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# A BILL FOR AN ACT

RELATING TO TRANSPORTATION NETWORK COMPANIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to be appropriately designated and to read  
3 as follows:

4 "CHAPTER

5 TRANSPORTATION NETWORK COMPANIES

6 § -1 Definitions. As used in this chapter:

7 "Transportation network company" means an entity that uses  
8 a digital network or software application service to connect  
9 passengers to transportation network company drivers; provided  
10 that the entity:

11 (1) Does not own, control, operate, or manage the vehicles  
12 used by transportation network company drivers; and

13 (2) Is not a taxicab association or a for-hire vehicle  
14 owner.

15 "Transportation network company activity" means the period  
16 of time when the transportation network company driver logs onto  
17 the transportation network company's digital network or software  
18 application service until the moment the transportation network



1 company driver logs off the digital network or software  
2 application service or until the ride is complete and the  
3 passenger exits the transportation network company driver's  
4 vehicle, whichever is later.

5 "Transportation network company driver" means an individual  
6 who operates a motor vehicle used to transport a passenger  
7 between points chosen by the passenger and prearranged through a  
8 transportation network company, and that is:

- 9 (1) Owned, leased, or otherwise authorized for use by the  
10 individual;
- 11 (2) Not a taxicab or for-hire vehicle; and
- 12 (3) Used in transportation network company activity.

13 **§ -2 Relation to other laws.** Neither a transportation  
14 network company nor a transportation network company driver  
15 shall be deemed to be a common carrier by motor vehicle, a  
16 contract carrier by motor vehicle, a motor carrier as defined in  
17 section 271-4, a taxicab, or a for-hire vehicle service.

18 **§ -3 Permit required.** (a) No person shall operate a  
19 transportation network company in the State without first  
20 obtaining a permit from the public utilities commission.



1 (b) The public utilities commission shall issue a permit  
2 to each applicant that meets the requirements for a  
3 transportation network company as set forth in this chapter and  
4 pays an annual permit fee of \$ to the commission.

5 (c) The public utilities commission may adjust the fee  
6 amount established under subsection (b) through rulemaking  
7 subject to chapter 91.

8 (d) The fees collected under subsections (b) and (c) shall  
9 be deposited into the public utilities commission special fund.

10 § -4 Agent. A transportation network company shall  
11 maintain an agent in the State for service of process.

12 § -5 Duration of activity; fare charged for activity.

13 (a) Transportation network company activity shall be deemed to:

14 (1) Commence when a transportation network company driver  
15 accepts a request for transportation received through  
16 the transportation network company's digital network  
17 or software application service;

18 (2) Continue while the transportation network company  
19 driver transports the passenger in the transportation  
20 network company's vehicle; and



1 (3) Conclude when the passenger exits the transportation  
2 network company driver's vehicle.

3 (b) A transportation network company may charge a fare for  
4 transportation network company activity provided to passengers;  
5 provided that, if a fare is charged, the transportation network  
6 company shall disclose to passengers the fare calculation method  
7 on its website or within the software application service. The  
8 transportation network company shall also provide passengers  
9 with the applicable rates being charged and the option to  
10 receive an estimated fare before the passenger enters the  
11 transportation network company driver's vehicle.

12 § -6 Identification of vehicles and drivers. The  
13 transportation network company's software application or website  
14 shall display a picture of:

- 15 (1) The transportation network company driver; and  
16 (2) The license plate number of the motor vehicle being  
17 used for providing the transportation network company  
18 activity,  
19 before the passenger enters the transportation network company  
20 driver's vehicle.



1           **§ -7 Electronic receipt.** Within a reasonable period of  
2 time following the completion of a trip, a transportation  
3 network company shall transmit an electronic receipt to the  
4 passenger that specifies:

- 5           (1) The origin and destination of the trip;  
6           (2) The total time and distance of the trip;  
7           (3) An itemization of the total fare paid, if any; and  
8           (4) The information required by section -6.

9           **§ -8 Transportation network company and transportation**  
10 **network company driver; insurance requirements.** (a) A  
11 transportation network company shall disclose in writing to  
12 transportation network company drivers, as part of the  
13 transportation network company's agreement with those drivers:

- 14           (1) The insurance coverage and limits of liability that  
15           the transportation network company provides while the  
16           transportation network company driver uses a vehicle  
17           during transportation network company activity; and  
18           (2) That the transportation network company driver's  
19           personal automobile insurance policy will not provide  
20           any required or optional coverage because the



1            transportation network company driver uses a vehicle  
2            during transportation network company activity.

3            (b) A transportation network company and any  
4            transportation network company driver shall maintain a primary  
5            commercial motor vehicle insurance policy that shall be in  
6            effect during transportation network company activity. The  
7            primary commercial motor vehicle insurance required under this  
8            section shall include:

9            (1) Primary liability coverage of not less than \$100,000  
10            per person, with an aggregate limit of \$200,000 per  
11            accident, for all damages arising out of accidental  
12            harm sustained as a result of any one accident and  
13            arising out of ownership, maintenance, use, loading,  
14            or unloading of a motor vehicle;

15            (2) Primary liability coverage of not less than \$50,000  
16            for all damages arising out of damage to or  
17            destruction of property including motor vehicles and  
18            including the loss of use thereof, but not including  
19            property owned by, being transported by, or in the  
20            charge of the insured, as a result of any one accident



1 arising out of ownership, maintenance, use, loading,  
2 or unloading, of the insured vehicle;

3 (3) Uninsured and underinsured motorist coverage for the  
4 transportation network company driver and passengers  
5 that shall be equal to the primary liability limits  
6 specified in paragraphs (1) and (2);

7 (4) Personal injury protection coverage in an amount that  
8 meets the requirements of section 431:10C-103.5 and  
9 shall be equal to or greater than the coverage limits  
10 for the personal automobile insurance maintained by  
11 the vehicle's owner and reported to the transportation  
12 network company; and

13 (5) Collision and comprehensive coverage limits for the  
14 transportation network company driver's vehicle that  
15 shall be equal to or greater than the coverage limits  
16 for the personal automobile insurance maintained by  
17 the vehicle's owner and reported to the transportation  
18 network company.

19 (c) The requirements for the coverage specified in  
20 subsection (b) may be satisfied by any of the following:



- 1 (1) Motor vehicle insurance maintained by a transportation  
2 network company driver, but only if the transportation  
3 network company verifies that the policy is maintained  
4 by the transportation network company driver and is  
5 specifically written to cover the transportation  
6 network company driver's use of a vehicle in  
7 connection with a transportation network company's  
8 online-enabled application or platform;
- 9 (2) Motor vehicle insurance maintained by a transportation  
10 network company; or
- 11 (3) Any combination of paragraphs (1) and (2).
- 12 (d) The insurer providing insurance under this section  
13 shall have the duty to defend and indemnify the insured.
- 14 (e) Coverage under a transportation network company  
15 insurance policy shall not be dependent on a personal automobile  
16 insurance policy first denying a claim nor shall a personal  
17 automobile insurance policy, including a personal liability  
18 umbrella policy, be required to first deny a claim.
- 19 (f) In every instance where motor vehicle insurance  
20 maintained by a transportation network company driver to fulfill  
21 the insurance obligations of this section has lapsed or ceased





1 to exist, the transportation network company shall provide the  
2 coverage required by this section beginning with the first  
3 dollar of a claim.

4 (g) Nothing in this section shall be construed to require  
5 a personal automobile insurance policy to provide primary or  
6 excess coverage during transportation network company activity.  
7 During transportation network company activity, and  
8 notwithstanding any other law to the contrary, the following  
9 shall apply:

10 (1) The transportation network company driver's or the  
11 vehicle owner's personal automobile insurance policy  
12 shall not be required to provide, nor shall it  
13 provide, any coverage to any person or entity unless  
14 the policy expressly provides for that coverage during  
15 transportation network company activity, with or  
16 without a separate charge, or the policy contains an  
17 amendment or endorsement to provide coverage for  
18 transportation network company activity, for which a  
19 separately stated premium is charged; and

20 (2) The transportation network company driver's or the  
21 vehicle owner's personal automobile insurance policy



1 shall not have the duty to defend or indemnify for the  
2 driver's activities in connection with the  
3 transportation network company, unless the policy  
4 expressly provides otherwise for transportation  
5 network company activity, with or without a separate  
6 charge, or the policy contains an amendment or  
7 endorsement to provide coverage for transportation  
8 network company activity, for which a separately  
9 stated premium is charged.

10 (h) Notwithstanding any other law to the contrary, a  
11 personal automobile insurer may, at its discretion, offer an  
12 automobile liability insurance policy, or an amendment or  
13 endorsement to an existing policy that covers a private  
14 passenger vehicle, station wagon type vehicle, sport utility  
15 vehicle, or similar type of vehicle with a passenger capacity of  
16 eight persons or less, including the driver, while used in  
17 connection with a transportation network company activity if the  
18 policy expressly provides for the coverage of transportation  
19 network company activity, with or without a separate charge, or  
20 the policy contains an amendment or an endorsement to provide



1 coverage for transportation network company activity, for which  
2 a separately stated premium may be charged.

3 (i) In a claims coverage investigation, a transportation  
4 network company or its insurer shall cooperate with insurers  
5 that are involved in the claims coverage investigation to  
6 facilitate the exchange of information, including the provision  
7 of dates and times at which an accident occurred that involved a  
8 transportation network company driver and the precise times that  
9 the transportation network company driver logged on and off the  
10 transportation network company's online-enabled application or  
11 platform.

