

Honolulu, Hawaii
March 18, 2016

RE: S.B. No. 2684
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Transportation, to which was referred S.B. No. 2684, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to preserve alternative forms of transportation services available to consumers while affording consumers the protection of law by establishing motor vehicle insurance requirements for transportation network companies and drivers for transportation network companies.

The Hawaii Insurers Council, Charley's Taxi, and the National Association of Mutual Insurance Companies testified in support of this measure. The Hawaii Transportation Association, GEICO, USAA, and Property Casualty Insurers Association of America testified in support of the intent of this measure. The Hawaii Association for Justice, Uber Technologies-Hawaii, and Lyft testified in opposition to this measure. The Department of Commerce and Consumer Affairs and Department of the Attorney General provided comments on this measure.

Transportation network companies are operating across the country, including in Hawaii, and have expanded transportation options to the benefit of the public. A transportation network company uses a digital network or software application service to connect passengers to drivers. While the public is receptive to

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this innovation in transportation services, transportation network companies are not licensed or regulated in Hawaii and, therefore, the public is not afforded the full and necessary protection of law when doing business with a transportation network company.

Your Committee finds that particular concerns have been raised about potential gaps in motor vehicle insurance coverage associated with transportation network companies. Your Committee finds that this measure establishes responsible insurance requirements for the transportation network industry in Hawaii and protects consumers while preserving this alternative form of transportation.

While your Committee finds that this measure works to address insurance concerns regarding transportation network companies, your Committee finds that further regulation of the overall operations of transportation network companies, transportation network activities, and transportation network drivers may be necessary. However, your Committee finds that this is better accomplished on the county level. Accordingly, your Committee has amended this measure by providing counties with the explicit authority to regulate transportation network companies, transportation network company activities, and transportation network company drivers.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

Your Committee notes that concerns were raised during the public hearing on this measure about what exactly constitutes transportation network company activity and whether or not the definition contained in this measure is adequate. Your Committee respectfully requests the Committees on Judiciary and Consumer Protection and Commerce to consider this matter should this measure be further deliberated.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2684, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2684, S.D. 1, H.D. 1, and be referred to your Committees on Consumer Protection & Commerce and Judiciary.



Respectfully submitted on
behalf of the members of the
Committee on Transportation,



HENRY J.C. AQUINO, Chair



