



**Insurance Agents
& Brokers**

Testimony of Insurance Agents and Brokers of Pennsylvania

**Before the Senate Banking & Insurance Committee
June 21, 2021**

Regarding SB 676

**Lauren E. Brinjac
Government Affairs Director
Insurance Agents & Brokers of Pennsylvania**

And

**Chris Miller, CIC
Owner
Miller Insurance Protection Team in Jonestown, PA**



Good morning Chairman DiSanto, members of the committee, and staff. My name is Lauren Brinjac and I am the government affairs director for the Insurance Agents & Brokers of Pennsylvania (IA&B). With me today is Chris Miller, member of IA&B's board of directors and owner of Miller Insurance located in Lebanon County.

IA&B is a professional trade association for independent insurance agents in Pennsylvania. Our membership is comprised of nearly 900 member agencies and their 8,000-plus employees located throughout the state, representing a cross-section of large and small businesses providing all lines of insurance coverage to their clients.

We would like to thank the committee for holding this meeting on Senate Bill 676, which would repeal the stacking provision in the Motor Vehicle Financial Responsibility Law (MVFRL), and we are happy to voice our support for this legislation.

There is no shortage of questions and concerns that arise when it comes to uninsured motorist (UM), underinsured motorist (UIM) coverage and stacking. UM/UIM coverage is designed to compensate for at-fault drivers who drive without sufficient insurance limits, or without insurance at all. Current Pennsylvania law prohibits you, an insured, from selecting UM/UIM limits that are higher than the limits you selected to cover your liability for injuring others. However, this changes if you have multiple vehicles and are paying a UM/UIM premium for each, as the law gives you the ability to add together (or "stack") the UM/UIM coverage limits for all the vehicles insured under the policy, thereby increasing the amount of coverage to which you have access.

In communicating regularly with our member agencies, it is clear that agents believe stacking is both confusing to the consumer and burdensome for agents. The elimination of stacking would simplify the purchase of UM/UIM coverage for all parties, while still allowing consumers to purchase an appropriate level of coverage.

I would also like to note that Pennsylvania's current artificially low minimum liability limits -- the second lowest in the country -- increase reliance on UIM coverage, shifting more of the financial responsibility to those with adequate insurance to pay for their own liability as well as for the underinsured's. We believe that both increasing the minimum coverage a driver is required to carry as well as eliminating the practice of stacking would go far to make the purchase of auto insurance policies in Pennsylvania fairer and more consumer-friendly.

Now I will turn things over to Chris, as he can provide you with his firsthand knowledge and insight as a licensed insurance producer and agency owner.

Good morning. My name is Chris Miller and I am a licensed insurance agent in Pennsylvania and owner of Miller Insurance Protection Team located in Jonestown.

The ability of Pennsylvania residents to stack uninsured and underinsured motorist coverage has, and continues to present many concerns. Most surround the expectations and operational understanding of this coverage.

The limits of coverage provided by an auto insurance policy via a stacking provision may seem clear on paper; however, many insureds are confused when they learn that the number of vehicles on an auto insurance policy can alter the limits they have chosen. As a tenured agency owner and producer, I would have to agree that it is somewhat illogical. Countless hours are spent counseling and educating clients on carrying limits of coverage that best protect them, and all parties to the transaction win when this is done successfully. But the reality is that in the present environment, this can be undone with a transaction as simple as the addition or removal of a vehicle from the policy. In fact, an insured can effectively lose fifty percent of their benefit via the sale of a vehicle. Surely, they could be re-counseled at the time of the transaction, but in practice, clients who are actively in the auto purchase or sales process do not give attention to the matter when it is discussed. This leaves great potential for the existence of undesired limits. Consequentially, this creates an undue burden on the licensed

professional to ensure that the insured (who seems to be uninterested) has selected appropriate limits and understands the matter prior to the occurrence of a loss.

Secondly, the application of stacking waivers in Pennsylvania is nebulous. Recent case law has made this even more so. As an independent insurance agent, we work with numerous insurance carriers. Today, it is not abnormal to have those carriers each interpret the law differently and advise waivers are or are not needed at inconsistent transaction points. This creates large scale confusion for the insurance professional and a great risk of future errors and omission claims. Additionally, it creates a lack of trust between the insured and agent when there is uncertainty surrounding the matter.

Insurance is very confusing to the consumer. The elimination of the present stacking option essentially moves us to a what-you-see-is-what-you-get model. It simplifies, it makes insurance more consumer friendly, and does so without great risk.

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