12 (j) A transportation network company driver of a  
13 transportation network company shall carry proof of insurance  
14 coverage as required by this section within the vehicle at all  
15 times when the vehicle is being used in transportation network  
16 company activity. In the event of an accident, a transportation  
17 network company driver shall provide this insurance coverage  
18 information to any other party involved in the accident, and to  
19 a police officer, upon request.

20 (k) Notwithstanding any other law affecting whether one or  
21 more policies of insurance that may apply with respect to an



1 occurrence is primary or excess, this section shall determine  
2 the obligations under insurance policies issued to  
3 transportation network companies and, if applicable,  
4 transportation network company drivers using a vehicle in  
5 connection with a transportation network company activity.

6       **§ -9 Zero tolerance for drug or alcohol use.** (a) The  
7 transportation network company shall implement a zero tolerance  
8 policy on the use of drugs or alcohol while a transportation  
9 network company driver is providing transportation network  
10 company activity or is logged into the transportation network  
11 company's digital network, even if not providing transportation  
12 network company activity, and shall provide notice of the zero  
13 tolerance policy on its website, as well as procedures for  
14 reporting a complaint about a driver with whom a passenger was  
15 matched and who the passenger reasonably believes was under the  
16 influence of drugs or alcohol during the course of the trip.

17       (b) Upon receipt of a passenger complaint alleging a  
18 violation of the zero tolerance policy, the transportation  
19 network company shall immediately suspend the transportation  
20 network company driver's access to the transportation network  
21 company's digital platform and shall conduct an investigation



1 into the reported incident. The suspension shall last for the  
2 duration of the investigation; provided that the investigation  
3 shall be conducted in a reasonably expeditious manner.

4 (c) The transportation network company shall maintain  
5 records relevant to a reported incident for a period of at least  
6 two years from the date that a passenger complaint is received  
7 by the transportation network company.

8 § -10 Driver requirements. (a) Prior to permitting an  
9 individual to act as a transportation network company driver on  
10 its digital platform, the transportation network company shall:

11 (1) Require the individual to submit an application to the  
12 transportation network company, including information  
13 regarding the individual's address, age, driver's  
14 license, driving history, motor vehicle registration,  
15 motor vehicle insurance, and other information  
16 required by the transportation network company;

17 (2) Conduct, or have a third party conduct, a local and  
18 national criminal background check for each applicant  
19 that shall include:



1 (A) Multi-state/Multi-Jurisdiction Criminal Locator  
2 or other similar commercial nationwide database  
3 with validation (primary source search); and

4 (B) National Sex Offender Registry database;

5 (3) Obtain and review a traffic violations bureau  
6 certified abstract for the individual; and

7 (4) Require the individual to submit evidence of a  
8 physical examination to determine the individual's  
9 health and fitness to act as a transportation network  
10 company driver.

11 (b) The transportation network company shall not permit an  
12 individual to act as a transportation network company driver on  
13 the transportation network company's digital platform who:

14 (1) Has been found to have committed more than three  
15 traffic infractions, as defined in section 291D-2, in  
16 the prior three-year period, other than traffic  
17 infractions involving parking, standing, equipment,  
18 and pedestrian offenses;

19 (2) Has been convicted once in the prior three-year period  
20 for the offense of resisting an order to stop a motor



1 vehicle, reckless driving, or driving with a suspended  
2 or revoked driver license;

3 (3) Has been convicted in the prior seven-year period of  
4 driving under the influence of drugs or alcohol;

5 (4) Has been convicted at any time of fraud, any sexual  
6 offense, any domestic violence offense, use of a motor  
7 vehicle to commit a felony, a crime involving property  
8 damage, theft, acts of violence, or acts of terrorism;

9 (5) Is a match in the National Sex Offender Registry  
10 database;

11 (6) Does not possess a valid driver's license;

12 (7) Does not possess proof of registration or other  
13 authorization for the motor vehicle used to provide  
14 transportation network company activity;

15 (8) Does not possess proof of motor vehicle insurance for  
16 the motor vehicles used to provide transportation  
17 network company activity; or

18 (9) Is not at least twenty-one years of age.

19 § -11 Vehicle safety. The transportation network  
20 company shall require that any motor vehicle that a  
21 transportation network company driver uses to provide



1 transportation network company activity meets the inspection  
2 requirements of section 286-26.

3       §   -12 **No street hails.** A transportation network company  
4 driver shall only accept rides booked through a transportation  
5 network company's digital network or software application  
6 service and shall not solicit or accept street hails.

7       §   -13 **No cash trips.** The transportation network company  
8 shall adopt a policy prohibiting solicitation or acceptance of  
9 cash payments from passengers and notify transportation network  
10 company drivers of the policy. Transportation network company  
11 drivers shall not solicit or accept cash payments from  
12 passengers. Any payment for transportation network company  
13 activity shall be made only electronically, using the  
14 transportation network company's digital network or software  
15 application.

16       §   -14 **No discrimination; accessibility.** (a) The  
17 transportation network company shall adopt a policy of non-  
18 discrimination on the basis of destination, race, color,  
19 national origin, religious belief or affiliation, sex,  
20 disability, age, sexual orientation, or gender identity with





1 respect to passengers and potential passengers and notify  
2 transportation network company drivers of the policy.

3 (b) A transportation network company shall not impose any  
4 additional charges for providing services to persons with  
5 physical disabilities because of those disabilities.

6 (c) A transportation network company shall provide  
7 passengers an opportunity to indicate whether they require a  
8 wheelchair-accessible vehicle. If a transportation network  
9 company cannot arrange wheelchair-accessible transportation  
10 network company activity in any instance, it shall direct the  
11 passenger to an alternate provider of wheelchair-accessible  
12 service, if available.

13 (d) Transportation network company drivers shall comply  
14 with all applicable laws regarding non-discrimination against  
15 passengers or potential passengers on the basis of destination,  
16 race, color, national origin, religious belief or affiliation,  
17 sex, disability, age, sexual orientation, or gender identity.

18 (e) Transportation network company drivers shall comply  
19 with all applicable laws relating to accommodation of service  
20 animals.



1       **§ -15 Records.** (a) A transportation network company  
2 shall maintain:

3       (1) Global positioning system records and electronic  
4 records of transportation network company activity for  
5 each individual trip provided by a transportation  
6 network company driver for at least one year from the  
7 date each trip was provided; and

8       (2) Transportation network company driver records at least  
9 until the one year anniversary of the date on which a  
10 transportation network company driver's activation on  
11 the transportation network company digital network has  
12 ended.

13       (b) Records maintained under to this section shall be made  
14 readily available for purposes of a claims coverage  
15 investigation pursuant to section -8(i) or resolving any  
16 other dispute related to transportation network company  
17 activity.

18       **§ -16 Personally identifiable information.** (a) A  
19 transportation network company shall not disclose a passenger's  
20 personally identifiable information to a third party unless:

21       (1) The passenger consents;



- 1 (2) Disclosure is required by law; or
- 2 (3) Disclosure is required to protect or defend the terms
- 3 of use of the service or to investigate violations of
- 4 those terms.

5 (b) A transportation network company may share a

6 passenger's name or telephone number with the transportation

7 network company driver providing transportation network company

8 activity to the passenger in order to facilitate correct

9 identification of the passenger by the transportation network

10 company driver or to facilitate communication between the

11 passenger and the transportation network company driver.

12 § -17 **Controlling authority.** Notwithstanding any other

13 provision of law, transportation network companies and

14 transportation network company drivers shall be regulated

15 exclusively by this chapter and any rules adopted pursuant to

16 this chapter by the public utilities commission pursuant to

17 chapter 91. No county may impose a tax upon, or require a

18 license for, a transportation network company or a

19 transportation network company driver."

20 SECTION 2. There is appropriated out of the general

21 revenues of the State of Hawaii the sum of \$ or so



1 much thereof as may be necessary for fiscal year 2015-2016 for  
2 the purpose of implementing this Act.

3 The sum appropriated shall be expended by the public  
4 utilities commission for the purposes of this Act.

5 SECTION 3. This Act shall take effect on July 1, 2053.



**Report Title:**

Transportation Network Companies; Transportation Network Company Drivers; Motor Vehicle Insurance; Qualifications; Public Utilities Commission; Permit; Appropriation

**Description:**

Requires the public utilities commission to regulate transportation network companies and transportation network company drivers. Establishes insurance requirements and qualifications for persons who operate or serve as drivers for transportation network companies. Appropriates funds to the PUC. Effective 7/1/2053. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*





**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-EIGHTH LEGISLATURE, 2015**

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**ON THE FOLLOWING MEASURE:**

S.B. NO. 1280, S.D. 2, RELATING TO TRANSPORTATION NETWORK COMPANIES.

**BEFORE THE:**

HOUSE COMMITTEE ON TRANSPORTATION

**DATE:** Wednesday, March 18, 2015                      **TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 309

**TESTIFIER(S):** Douglas S. Chin, Attorney General, or  
Rodney I. Kimura, Deputy Attorney General

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Chair Aquino and Members of the Committee:

The Attorney General submits comments on this bill.

The purpose of this bill is to establish a framework to regulate transportation network companies and transportation network company drivers.

Generally speaking, the regulatory framework in the bill is limited, covering matters such as a permit requirement, the dimensions of transportation network service, insurance requirements, safety mandates, etc.

It is not clear, however, what the Legislature envisions should occur where issues surface after the permit has been issued. For example, the current structure of the bill does not address the rights of the holder of a permit. More importantly, the bill does not address the duties and enforcement power of the Public Utilities Commission, including the power to: (i) suspend, change, transfer, or revoke a permit; (ii) discipline a permittee and impose fines; (iii) address unlawful operations; or (iv) hold hearings, etc.

