

STAND. COM. REP. NO.

2527

Honolulu, Hawaii

MAR 03 2016

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 2684 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to establish motor
vehicle insurance requirements for transportation network
companies and transportation network company drivers.

Your Committee received testimony in support of this measure
from USAA, Hawaii Insurers Council, National Association of Mutual
Insurance Companies, and Property Casualty Insurers Association of
America. Your Committee received testimony in opposition to this
measure from the Hawaii Association for Justice; Uber
Technologies, Inc.; and Lyft. Your Committee received comments on
this measure from the Department of Commerce and Consumer Affairs.

Your Committee finds that transportation network companies
are entities that use a digital network or software application
service to connect passengers with transportation network company
drivers. Your Committee further finds that concerns have been
raised about potential gaps in motor vehicle insurance coverage
associated with transportation network companies. In response, by
the end of 2015, twenty-nine states had enacted legislation to
establish insurance requirements covering transportation network
company activity. This measure protects transportation network
company drivers, their passengers, and the public by establishing
responsible insurance requirements for the transportation network



company industry in Hawaii, including requiring transportation network companies to have primary insurance coverage that specifically covers transportation network company activity; providing clear guidelines for transportation network company activity; and requiring claims cooperation by transportation network companies.

Although your Committee has heard testimony requesting the adoption of the National Conference of Insurance Legislators' Transportation Network Company Model Act, rather than the insurance requirements proposed by this measure, your Committee notes that Hawaii was not a party to the discussion surrounding the development of the national model. Your Committee concludes that motor vehicle insurance requirements for the transportation network company industry that are tailored to Hawaii's unique market are more appropriate at this time.

Your Committee notes that interested stakeholders have been engaged in discussions regarding this measure, including discussions regarding Hawaii's mandated motor vehicle insurance coverages and concerns related to a possible waiver of rights for passengers who take prearranged rides with a transportation network company driver. After discussions, the interested stakeholders reached an agreement on some language. Your Committee therefore finds that amendments to this measure are necessary to incorporate that language.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying the duration of transportation network company fare, including specifying that the fare concludes when a passenger exits a transportation network company driver's vehicle; provided that when the transportation network company driver is still available for application-generated rides, the driver shall continue to be covered by the transportation network company's motor vehicle insurance;
- (2) Clarifying the motor vehicle insurance requirements that shall be in effect during transportation network company activity, including:
 - (A) Uninsured and underinsured motorist coverage offers and uninsured and underinsured motorist coverage stacking options;

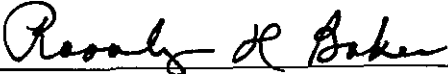


- (B) Personal injury protection coverage; and
- (C) Offers of required optional insurance coverages;
- (3) Clarifying the motor vehicle insurance policy requirements applicable during transportation network company activity;
- (4) Requiring a transportation network company insurance carrier to be licensed to do business as a motor vehicle insurance company in Hawaii;
- (5) Specifying that agreements between a transportation network company or transportation network company driver and a passenger that purport to disclaim liability, waive any claim or right to file a lawsuit, or require a passenger to defend, indemnify, or hold harmless a transportation network company or transportation network company driver shall not be valid or enforceable in Hawaii;
- (6) Specifying that this measure shall not limit or affect any motor vehicle insurance policy applicable to a passenger, pedestrian, or person other than a transportation network company driver, while the driver is engaged in transportation network company activity;
- (7) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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



Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,




ROSALYN H. BAKER, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2684	CPH	2-24-16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
KIDANI, Michelle N. (VC)	/			
ESPERO, Will	/			
IHARA, Jr., Les	/			
NISHIHARA, Clarence K.	/			
RUDERMAN, Russell E.	/			
SLOM, Sam				✓
TOTAL	6			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes