

DAVID Y. IGE  
GOVERNOR



**TESTIMONY BY:**

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
ROSS M. HIGASHI  
EDUARDO P. MANGLALLAN  
PATRICK H. MCCAIN  
EDWIN H. SNIFFEN

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

March 17, 2022

3:00 P.M.

State Capitol, Conference Room 224/Teleconference

**H.B. 1619, H.D. 2**  
**RELATING TO PEER-TO-PEER CAR-SHARING INSURANCE REQUIREMENTS**

Senate Committee on Transportation

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The Department of Transportation (DOT) **supports** H.B. 1619, H.D. 2, which establishes peer-to-peer car-sharing insurance requirements.

The DOT believes that motor vehicle insurance requirements will increase traffic safety, and will not require additional funding to oversee the permit program.

Thank you for the opportunity to provide testimony.



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Transportation  
Thursday, March 17, 2022  
3:00 p.m.  
Conference Room 224 and Via Videoconference**

**On the following measure:  
H.B. 1619, H.D. 2, RELATING TO PEER-TO-PEER CAR-SHARING INSURANCE  
REQUIREMENTS**

Chair Lee and Members of the Committee:

My name is Colin M. Hayashida, and I am the Insurance Commissioner of the Department of Commerce and Consumer Affairs' (Department) Insurance Division. The Department offers comments on this bill.

The purpose of this bill is to establish peer-to-peer car-sharing insurance requirements.

We note that the car sharing period definition and the start and stop time definitions in H.B. 1619, H.D. 2 are clear and prevent gaps in coverage. We also respectfully request the following amendments be made to ensure that the insurance coverage requirements under section 431:10C-B are primary to any personal motor vehicle coverage the shared car driver may have.

Section 2, page 7, lines 8 to 12 should read as follows:

“(2) Primary insurance coverage for each shared car available and used through a peer-to-peer car-sharing program for personal injury protection coverage that meets the minimum coverage amount where required by section 431:10C-103.5;

(3) Insurers providing the motor vehicle insurance policies pursuant to this section shall offer the following optional coverages, that any shared car driver may elect to reject or purchase that provides primary coverage for each shared car available and used through a peer-to-peer car-sharing program:”

Thank you for the opportunity to testify on this bill.



To: Senator Chris Lee, Chair  
Senator Lorraine R. Inouye, Vice Chair  
Committee on Transportation

From: Mark Sektnan, Vice President

Re: **HB 1619 HD2 – Relating to Peer-to-Peer Car-Sharing Insurance Requirements**  
**APCIA Position: SUPPORT**

Date: Thursday, March 17, 2022  
3:00 p.m., Via Videoconference

Aloha Chair Lee, Vice Chair Inouye, and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support HB 1619 HD2** which would establish peer-to-peer car-sharing insurance requirements. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

Peer-to-peer car sharing provides convenient, affordable, and environmentally friendly on-demand access to vehicles for those who do not own cars or for whom car ownership is cost prohibitive. It allows individuals to access a new solution to long standing mobility needs, while allowing car owners to earn passive income through sharing their vehicle, which otherwise may sit idle. The peer-to-peer car sharing transaction requires an appropriate insurance framework as is laid out in HB 1619 HD2.

For these reasons, APCIA asks for an “Aye” vote on HB 1619 HD2.

## TESTIMONY OF ALISON UEOKA

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COMMITTEE ON TRANSPORTATION  
Senator Chris Lee, Chair  
Senator Lorraine R. Inouye, Vice Chair

Thursday, March 17, 2022  
3:00 p.m.

### **HB 1619, HD2**

Chair Lee, Vice Chair Inouye, and members of the Committee on Transportation, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

Hawaii Insurers Council strongly **supports** this bill with amendments. This bill is an insurance-only measure to delineate the priority of coverage in the Peer-to-Peer (P2P) space. P2Ps have been operating in Hawaii for several years now with no specific insurance provisions in the law which would likely leave gaps in coverage when a vehicle used as a P2P is involved in a motor vehicle crash.

At this point in time, there are two bills moving, HB 1619, HD2 and HB 1971, HD2. This bill, HB 1619, HD2 contains the stronger consumer protection language of the two because of its high insurance coverage limits.

In addition, we ask that the committee replace the language in this bill starting on Page 6, line 18 in new **section 431:10C-B Insurance coverage during car-sharing period**, through Page 8, line 21, with the language contained in SB 2444, SD2 starting on Page 7 in new **section -2 Insurance coverage during car-sharing period**, through Page 9, line 10. By making this change, coverage is clarified in that the P2Ps motor vehicle insurance policy will pay first. This will greatly benefit those injured by motor vehicles used as a P2P

because victims will not have to litigate for coverage, the amount of coverage, and who will pay first.