If the legislative intent is to empower the Commission to fully regulate transportation network companies as well as impose requirements on drivers for transportation network companies, then such typical regulatory provisions need to be added. We are available to work with the Commission or the Legislature's staff on proposed language if the Legislature requests our assistance.

Thank for the opportunity to testify on this matter.

TESTIMONY OF RANDY IWASE  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON  
TRANSPORTATION

MARCH 18, 2015  
10:00 a.m.

**MEASURE:** S.B. No. 1280, S.D. 2

**TITLE:** Relating to Transportation Network Companies

Chair Aquino, Vice Chair LoPresti, and Members of the Committee:

**DESCRIPTION:**

This measure would add a new chapter to Hawaii Revised Statutes (“HRS”) to require the Public Utilities Commission (“Commission”) to issue a permit to each applicant that meets the requirements for a Transportation Network Company (“TNC”) and pays an annual permit fee.

**POSITION:**

The Commission offers the following comments for the Committee’s consideration.

**COMMENTS:**

The Commission notes that taxicab services are exempt from Commission regulation pursuant to HRS § 271-5(3) and are presently regulated under the authority given to the counties pursuant to HRS § 46-16.5(c). It appears to the Commission that TNCs and their drivers engage in similar activities and provide similar services as taxicabs and taxicab drivers. Therefore, the Commission believes that it is appropriate for the counties to have similar authority to regulate TNCs.

However, if it is the will of the Legislature to place the requirements of this chapter under the Commission’s jurisdiction, then the Commission raises some concerns. First, the new chapter only authorizes the Commission to “issue a permit to each applicant that meets the requirements for a transportation network company[.]” After the initial permit has been issued by the Commission it is not clear how the Commission would be able to enforce

this chapter. There are no provisions authorizing the Commission to revoke the initial permit, levy fines, assess penalties, or issue citations for any violation of the requirements of this chapter.

Further, some of the requirements that the Commission would be tasked with verifying are unlike anything the Commission currently oversees. For example, under this chapter, the Commission would be required, among other things, to verify whether TNCs have suspended access to their digital platform for certain drivers, whether TNCs have conducted local and national criminal background checks for each applicant, whether TNCs are actually prohibiting cash payments from passengers, and whether global positioning system records for each individual trip have been kept. The nature of this regulation will require significant resources and funding to hire the personnel, develop the practices, and promulgate the rules to meaningfully enforce this chapter.

Thank you for the opportunity to provide comments on this measure.





March 18, 2015

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION  
ON SB1280 SD2 RELATING TO TRANSPORTATION NETWORK COMPANIES**

Thank you Chair Aquino, and committee members. I am Gareth Sakakida, Managing Director of the Hawaii Transportation Association (HTA) with over 400 transportation related members throughout the state of Hawaii.

HTA supports regulation for all entities who engage in the transportation of passengers for compensation.

To this end, we do support concepts in this bill, but prefer most of the language found in House Bill 1463 HD1 except for the following provisions:

- \* The proposed increase of fines in 271-27 (h) (1) and (2); and
- \* The proposed impoundment of vehicles in 271-27 (k).

Thank you.



WESTERN REGION

1015 K Street

Suite 200

Sacramento, CA 95814

916-442-7617

[www.aiadc.org](http://www.aiadc.org)

**March 16, 2015**

To: Hon. Henry Aquino, Chair, Hon. Matthew LoPresti, Vice Chair and  
Members, House Committee on Transportation

From: Steven Suchil, Assistant Vice President

Subject: SB 1280 SD2 – Transportation Network Companies  
AIA Position: Support

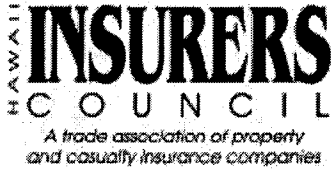
This letter is to inform you that the American Insurance Association (AIA) supports SB 1280 SD2, which relates to Transportation Network Companies (TNCs). This bill will be heard in the House Transportation Committee on March 18, 2015.

AIA is the leading property-casualty insurance trade organization, representing approximately 300 insurers that write more than \$100 billion in premiums each year. AIA member companies offer all types of property-casualty insurance, including personal and commercial auto insurance, commercial property and liability coverage for small businesses, workers' compensation, homeowners' insurance, medical malpractice coverage, and product liability insurance.

SB 1280 would establish oversight for TNCs in the Public Utilities Commission, and provide for insurance and other requirements. This bill includes provisions for TNC insurance coverage during TNC activities – defined as when a TNC application is turned on until it is turned off, allows for flexibility to meet coverage obligations, and establishes protections for personal automobile insurance coverage. Further, TNC drivers will be notified that their personal automobile insurance policies do not cover the commercial activity of carrying passengers. Importantly, TNCs will be required to cooperate with insurers in claims investigations, providing necessary information to resolve claims efficiently and accurately.

Adequate coverage, understanding of the insurance process, and protection of the passengers and the public is essential for TNCs and their drivers, and for the stability of their businesses.

Based on the above, we respectfully urge you to vote Aye on SB 1280.



Pauahi Tower, Suite 2010  
1003 Bishop Street  
Honolulu, Hawaii 96813  
Telephone (808) 525-5877

**Alison H. Ueoka**  
Executive Director

## TESTIMONY OF MICHAEL ONOFRIETTI

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COMMITTEE ON TRANSPORTATION  
Rep. Henry J.C. Aquino, Chair  
Rep. Matthew S. LoPresti, Vice Chair

Wednesday, March 18, 2015  
10:00 a.m.

### **SB 1280, SD 2**

Chair Aquino, Vice Chair LoPresti, and members of the Committee on Transportation, my name is Michael Onofrietti, President of the Hawaii Insurers Council, a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately thirty-six percent of all property and casualty insurance premiums in the state.

The Hawaii Insurers Council **supports** SB 1280, SD 2, which (1) regulates “transportation network companies” and “transportation network company drivers”; (2) establishes motor vehicle insurance requirements for the transportation network company industry that close motor vehicle insurance gaps; and (3) specifies that personal motor vehicle insurance policies do not cover the commercial activities of transportation network companies and their drivers.

The Hawaii Insurers Council still firmly believes that the general public would be best served, and the law would most fairly treat all carriers for hire, if SB 1280, SD 2 were to require that transportation network company drivers maintain commercial motor vehicle insurance **at all times** and at higher mandated limits, rather than only during “transportation network company activity.” However, in the interest of moving this Bill forward, the Hawaii Insurers Council is willing to accept the two-stage insurance model set forth in § -8 of SB 1280, SD 2, rather than no regulation at all.

Under this two-stage insurance model, SB 1280, SD 2 requires the following insurance limits under a primary commercial motor vehicle insurance policy during “transportation network company activity”: \$100,000 per person and \$200,000 per accident for bodily injury liability; \$50,000 per accident for property damage liability; uninsured and underinsured motorist coverages equal to the bodily injury liability limits; and other coverages comparable to the personal automobile insurance policy maintained by the vehicle’s owner.

The Senate Committee on Ways and Means invited additional work on SB 1280, SD 2, expressing concern that drivers could circumvent insurance requirements by “turning off the software application service while operating as a transportation network company driver.” The Hawaii Insurers Council understands that the transportation network companies may have the opposite concern, namely, that the two-stage insurance approach in SB 1280, SD 2 could lead to abuses by drivers who may be motivated to leave their “app” on at all times or during long stretches of time, even during otherwise “personal” time, thereby shifting the insurance burden to the transportation network company and the primary commercial motor vehicle insurance policy.

However, in the Hawaii Insurers Council’s view, these concerns are best left to the transportation network companies to address directly with their drivers. After all, the transportation network company is in the best position to contract against and rectify potential “abuses,” since it is the one – not the insurers – who is responsible for monitoring driver activity and conduct. If transportation network company drivers “abuse” the “app on” system, the transportation network company can and should implement and enforce policies against such “abuse.”

In addition, the concern of the transportation network companies that drivers may “abuse” the “app on” system is ill-founded. A driver’s decision to leave his or her “app” on during long stretches of time can be monitored and we believe *are* being monitored by transportation network companies as they call themselves tech companies.

The Hawaii Insurers Council proposes two amendments that would enhance the purposes and intent of the Bill and afford the public greater protection.

#### Recording Keeping and Production Requirements

The Hawaii Insurers Council believes that the recording keeping time frames set forth in SB 1280, SD 2 are inadequate. Section -15(a)(1) of SB 1280, SD 2 only requires a transportation network company to maintain global positioning system records and electronic records of transportation network company activity for one year.

Section -15(a)(2) only requires a transportation network company to maintain driver records for one year after the driver's activation on the digital network.

Given that the general statute of limitations for bodily injury claims is two years, and the more specific statute of limitations for motor vehicle accident claims is two years after the last payment of Personal Injury Protection Benefits, a one-year recordkeeping requirement is inadequate. The Hawaii Insurers Council proposes that § -15(a)(1) and -15(a)(2) be amended to require transportation network companies to maintain all records for at least five years.

Additionally, § -15(b) requires that records be made "readily available" for purposes of a claims coverage investigation. However, the term "readily available" is not defined, and SB 1280, SD 2 does not specify a date certain by which the records must be made "available." The Hawaii Insurers Council proposes that § -15(b) be amended to require transportation network companies to produce their records no later than 10 days after receipt of a written request for those records. This will allow all insurers and parties to investigate the coverage issues on a timely basis.

#### Duration of activity; fare charged for activity

Section 5 of the bill contains an overlapping definition of "transportation network activity" in subsection (a) which should be deleted.

The Hawaii Insurers Council's proposed amendments are attached.

Therefore, the Hawaii Insurers Council supports the purposes, intent, and two-staged insurance system set forth in SB 1280, SD 2, but requests that the attached amendments be made. Thank you for the opportunity to testify.

