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December 10, 2019

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

Enclosed is a copy of the 2019 Annual Study of the Impact of Act 236, Session Laws of Hawaii 2016.

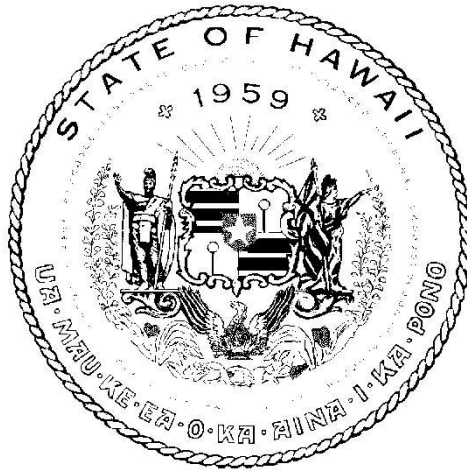
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Sincerely,

CATHERINE P. AWAKUNI COLÓN  
Director

Enclosure

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THIRTIETH LEGISLATURE  
REGULAR SESSION OF 2020

**Annual Study of the Impact of  
Act 236, Session Laws of Hawaii 2016**

INSURANCE DIVISION  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
STATE OF HAWAII

Submitted December 2019

## **Foreword**

Act 236, Session Laws of Hawaii (SLH) 2016, requires the Insurance Commissioner to submit to the Legislature an annual report regarding the impact of the measure on personal motor vehicle insurance policy rates in the State from enactment through 2020.

COLIN M. HAYASHIDA  
Insurance Commissioner

## **Annual Study of the Impact of Act 236, Session Laws of Hawaii 2016**

This report is filed pursuant to Act 236, SLH 2016, which requires the Insurance Commissioner to submit to the Legislature an annual study regarding the impact of H.B. 260 H.D. 1, S.D. 1, C.D. 1 (Relating to Insurance) on personal motor vehicle insurance policy rates in the State from enactment through 2020.

To develop a baseline for this study, the Insurance Division surveyed insurers writing personal auto insurance in Hawaii. Forty-eight insurers were surveyed, and all insurers submitted responses.

On September 19, 2019, the insurers were sent the following questions:

1. Does your company(ies) exclude coverage for drivers engaged in Transportation Network Company (TNC) activity, such as Uber and Lyft? Please explain.
2. Does your company(ies) offer coverage for drivers engaged in TNC activity, such as Uber and Lyft?
  - a. If yes, is the coverage included in the policy or offered as an endorsement to the personal auto policy? Please explain.
  - b. If yes, for each coverage (comprehensive, collision, bodily injury, property damage, etc.), what is the split between TNC coverage and non-TNC coverage for the following:
    - 2018 premium
    - 2018 claims counts
    - 2018 aggregate claims amounts (both amount paid and amount reserved)
3. Provide the data for question 2.b. on a calendar-year basis for premiums and on a calendar-year and an accident-year basis for claims counts and claims amounts. If you are reporting for multiple companies, provide the data for each individual company.

All respondents to question 1 indicated that their insurance policies exclude coverage for TNC activity. These responses were expected and confirm no change from the previous year.

Of the insurers that exclude coverage for TNC activity in 2018, two major ones offer an option to buy back coverage via an optional endorsement. A third major insurer, approved in 2019, will report data starting 2020.

The two insurers that provide the optional endorsements were required to answer question 3 and began offering this coverage in 2017. Premiums attributable to TNC coverage increased as expected and indicate a growing sharing economy. However,

TNC premiums, as a percentage of total premiums of the two insurers, remain small at less than 3/10 of 1% (0.3%), although higher than last year's report of 2/10 of 1% (0.2%). Claims activity attributable to TNC policyholders also increased within an expected range, as the TNC business model remains a viable enterprise. However, due to the extremely small claims data set, it would be premature to provide any definitive conclusion at this time.

### **Recommendation**

Due to insufficient information, the Insurance Division is unable to make any recommendations to the Legislature.