insurance claims ultimately acting as a public adjuster. These measures will safeguard Kansas homeowners from higher premiums, increased litigation, and diminished repair quality.

In consideration of these thoughts, I respectfully ask for your **support for SB55**.