# A BILL FOR AN ACT

RELATING TO TRANSPORTATION NETWORK COMPANIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. The Hawaii Revised Statutes is amended by adding a new chapter to be appropriately designated and to read as follows:

## **"CHAPTER**

### **TRANSPORTATION NETWORK COMPANIES**

§ -1 **Definitions.** As used in this chapter:

"Transportation network company" means an entity that uses a digital network or software application service to connect passengers to transportation network company drivers; provided that the entity:

- (1) Does not own, control, operate, or manage the vehicles used by transportation network company drivers; and
- (2) Is not a taxicab association or a for-hire vehicle owner.

"Transportation network company activity" means the period of time when the transportation network company driver logs onto the transportation network company's digital network or software application service until the moment the transportation network company driver logs off the digital network or software

application service or until the ride is complete and the passenger exits the transportation network company driver's vehicle, whichever is later.

"Transportation network company driver" means an individual who operates a motor vehicle used to transport a passenger between points chosen by the passenger and prearranged through a transportation network company, and that is:

- (1) Owned, leased, or otherwise authorized for use by the individual;
- (2) Not a taxicab or for-hire vehicle; and
- (3) Used in transportation network company activity.

§ -2 **Relation to other laws.** Neither a transportation network company nor a transportation network company driver shall be deemed to be a common carrier by motor vehicle, a contract carrier by motor vehicle, a motor carrier as defined in section 271-4, a taxicab, or a for-hire vehicle service.

§ -3 **Permit required.** (a) No person shall operate a transportation network company in the State without first obtaining a permit from the public utilities commission.

(b) The public utilities commission shall issue a permit to each applicant that meets the requirements for a transportation network company as set forth in this chapter and pays an annual permit fee of \$ to the commission.



(c) The public utilities commission may adjust the fee amount established under subsection (b) through rulemaking subject to chapter 91.

(d) The fees collected under subsections (b) and (c) shall be deposited into the public utilities commission special fund.

§ -4 **Agent.** A transportation network company shall maintain an agent in the State for service of process.

§ -5 ~~[Duration of activity; f]~~ **Fare charged for activity.** ~~[(a) Transportation network company activity shall be deemed to:~~

~~(1) Commence when a transportation network company driver accepts a request for transportation received through the transportation network company's digital network or software application service;~~

~~(2) Continue while the transportation network company driver transports the passenger in the transportation network company's vehicle; and~~

~~(3) Conclude when the passenger exits the transportation network company driver's vehicle.~~

~~(b)]~~ A transportation network company may charge a fare for transportation network company activity provided to passengers; provided that, if a fare is charged, the transportation network company shall disclose to passengers the fare calculation method on its website or within the software

application service. The transportation network company shall also provide passengers with the applicable rates being charged and the option to receive an estimated fare before the passenger enters the transportation network company driver's vehicle.

§ -6 **Identification of vehicles and drivers.** The transportation network company's software application or website shall display a picture of:

- (1) The transportation network company driver; and
- (2) The license plate number of the motor vehicle being used for providing the transportation network company activity,

before the passenger enters the transportation network company driver's vehicle.

§ -7 **Electronic receipt.** Within a reasonable period of time following the completion of a trip, a transportation network company shall transmit an electronic receipt to the passenger that specifies:

- (1) The origin and destination of the trip;
- (2) The total time and distance of the trip;
- (3) An itemization of the total fare paid, if any; and
- (4) The information required by section -6.

§ -8 **Transportation network company and transportation network company driver; insurance requirements.** (a) A transportation network company shall disclose in writing to

transportation network company drivers, as part of the transportation network company's agreement with those drivers:

- (1) The insurance coverage and limits of liability that the transportation network company provides while the transportation network company driver uses a vehicle during transportation network company activity; and
- (2) That the transportation network company driver's personal automobile insurance policy will not provide any required or optional coverage because the transportation network company driver uses a vehicle during transportation network company activity.

(b) A transportation network company and any transportation network company driver shall maintain a primary commercial motor vehicle insurance policy that shall be in effect during transportation network company activity. The primary commercial motor vehicle insurance required under this section shall include:

- (1) Primary liability coverage of not less than \$100,000 per person, with an aggregate limit of \$200,000 per accident, for all damages arising out of accidental harm sustained as a result of any one accident and arising out of ownership, maintenance, use, loading, or unloading of a motor vehicle;

- (2) Primary liability coverage of not less than \$50,000 for all damages arising out of damage to or destruction of property including motor vehicles and including the loss of use thereof, but not including property owned by, being transported by, or in the charge of the insured, as a result of any one accident arising out of ownership, maintenance, use, loading, or unloading, of the insured vehicle;
- (3) Uninsured and underinsured motorist coverage for the transportation network company driver and passengers that shall be equal to the primary liability limits specified in paragraphs (1) and (2);
- (4) Personal injury protection coverage in an amount that meets the requirements of section 431:10C-103.5 and shall be equal to or greater than the coverage limits for the personal automobile insurance maintained by the vehicle's owner and reported to the transportation network company; and
- (5) Collision and comprehensive coverage limits for the transportation network company driver's vehicle that shall be equal to or greater than the coverage limits for the personal automobile insurance maintained by the vehicle's owner and reported to the transportation network company.

(c) The requirements for the coverage specified in subsection (b) may be satisfied by any of the following:

- (1) Motor vehicle insurance maintained by a transportation network company driver, but only if the transportation network company verifies that the policy is maintained by the transportation network company driver and is specifically written to cover the transportation network company driver's use of a vehicle in connection with a transportation network company's online-enabled application or platform;
- (2) Motor vehicle insurance maintained by a transportation network company; or
- (3) Any combination of paragraphs (1) and (2).

(d) The insurer providing insurance under this section shall have the duty to defend and indemnify the insured.

(e) Coverage under a transportation network company insurance policy shall not be dependent on a personal automobile insurance policy first denying a claim nor shall a personal automobile insurance policy, including a personal liability umbrella policy, be required to first deny a claim.

(f) In every instance where motor vehicle insurance maintained by a transportation network company driver to fulfill the insurance obligations of this section has lapsed or ceased to exist, the transportation network company shall provide the

coverage required by this section beginning with the first dollar of a claim.

(g) Nothing in this section shall be construed to require a personal automobile insurance policy to provide primary or excess coverage during transportation network company activity. During transportation network company activity, and notwithstanding any other law to the contrary, the following shall apply:

- (1) The transportation network company driver's or the vehicle owner's personal automobile insurance policy shall not be required to provide, nor shall it provide, any coverage to any person or entity unless the policy expressly provides for that coverage during transportation network company activity, with or without a separate charge, or the policy contains an amendment or endorsement to provide coverage for transportation network company activity, for which a separately stated premium is charged; and
- (2) The transportation network company driver's or the vehicle owner's personal automobile insurance policy shall not have the duty to defend or indemnify for the driver's activities in connection with the transportation network company, unless the policy expressly provides otherwise for transportation

network company activity, with or without a separate charge, or the policy contains an amendment or endorsement to provide coverage for transportation network company activity, for which a separately stated premium is charged.

(h) Notwithstanding any other law to the contrary, a personal automobile insurer may, at its discretion, offer an automobile liability insurance policy, or an amendment or endorsement to an existing policy that covers a private passenger vehicle, station wagon type vehicle, sport utility vehicle, or similar type of vehicle with a passenger capacity of eight persons or less, including the driver, while used in connection with a transportation network company activity if the policy expressly provides for the coverage of transportation network company activity, with or without a separate charge, or the policy contains an amendment or an endorsement to provide coverage for transportation network company activity, for which a separately stated premium may be charged.

(i) In a claims coverage investigation, a transportation network company or its insurer shall cooperate with insurers that are involved in the claims coverage investigation to facilitate the exchange of information, including the provision of dates and times at which an accident occurred that involved a transportation network company driver and the precise times that

the transportation network company driver logged on and off the transportation network company's online-enabled application or platform. The transportation network company shall provide the information requested no later than ten days after receipt of a written request.

(j) A transportation network company driver of a transportation network company shall carry proof of insurance coverage as required by this section within the vehicle at all times when the vehicle is being used in transportation network company activity. In the event of an accident, a transportation network company driver shall provide this insurance coverage information to any other party involved in the accident, and to a police officer, upon request.

(k) Notwithstanding any other law affecting whether one or more policies of insurance that may apply with respect to an occurrence is primary or excess, this section shall determine the obligations under insurance policies issued to transportation network companies and, if applicable, transportation network company drivers using a vehicle in connection with a transportation network company activity.

**§ -9 Zero tolerance for drug or alcohol use.** (a) The transportation network company shall implement a zero tolerance policy on the use of drugs or alcohol while a transportation network company driver is providing transportation network



company activity or is logged into the transportation network company's digital network, even if not providing transportation network company activity, and shall provide notice of the zero tolerance policy on its website, as well as procedures for reporting a complaint about a driver with whom a passenger was matched and who the passenger reasonably believes was under the influence of drugs or alcohol during the course of the trip.

(b) Upon receipt of a passenger complaint alleging a violation of the zero tolerance policy, the transportation network company shall immediately suspend the transportation network company driver's access to the transportation network company's digital platform and shall conduct an investigation into the reported incident. The suspension shall last for the duration of the investigation; provided that the investigation shall be conducted in a reasonably expeditious manner.

(c) The transportation network company shall maintain records relevant to a reported incident for a period of at least two years from the date that a passenger complaint is received by the transportation network company.

**§ -10 Driver requirements.** (a) Prior to permitting an individual to act as a transportation network company driver on its digital platform, the transportation network company shall:

- (1) Require the individual to submit an application to the transportation network company, including information

regarding the individual's address, age, driver's license, driving history, motor vehicle registration, motor vehicle insurance, and other information required by the transportation network company;

(2) Conduct, or have a third party conduct, a local and national criminal background check for each applicant that shall include:

(A) Multi-state/Multi-Jurisdiction Criminal Locator or other similar commercial nationwide database with validation (primary source search); and

(B) National Sex Offender Registry database;

(3) Obtain and review a traffic violations bureau certified abstract for the individual; and

(4) Require the individual to submit evidence of a physical examination to determine the individual's health and fitness to act as a transportation network company driver.

(b) The transportation network company shall not permit an individual to act as a transportation network company driver on the transportation network company's digital platform who:

(1) Has been found to have committed more than three traffic infractions, as defined in section 291D-2, in the prior three-year period, other than traffic

infractions involving parking, standing, equipment,  
and pedestrian offenses;

- (2) Has been convicted once in the prior three-year period for the offense of resisting an order to stop a motor vehicle, reckless driving, or driving with a suspended or revoked driver license;
- (3) Has been convicted in the prior seven-year period of driving under the influence of drugs or alcohol;
- (4) Has been convicted at any time of fraud, any sexual offense, any domestic violence offense, use of a motor vehicle to commit a felony, a crime involving property damage, theft, acts of violence, or acts of terrorism;
- (5) Is a match in the National Sex Offender Registry database;
- (6) Does not possess a valid driver's license;
- (7) Does not possess proof of registration or other authorization for the motor vehicle used to provide transportation network company activity;
- (8) Does not possess proof of motor vehicle insurance for the motor vehicles used to provide transportation network company activity; or
- (9) Is not at least twenty-one years of age.

§ **-11 Vehicle safety.** The transportation network company shall require that any motor vehicle that a

transportation network company driver uses to provide transportation network company activity meets the inspection requirements of section 286-26.

§ -12 **No street hails.** A transportation network company driver shall only accept rides booked through a transportation network company's digital network or software application service and shall not solicit or accept street hails.

§ -13 **No cash trips.** The transportation network company shall adopt a policy prohibiting solicitation or acceptance of cash payments from passengers and notify transportation network company drivers of the policy. Transportation network company drivers shall not solicit or accept cash payments from passengers. Any payment for transportation network company activity shall be made only electronically, using the transportation network company's digital network or software application.

§ -14 **No discrimination; accessibility.** (a) The transportation network company shall adopt a policy of non-discrimination on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity with respect to passengers and potential passengers and notify transportation network company drivers of the policy.

(b) A transportation network company shall not impose any additional charges for providing services to persons with physical disabilities because of those disabilities.

(c) A transportation network company shall provide passengers an opportunity to indicate whether they require a wheelchair-accessible vehicle. If a transportation network company cannot arrange wheelchair-accessible transportation network company activity in any instance, it shall direct the passenger to an alternate provider of wheelchair-accessible service, if available.

(d) Transportation network company drivers shall comply with all applicable laws regarding non-discrimination against passengers or potential passengers on the basis of destination, race, color, national origin, religious belief or affiliation, sex, disability, age, sexual orientation, or gender identity.

(e) Transportation network company drivers shall comply with all applicable laws relating to accommodation of service animals.

§ **-15 Records.** (a) A transportation network company shall maintain:

- (1) Global positioning system records and electronic records of transportation network company activity for each individual trip provided by a transportation

network company driver for at least ~~one~~five years from the date each trip was provided; and

- (2) Transportation network company driver records at least until the ~~one~~five year anniversary of the date on which a transportation network company driver's activation on the transportation network company digital network has ended.

(b) Records maintained under ~~to~~ this section shall be made readily available, ~~and shall be provided no later than ten days after receipt of a written request for information,~~ for purposes of a claims coverage investigation pursuant to section -8(i) or resolving any other dispute related to transportation network company activity.

**§ -16 Personally identifiable information.** (a) A transportation network company shall not disclose a passenger's personally identifiable information to a third party unless:

- (1) The passenger consents;
- (2) Disclosure is required by law; or
- (3) Disclosure is required to protect or defend the terms of use of the service or to investigate violations of those terms.

(b) A transportation network company may share a passenger's name or telephone number with the transportation network company driver providing transportation network company

activity to the passenger in order to facilitate correct identification of the passenger by the transportation network company driver or to facilitate communication between the passenger and the transportation network company driver.

**§ -17 Controlling authority.** Notwithstanding any other provision of law, transportation network companies and transportation network company drivers shall be regulated exclusively by this chapter and any rules adopted pursuant to this chapter by the public utilities commission pursuant to chapter 91. No county may impose a tax upon, or require a license for, a transportation network company or a transportation network company driver."

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$                    or so much thereof as may be necessary for fiscal year 2015-2016 for the purpose of implementing this Act.

The sum appropriated shall be expended by the public utilities commission for the purposes of this Act.

SECTION 3. This Act shall take effect on July 1, 2053.

**Report Title:**

Transportation Network Companies; Transportation Network Company Drivers; Motor Vehicle Insurance; Qualifications; Public Utilities Commission; Permit; Appropriation

**Description:**

Requires the public utilities commission to regulate transportation network companies and transportation network company drivers. Establishes insurance requirements and qualifications for persons who operate or serve as drivers for transportation network companies. Appropriates funds to the PUC. Effective 7/1/2053. (SD2)



**HOUSE COMMITTEE  
ON  
TRANSPORTATION**

March 18, 2015

Senate Bill 1280, SD2 Relating to Transportation Network Companies

Chair Aquino and members of the House Committee on Transportation, I am Rick Tsujimura, representing State Farm Mutual Automobile Insurance Company (State Farm).

State Farm supports Senate Bill 1280, SD2 Relating to Transportation Network Companies with minor amendments. Much has been said about the transportation network companies and the regulation and rules to be applied to same. State Farm's interest on behalf of its policyholders is to assign the risks of those who engage in that profession equally. We believe that those drivers who are only using their vehicles for their own use and not for a profit, should not subsidize those who do use their vehicles for both personal use and for a business. In this light we offer the following amendments to SB 1280, SD2.

- **Definitions.** The amendments made to SB 1280 SD1 included removing the "service" definition, which created an inconsistency in the bill. In §1 on page 1, line 15- page 2, line 4, the bill defines TNC "activity" as the period from app on to app off. That is fine. The problem is, in §5 on page 3, line 14- page 4, line 2, it states that the "activity" begins when the TNC driver accepts a request for a ride. We suggest rewording the entire section as follows:

**§ -5 Duration of [activity] fare; amount charged for fare [~~charged for activity~~].**

(a) A transportation network company [activity] fare shall be deemed to:

(1) Commence when a transportation network company driver accepts a request for transportation received through the transportation network company's digital network or software application service;

(2) Continue while the transportation network company driver transports the passenger in the transportation network company's vehicle; and

(3) Conclude when the passenger exits the transportation network company driver's vehicle.

(b) A transportation network company may charge passengers a fare [~~for transportation network company activity provided to passengers~~]; provided that, if

a fare is charged, the transportation network company shall disclose to passengers the fare calculation method on its website or within the software application service. The transportation network company shall also provide passengers with the applicable rates being charged and the option to receive an estimated fare before the passenger enters the transportation network company driver's vehicle.

- **TNC Notice to Drivers.** At § 8(a)(2), at page 5, line 18-page6, line 2, the bill states that a personal passenger automobile policy will not provide any protection because the car is being used as a TNC vehicle. This is not necessarily true, particularly if the policy is endorsed to provide the coverage. We suggest amending to change “will” to “might”.

(2) That the transportation network company driver's personal automobile insurance policy [~~will~~] **might** not provide any required or optional coverage because the transportation network company driver uses a vehicle during transportation network company activity.

- **“Commercial” Insurance.** We also are concerned about the use of the term “commercial” insurance in § 8(b), page 6, lines 5f and 7, because the bill allows for the possibility of a personal policy being endorsed to provide TNC coverage. We would like to have the word “commercial” deleted:

(b) A transportation network company and any transportation network company driver shall maintain a primary [~~commercial~~] motor vehicle insurance policy that shall be in effect during transportation network company activity. The primary [~~commercial~~] motor vehicle insurance required under this section shall include:

We would respectfully request that these amendments be made to make the bill consistent internally, and that the measure be approved by your committee.

Thank you for the opportunity to present this testimony.

TESTIMONY OF BRIAN HUGHES ON BEHALF OF UBER TECHNOLOGIES IN  
OPPOSITION TO S.B. No. 1280 SD 2 RELATING TO TRANSPORTATION  
NETWORK COMPANIES

Wednesday, March 18, 2015

To: *Chairman Henry Aquino and Members of the House Committee on Transportation:*

Chairman Aquino and Members of the Committee, thank you for the opportunity to give testimony. My name is Brian Hughes from Uber Technologies (Uber) and I am the General Manager here in Hawaii. I am testifying in opposition to SB 1280 SD2.

Uber supports reasonable requirements for Transportation Network Companies (TNCs) that ensure rider and driver safety. This bill, however, does not accomplish that, and does not recognize the unique model of ridesharing.

Our smartphone based application connects people – wherever, whenever -- with the nearest, most reliable ride on the road. We do not own any cars or employ any drivers. Rather, the Uber platform provides people the flexibility and freedom to start a small business, and the ability to access reliable, affordable rides at the tap of a button.

Safety is Uber's top priority. Uber uses a third party background check investigation service that performs local county, multi-state, and federal criminal background checks going back seven years for every potential driver. We also use a Social Security trace, cross-check the National Sex Offender Registry, and review DMV driving record reports. If one were to compare TNC safety procedures with those of the taxi industry in Hawaii, it becomes clear that TNC procedures are more thorough. The City and County of Honolulu only requires a local two-year background check for taxi drivers, while Maui County does not require any background check for those applying for a taxicab operator permit.

Also, Uber provides guaranteed end-to-end insurance coverage so that riders are protected from the moment an operator is available to receive a ride request until the moment they safely exit a vehicle. Ridesharing, like other industries in the Shared Economy, increases the efficiency of an underutilized resource. We offer \$1 million of commercial insurance from the moment the app connects a driver with a rider – well before the rider enters the vehicle – until they drop them off. There is also \$1,000,000 of uninsured/underinsured motorist coverage to address accidents that aren't the driver's fault but were the fault of an uninsured motorist or hit and run. Finally, there is also \$50,000 of contingent comprehensive and collision coverage to protect the driver's own vehicle.

During the period when the driver has the app on but before they have accepted a ride from a passenger, an insurance policy with \$50,000/\$100,000/\$25,000 coverage is in effect. This coverage is provided as a backstop, meaning that if the drivers' personal insurance validly denies the claim or excludes this activity, the Uber coverage goes into effect. It's important to remember that at this time, there is no passenger in the car and no money is changing hands.

The Shared Economy departs from the clear-cut boundaries of personal use and commercial use. When a driver has the app on, but has not yet accepted a ride, they may be driving to the grocery store, on the way to the bank, or parked at a shopping mall. There is no reason why insurance cannot be similarly scaled to make sure appropriate coverage is in effect at the appropriate time.

The insurance language in this bill asks the legislature to step in and amend existing private contracts. Insurers sell a promise – That is what insurance is, and this bill asks the legislature to break that promise for them. This bill would lead to average Hawaii residents having to look outside the four corners of their policy, to Hawaii law, to know what is actually covered. It would radically alter basic insurance principles: Auto insurance policies cover every use of the vehicle except what is listed in the exclusions; this would do the exact opposite by describing in law instead of contract what must be excluded.

Uber wants to make sure that just as users of smartphone technology have moved quickly adapting to the tech-enabled sharing economy, that public policy around insurance responds in a similarly flexible way. We want to make sure there is not an inadvertent disincentive for the insurance market to bring a TNC related insurance product to the market. Farmers and USAA have both offered products designed specifically for TNC drivers. Other insurers have also filed similar products in several states, and more are on the horizon.

Because driver partners can set any type of schedule they prefer, we are offering entrepreneurial opportunities for thousands of people with flexible hours: parents whose kids are in school, people in between jobs, entrepreneurs saving up while they work on their dream, as well as veterans and military spouses.

Requiring medical examinations for people driving their personal vehicles in a ridesharing capacity is also a redundant screening process that we oppose due to its operational burden for part-time drivers, in particular. The state deems an individual medically fit to drive by awarding them a Hawaii driver's license.

SB 1280, SD 2 in its current form, and in particular section 8 of this bill, creates an environment that does not accommodate innovation or further consumer interests. We are requesting that this bill be modified to the original draft of SB1280 to allow TNCs to operate under its new innovative model. We request the committee not pass this bill forward in its current form.

Thank you for the opportunity to present testimony on this bill.

**Testimony of  
Gary M. Slovin / Mihoko E. Ito  
on behalf of  
USAA**

DATE: March 17, 2015

TO: Representative Henry J.C. Aquino  
Chair, Committee on Transportation  
*Submitted Via [TRNTestimony@capitol.hawaii.gov](mailto:TRNTestimony@capitol.hawaii.gov)*

RE: **S.B. 1280, SD2 - Relating to Transportation Network Companies**  
**Hearing Date: Wednesday, March 18, 2015 at 10:00 a.m.**  
**Conference Room: 309**

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Dear Chair Aquino and Members of the Committee on Transportation:

We submit this testimony on behalf of USAA, a diversified financial services company. USAA is the leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families. USAA has over 82,000 members in Hawaii, the vast majority of which are military-based members.

USAA submits **comments** regarding S.B. 1280, SD2. Specifically, we support the intent of the bill, but believe that technical amendments need to be made to ensure that the bill does not have unintended consequences.

USAA supports this measure to the extent that it reflects key principles that should regulate TNCs, including: 1) requiring TNCs to have primary insurance coverage that specifically covers TNC activity, 2) providing clear guidelines for TNC activity, 3) clearly excluding the personal auto policy, and 4) requiring claims cooperation by TNCs.

However, USAA believes that the following amendments are needed in order to ensure that the language doesn't create any ambiguity regarding the above principles:

**1) Definition of "transportation network company activity."** In the SD2, amendments were made to the bill to delete the definition of the term "transportation network company service" and consolidate it with the term "transportation network company

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Gary M. Slovin  
Mihoko E. Ito  
C. Mike Kido  
Tiffany N. Yajima

999 Bishop Street, Suite 1400  
Honolulu, HI 96813  
(808) 539-0840

activity.” USAA doesn’t oppose this change, but notes that it has created ambiguity in the bill because there are effectively two different definitions of transportation network company activity between section 1 (page 1 line 15 - page 2 line 4), and section 5 (page 3 line 14 - page 4 line 2). In order to create consistency throughout the bill that there must be primary insurance coverage from “app-on” to “app-off,” USAA suggests that the language of section 5 which relates to a different topic -- transportation network company fares -- be revised as follows:

**§ -5 Duration of activity fare; amount charged for fare charged for activity.**

(a) **A T**ransportation network company **activity fare** shall be deemed to:

(1) Commence when a transportation network company driver accepts a request for transportation received through the transportation network company's digital network or software application service;

(2) Continue while the transportation network company driver transports the passenger in the transportation network company's vehicle; and

(3) Conclude when the passenger exits the transportation network company driver's vehicle.

(b) A transportation network company may charge **passengers** a fare **for ~~transportation network company activity provided to passengers~~**; provided that, if a fare is charged, the transportation network company shall disclose to passengers the fare calculation method on its website or within the software application service. The transportation network company shall also provide passengers with the applicable rates being charged and the option to receive an estimated fare before the passenger enters the transportation network company driver's vehicle.

2) **TNC Notice to Drivers.** The proposed bill allows personal insurance policies to provide endorsements specifically for TNC insurance coverage. However, at section 8(a)(2) (page 5 line 18-page 6 line 2), the current language states that the notice to TNC drivers shall state that the personal auto policy “will” not provide any coverage because the car is being used as a TNC vehicle. To be consistent and allow an for endorsements to be provided, we believe the language should be amended to state that the personal auto policy “might” not provide coverage of TNC activity, as follows:

(2) That the transportation network company driver's personal automobile insurance policy **will might** not provide any required or optional coverage because the transportation network company driver uses a vehicle during transportation network company activity.

**3) “Commercial” Insurance.** At page 6, lines 5 and 7, section 8(b), USAA believes that the reference to “commercial” insurance should be stricken since, as noted above, the bill allows for the possibility of a personal policy endorsement to provide TNC insurance coverage.

(b) A transportation network company and any transportation network company driver shall maintain a primary ~~commercial~~ motor vehicle insurance policy that shall be in effect during transportation network company activity. The primary ~~commercial~~ motor vehicle insurance required under this section shall include:

With these amendments incorporated in the bill, USAA can fully support S.B. 1280, SD2. We believe that, with the amendments, the bill will strike the balance between allowing innovation in the marketplace, while still providing clear guidelines to regulate TNCs, and preserving insurer’s ability to take rating and underwriting actions for specific populations of insureds.

Thank you very much for the opportunity to provide comments regarding this bill.



March 16, 2015

Re: Written Testimony Commenting on SB 1280

Chair and Committee Members:

Transportation is a highly competitive business and left unchecked has in the past lead to destructive competition to the detriment of the public that relies on it services. For this reason, the state of Hawaii determined that EACH AND EVERY commercial transportation activity in the state must be regulated under Chapter 271 of the Hawaii Revised Statutes (“**Motor Carrier Law**”).

The Motor Carrier Law begins with the following “Declaration of Policy”:

The legislature of this State recognizes and declares that the transportation of persons and of property, for commercial purposes, over the public highways of this State constitutes a business affected with the public interest. It is intended by this chapter to provide for **fair and impartial regulation** of such transportation in the interest of preserving for the public the full benefit and use of the highways consistent with the public safety and the needs of commerce; to promote safe, adequate, economical, and efficient service and **foster sound economic conditions in transportation and among the several carriers, to encourage the establishment and maintenance of reasonable rates and charges for transportation and related accessorial service, without unjust discrimination, undue preference or advantage, or unfair or destructive competitive practices**. This chapter shall be administered and enforced with a view to carrying out the above declaration of policy (emphasis added).

SB1280 as proposed is an abdication of legislative duty to insure that the public has “safe, adequate, economical and efficient” access to transportation through **setting of “reasonable rates”** and regulation free from “**unjust discrimination, undue preference or advantage, or unfair or destructive competitive practices**.” In other words, don’t favor one company over another by giving an unfair advantage.

SB1280 exempts Uber and Lyft from the Motor Carrier Law and thereby provides them with an extraordinary competitive advantage over all other existing transportation companies by, among other things, allowing them to set their own prices. By setting their own prices, Uber and Lyft can take rides from Taxis and shuttle services by undercutting, during low demand, city and state mandated prices for Taxis and shuttle service, and making up the loss through surge pricing during peak demand when consumers are desperate. This pricing advantage “unjustly discriminates” against both the shuttle and Taxi industry (but especially so for the Taxi industry) and gives “undue preference [and] advantage” to Uber and Lyft. The net effect of providing Uber and Lyft this “undue preference [and] advantage” is that the regulated Taxi industry will be wiped out.



The loss of the Taxi industry, and its regulated pricing, will mean diminished access to transportation for the lower income families, seniors on fixed income and the disabled segment of our community. Once Uber and Lyft wipes out the Taxi Industry and its regulated pricing, their unregulated pricing practices such as SURGE PRICING, PRIME TIME and DYNAMIC PRICING will dominate and put on-demand private transportation beyond the reach of the poor. Even if Uber and Lyft "SELF-REGULATES" and keep pricing affordable for the poor, their business model of limiting dispatch services to only those who have CREDIT CARDS and SMART PHONES, and allowing drivers to BLACKLIST through low rating customers who can't afford to tip well will FAVOR THE RICH OVER THE POOR.

The loss of the Taxi industry (all Hawaii based companies) will also result in the TRANSFER OF STATE REVENUE from Hawaii to California, and the State and its people will be beholden to a California company for a critical part of its transportation.

Perhaps the most offensive aspect of SB 1280, is this COMMITTEE (Senate) condoning, rewarding and empowering a company that has absolutely no respect for the laws and government of this state. Even companies significantly larger and more established than Uber and Lyft have never had the audacity to just cavalierly "set up shop in Hawaii" totally ignoring its laws. The total disrespect for the rule of law by a national mainland company is unprecedented in Hawaii. For this body to reward Uber and Lyft after they've thumbed their noses at Hawaii's laws and its government will only further encourage other companies to enter Hawaii with the same WILFUL DISREGARD for our laws.

## CONCLUSION

The Motor Carrier Law as embodied in Chapter 271 of HRS is not outdated regulation nor is it regulation for the sake of regulation worthy of ignoring as practiced by Uber and Lyft. It effectively carries out the policy of insuring reasonable pricing and fair competition among transportation services (especially on-demand, pre-arranged sedan and mini-bus shuttle services) in Hawaii for the benefit all of her people and not just the most affluent, tech savvy and outspoken. The Motor Carrier Law remains valid and has served this state well. This committee should not allow it to be eviscerated through SB 1280.

**I hope you have the intestinal fortitude to "dare" go against such a powerful mainland interest, and the integrity to put Hawaii's public interest over politics and money.**

B.T. Trans, LLC dba EcoCab

By:       /s/ David Jung

David H. Jung

Its Founder and General Manager

Hawaii State Legislature  
House Committee on Transportation  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

March 17, 2015

*Filed via electronic testimony submission system*

**RE: SB 1280 SD2, TNC – NAMIC’s Written Testimony for Committee Hearing**

Dear Representative Aquino, Chair; Representative LoPresti, Vice Chair; and members of the House Committee on Transportation:

Thank you for providing the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the March 18, 2015, public hearing. Unfortunately, I will not be able to attend the public hearing, because of a previously scheduled professional obligation.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country’s largest national insurers.

The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. NAMIC has 69 members who write property/casualty and workers’ compensation insurance in the State of Hawaii, which represents 30% of the insurance marketplace.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

NAMIC’s members appreciate the importance of business innovation and we support the development and growth of transportation network companies (TNCs) and other “sharing-economy” business endeavors.

NAMIC believes that TNCs, like all other business operations, need to take full responsibility for the legal liability exposure and public safety risks posed by their business activities. Since the TNCs are engaged in a new form of commercial transportation, it is reasonable and appropriate for them to be required by state law to be responsible for all the commercial transportation

liability issues created by their business activities. Specifically, NAMIC believes that TNCs should be required to provide insurance coverage protection for TNC drivers, passengers, and the general public in a way that does not create financial burdens for private passenger auto insurance consumers.

Consequently, NAMIC **supports the proposed legislation** and **supports the proposed amendments** offered by State Farm Mutual Insurance Company as being reasonable and necessary amendments to ensure that the insurance coverage provisions in SB 1280 SB2 are consistent throughout the entire bill. Resolving potential legal ambiguities created by the amendment passed in the Senate Committee on Ways and Means and adopted by the Senate are in the best interests of the TNC industry, insurance consumers, and TNC customers.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC's written testimony.

Respectfully,



Christian John Rataj, Esq.  
NAMIC Senior Director – State Affairs, Western Region

March 17, 2015

phone 808 523 7750  
fax 808 522 7866

Roberts Hawaii, Inc.  
680 Iwilei Road  
Suite 700  
Honolulu, Hawaii 96817

[robertshawaii.com](http://robertshawaii.com)

Representative Henry J.C. Aquino, Chair  
Committee on Transportation  
House of Representatives

Re: **SB 1280, SD2 Relating to Transportation Network Companies**  
Committee Hearing  
March 18, 2015 10:00 am  
Conference Room 309

Dear Chair Aquino and Committee Members:

My name is Roy Pfund, Vice President of Robert's Hawaii, Inc., the largest tour and transportation company in Hawaii. I am submitting testimony in opposition to SB 1280, SD2 which is seeking to regulate TNC's (Transportation Network Companies) and their drivers by setting up a new HRS chapter.

TNC's like Uber and Lyft are marketing companies that are using the smart phone and related technology to be the middleman between the consumer and the service provider. TNC's do not own or operate any of the vehicles that provide their transportation services, but instead solicit third party or contract drivers to perform the transportation services sold to their customers. Creating new regulations for TNC's is analogous to creating new regulations over tour wholesalers and travel agents which also act as a middleman that can connect the consumer of transportation services with the service provider. There is no fundamental difference between the TNC, tour wholesaler and travel agent – as all act as middlemen connecting the ultimate consumer with the transportation service provider. If this is the case, then why not include tour wholesaler and travel agents in the new legislation as they also possess the ability to connect the consumer with the service provider.

If the TNC's only contracted with authorized and regulated PUC (Public Utility Company) drivers or County regulated taxi drivers to perform their transportation services, we would not be having this hearing today. Instead of using existing regulated drivers, the TNC's have created a new class of unregulated drivers that currently operate outside of the PUC and County regulations. We need to simply update our existing laws as contained in HRS chapter 271 to define the TNC's and require that the TNC's only offer services from qualified taxi or PUC certified drivers. Additionally because of the historical propensity of TNC's to ignore regulations, the fines for violations should be increased to cover the costs of enforcement and to act as a deterrent.

We should not allow TNC's or anyone else to sell or utilize the services of unregulated drivers (not regulated taxi or PUC drivers) for the following reasons:

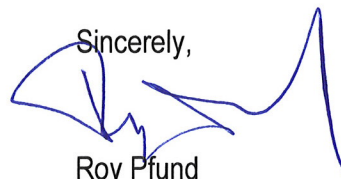
1. Public Safety. The public's safety is best protected by regulating transportation companies and their drivers. PUC and Taxi companies are required to carry commercial insurance to protect the public. In addition, PUC companies are required to conduct regular driver training, drug testing, vehicle maintenance, etc. designed to keep operations safe. Independent non regulated drivers from TNC's are not subject to this higher standard.

2. Consumer Protection. PUC and Taxi companies must file and follow a regulated rate structure. TNC's follow a demand based fare system, which allows them to charge whatever price the market will bear at a given time period. There are many documented cases of price gouging by the TNC companies, is this what we want for our consumers?

3. Fairness. To allow TNC's and their contracted unregulated drivers to operate outside of the existing PUC or Taxi driver categories is unfair and discriminatory to the existing PUC and Taxi companies. TNC's and their drivers will have an unfair competitive advantage by not having to incur the costs to adhere to the public safety requirements and by being able to gouge consumers with surge pricing. In addition, if these drivers are unregulated, how does the State enforce GET collections and how do the Airports and Harbors collect their arrival fees? If we pay these taxes and fees, so should the TNC's and their drivers.

We have existing laws in place to regulate PUC Companies and drivers as well as County regulations over the Taxi companies and drivers. All we need to do is to define the TNC and require that any TNC contracted transportation service provider must be either PUC or taxi regulated. Thank you for allowing me to provide you with my testimony. If you have any comments or questions please contact me at [roy.pfund@robertshawaii.com](mailto:roy.pfund@robertshawaii.com).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Roy Pfund', with a large, sweeping flourish extending to the right.

Roy Pfund  
Vice President

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 17, 2015 9:34 AM  
To: TRNtestimony  
Cc: robertstaxihawaii@gmail.com  
Subject: Submitted testimony for SB1280 on Mar 18, 2015 10:00AM

**SB1280**

Submitted on: 3/17/2015

Testimony for TRN on Mar 18, 2015 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Robert Deluze	Roberts Taxi	Oppose	Yes

Comments: Good members of the Transportation Committee. I have owned Roberts Taxi for 25 years. I have always followed the Motor Carrier Act which regulates the transportation business. By allowing Uber and Lyft to come in and operate with no type of regulations would be unfair for the Taxi companies who have to follow the Motor Carrier Act. We are not allowed to change our rates on a daily basis. We are required to have a certain amount of liability insurance and not be able to have it in effect only when we have a fare in our taxi's. If this bill is passed are you going to deregulate all the other taxi and limousine companies to use the same rules as Uber and Lyft. Uber and Lyft should have to have the same regulations as the rest of the Taxi companies for the safety and fairness to the people of Hawaii. By allowing Uber and Lyft to operate un regulated would cause some of the companies to close down and eventually to monopolize the taxi business. Thank You for your time and consideration, Robert Deluze

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 17, 2015 9:53 AM  
To: TRNtestimony  
Cc: pdp@hawaii.edu  
Subject: Submitted testimony for SB1280 on Mar 18, 2015 10:00AM

**SB1280**

Submitted on: 3/17/2015

Testimony for TRN on Mar 18, 2015 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Panos D. Prevedouros	Individual	Oppose	No

Comments: Uber, Lyft and similar "apps" are clearly taxi services in disguise. They claim to "self regulate" their partners and their vehicles. But that's a voluntary activity with no external oversight or verification. Since they provide public transportation service they need to abide with all the rules of public transportation service. Failure to do so compromises both public safety and taxation fairness.

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TESTIMONY OF DALE EVANS, President  
Charley's Taxi & Limousine  
1451 S. King St Suite 300, Honolulu 96814  
Tel 808-233-3333 or 783-4546

SB 1280 S.D. 2 RELATING TO TRANSPORTATION NETWORK COMPANIES  
House Transportation Committee hearing  
Wed 10 am, March 18, 2015

My name is Dale Evans, President and Chairman of Charley's Taxi & Tours. Established in 1938, Charley's is the oldest ground transportation service in Hawaii. We operate a safe, legal and fair service. As required by Section 271-1, HRS and Chapter 12-1.1, Revised Ordinances of Honolulu, we fully operate within the law. Our drivers' vehicles are subject to using taximeters that is both NIST-approved and Weights & Measures-inspected and sealed. Background checks and health certificates are required of Hawaii's taxi drivers.

We firmly believe that it is in the best interest of the public that Transportation Network Companies (TNCs) comply with the established rules and regulations. TNCs refuse to pay for Taxicab licenses or fees. They neither file tariffs with the PUC nor do they comply with the fares approved under Honolulu's taxicab ordinance. TNC drivers do not have proper tax clearances to operate in Honolulu, and have been shirking the 7% or \$5 pick-up fee at the Honolulu International Airport.

We request that the Committee incorporate amendments to address the following public safety, legal and fairness concerns:

- TNC drivers be required to have a taxi license or PUC License
- TNC drivers must have commercial automobile insurance with no gaps and 30-day cancellation notices
- TNC drivers be required to obtain a PUC health card
- TNCs must use approved, authorized and sealed Taximeter or PUC authorized rates
- TNC vehicles must be conspicuously marked for identification to assist the public and law enforcement in identifying vehicles in the event of accidents
- TNC pay Hawaii State GET on total charges to customers
- TNCs non-compliance to the Hawaii Motor Carrier law or Taxi Control regulations shall be subject to a fine of \$5000 per day per offense and have their Hawaii State Driver's license revoked and vehicle impounded until fines are paid.

Charley's Taxi supports the bill and requests the suggested amendments be made to the bill. Again, we believe it is in the best interest of our community that TNCs follow the established rules to address public safety, legal and fairness concerns. I am happy to address any questions you may have. Thank you for the opportunity to testify.

Dale Evans

17 March 2015



lopresti2 - George

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 16, 2015 2:18 PM  
To: TRNtestimony  
Cc: jane.doe@gmail.com  
Subject: \*Submitted testimony for SB1280 on Mar 18, 2015 10:00AM\*

**SB1280**

Submitted on: 3/16/2015

Testimony for TRN on Mar 18, 2015 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jane Doe	Individual	Oppose	No

Comments:

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**HOUSE OF REPRESENTATIVES  
STATE OF HAWAII  
TRANSPORTATION COMMITTEE HEARING  
ON SB 1280**

**MARCH 18, 2015  
10:00 A.M.**

**WRITTEN TESTIMONY OF  
GLENN TANIGUCHI**

Good Morning Chair Aquino and members of the Transportation Committee:

Thank you for allowing me to present this testimony to your committee.

Please do not pass SB 1280 as written, for the following reasons:

**I. SB 1280 UNFAIRLY DISCRIMINATES AGAINST EXISTING TAXI CAB COMPANIES.**

Cab companies are pro *FAIR COMPETITION*. They are not anti-competition. SB 1280 creates an unfair and uneven playing field, in favor of Uber and the like.

Cab companies must meet burdensome regulations imposed by the City of Honolulu.

SB 1280 will free Uber from the burdensome and costly Taxicab regulations local cab companies live under, giving Uber/Lyft an unfair competitive advantage.

**II. SB 1280 EFFECTIVELY LOOSENS EXISTING TAXI CAB REGULATIONS, PLACING PATRONS AT GRAVE RISK OF HARM.**

When a rider enters a cab or Uber vehicle, they become a prisoner of the driver in a steel and glass cage. Lots of things can go wrong, such as a terrible accident or a criminal act by the driver upon the rider.

There is a reason for the strict licensing imposed by the City upon taxi cab drivers.

**III. THE UBER APP IS BUT A NOVEL FORM OF CAB HAILING, NOTHING MORE.**

Before the spread of the telephone, residents of Honolulu used to hail a cab, by going to a cab stand or waving their arms alongside of the roadway to draw the attention of a passing cab.

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Pg 2/3

With the telephone, residents then used the phone to call a human taxi cab dispatcher who would send a cab to the location of the caller/passenger.

Now with the cab hailing smartphone app, cab hailing has taken a new evolutionary step.

But let us be clear. The smartphone app is but a cab hailing device. In all other respects, the service performed by Uber/Lyft is identical to that of a taxi cab with all the attendant risks and dangers that the City of Honolulu Cab Ordinance tries to address for the benefit of its citizens.

#### **IV. CONSUMER PROTECTION FOR THE TAXICAB PATRON WILL BE OBLITERATED BY SB 1280.**

The only distinguishing characteristic between Uber and taxicabs, is the cab hailing smartphone app. Yet, SB 1280 creates a new regulatory category, based singularly on a smartphone app. SB 1280 is legislative gift to Uber/Lyft due to a lower regulatory burden, at the expense of consumer protections for the cab patron.

As such, SB 1280 as written is defective legislation. The consumer, under SB 1280, will be badly exposed and left naked. The self policing mechanism given to Uber/Lyft in SB 1280 invites disaster for the consumer. Leave no doubt, the consumer will suffer greater exposure to potential fare rip-offs, safety issues, and crime.

This is insane. The only difference between Uber/Lyft and a taxi cab, is the manner in which patrons hail a cab. Patrons hail a conventional taxicab with a telephone call; patrons hail Uber/Lyft with a smartphone app.

All services, except for the manner in which the car is hailed, are exactly identical. The consumer protection needed in both services are exactly the same. The risks and dangers to the patron of a conventional taxicab or Uber/Lyft are identical.

Soon, all taxicabs will gain the benefits of the cab hailing smartphone app.

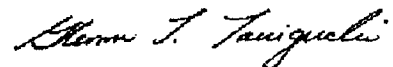
At such time, cabs will move into the same "preferred" regulatory category as Uber and Lyft with the lessened consumer protections. The result will be that the City of Honolulu cab ordinance, will turn into a nullity.

The existing Honolulu cab regulations serve a useful purpose as it has been developed and honed over many years to protect the public from crime, fare and other rip-offs, and safety concerns.

Is this what the lawmakers want? To strip the cab riding public of the important and necessary safeguards currently in place in the City of Honolulu to protect their citizens?

Accordingly, I urge you to amend SB 1280 to declare Uber and Lyft as cabs under the City of Honolulu ordinance and/or kill SB 1280 and start over.

Yours very truly,



Glenn Taniguchi



Property Casualty Insurers  
Association of America

Advocacy. Leadership. Results.

To: The Honorable Henry J.C. Aquino, Chair  
The Honorable Matthew S. LoPresti, Vice Chair  
House Committee on Transportation

From: Mark Sektnan, Vice President

Re: **SB 1280 SD2 – Relating to Transportation Network Companies**  
**PCI Position: SUPPORT**

Date: Wednesday, March 18, 2015  
10:00 a.m., Room 309

Aloha Chair Aquino, Vice Chair LoPresti and Members of the Committee:

The Property Casualty Insurers Association of America (PCI) is pleased to support the underlying intent of SB 1280 SD2 which sets up a regulatory structure for this new type of passenger transportation. This bill seeks to close the insurance gaps for transportation network companies (TNCs), such as Uber and Lyft, which provide commercial ridesharing services. SB 1280 SD2 was significantly amended in the Senate Committee on Commerce and Consumer Protection to help ensure that TNCs and their drivers have consumer protections in place including appropriate insurance coverage.

In Hawaii, PCI member companies write approximately 42.2 percent of all property casualty insurance written in Hawaii. PCI member companies write 43.2 percent of all personal automobile insurance, 65.2 percent of all commercial automobile insurance and 75 percent of the workers' compensation insurance in Hawaii.

PCI supports the provisions of SB 1280 SD2 which places the responsibility for regulating TNCs with the Public Utilities Commission. This bill also encourages development of new insurance products to meet the needs of the growing commercial ridesharing services. Insurers are responding to the new market by designing new products and making them available in the states that are enacting common sense sound regulatory structures for TNC services.

PCI does, however, have some concerns with specific provisions of the bill and would like to continue working with the author and other stakeholders. In particular, PCI believes the bill needs language requiring the TNC's to provide claims handling information within 10 days so that the insurer can meet their statutory deadlines to handle claims. It is also vital that the TNCs keep data on including time of accident for five years.

SB 1280 SD2 is a step in the right direction for drivers, passengers and the Aloha state's consumers because it protects Hawaii drivers from subsidizing the insurance costs of TNCs by clearly stating that the personal motor vehicle insurance policy does not cover this commercial activity. It also provides important protections for the passenger, the public and the driver.

PCI asks the committee to support SB 1280 SD2.

lopresti2 - George

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 17, 2015 7:39 PM  
To: TRNtestimony  
Cc: amybrinker@mac.com  
Subject: \*Submitted testimony for SB16 on Mar 18, 2015 10:00AM\*

**SB16**

Submitted on: 3/17/2015

Testimony for TRN on Mar 18, 2015 10:00AM in Conference Room 309

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Amy Brinker	Individual	Support	No

Comments:

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