Our preferred language contains the word, “primary” in several places in describing P2P insurance coverage, and reads as follows:

**“§ -2 Insurance coverage during car-sharing period.** (a) A peer-to-peer car-sharing program shall ensure that during each car-sharing period, the shared car shall be insured under a motor vehicle insurance policy issued by an admitted carrier that provides:

(1) Primary insurance coverage for each shared car available and used through a peer-to-peer car-sharing program in amounts not less than \$1,000,000 for death, bodily injury, and property damage per accident, costs of defense outside the limits;

(2) Primary insurance coverage for each shared car available and used through a peer-to-peer car-sharing program for personal injury protection coverage that meets the minimum coverage amount where required by section 431:10C-103.5; and

(3) With respect to the motor vehicle insurance policies required pursuant to this section, the carrier shall offer the following optional coverages, which any shared car driver may elect to reject or purchase, that provides primary coverage for each shared car available and used through a peer-to-peer car-sharing program:

(A) Uninsured and underinsured motorist coverages as provided in section 431:10C-301, which shall be equal to the primary liability limits specified in this section; provided that uninsured and underinsured motorist coverage offers shall also provide for written rejection of the coverages as provided in section 431:10C-301;

(B) Uninsured and underinsured motorist coverage stacking options as provided in section 431:10C-301; provided that the offer of the stacking options shall also provide for written rejection as provided in section 431:10C-301; and

(C) An offer of required optional additional insurance coverages as provided in section 431:10C-302.

(b) If the insurance maintained by a shared car owner or shared car driver in accordance with subsection (a) has lapsed, contains an exclusion for peer-to-peer car-sharing, or does not provide the required coverage, the insurance maintained by the peer-to-peer car-sharing program shall provide the coverage required by subsection (a), beginning with the first dollar of a claim, and shall have the duty to defend such claim.

(c) Coverage under a motor vehicle insurance policy maintained by the peer-to-peer car-sharing program shall not be dependent on another motor vehicle insurer first denying a claim.”

Finally, if the committee adopts these amendments, we request the effective date be changed to “upon approval”.

Thank you for the opportunity to testify.



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

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TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII  
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COMMITTEE ON TRANSPORTATION

Senator Chris Lee, Chair  
Senator Lorraine R. Inouye, Vice Chair

Thursday March 17, 2022

**HB1619 HD2 Relating to Peer to Peer Car Sharing Insurance Requirements**

Chair Lee, Vice-Chair Inouye and Members of the Senate Committee on Transportation:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides car insurance for 182,000 Hawaii Families throughout the islands. As such, we handle a substantial number of claims involving car sharing. Most of these claims described fall under a standard disclaimer of coverage due to an exclusion in the policy of the insurer for the vehicle leased under a car sharing platform. Such disclaimers are standard and a necessary limitation on liability since the insurer must know the insured and the extent of risks involved in issuing a standard auto insurance policy. This situation often does not represent a significant cost to the insurance company, but it does often work against the consumer who seeks to utilize peer to peer car sharing programs. These consumers are often not advised or not aware that such exclusions are common and that additional steps must be taken to ensure that the consumer's actions while driving a car rented under the peer to peer car sharing are covered by auto insurance. Failure to account for this can result in significant loss to consumers. This is especially the case if the



disclaimer is to the operator of the at fault vehicle which caused damage or serious injury to another party. This proposal which seeks to address this gap in protection is badly needed.

**GEICO supports HB1619** and urges the Committee to pass this measure as a consumer protection.

Thank you for the opportunity to submit this testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy M. Dayton", with a long horizontal flourish extending to the right.

Timothy M. Dayton, CPCU



Testimony of

Tami Bui – Senior Government Affairs Manager  
Turo Inc., San Francisco, CA

**Comments to HB 1619 HD 2** March 17 , 2022

Chair Lee, Vice Chair Inouye and Members of the Senate Committee on Transportation, I respectfully submit comments to **HB 1619 HD 2** on behalf of Turo.

Thank you for your leadership and continued efforts to establish a regulatory framework for peer-to-peer car sharing. We appreciate the intent in this bill to establish insurance requirements for peer-to-peer car sharing. As you know, Turo has been working alongside the legislature in support of various efforts to do just that, along with other vital consumer protections. We share the goal of creating clear, consistent insurance rules that establish important protections for peer-to-peer car sharing participants, insurers, platforms, and the general Hawai'i public.

For your consideration, our comments focus on two key areas:

**1) Insurance coverage and requirements:** we have included language which, at the request expressed in previous hearings, codifies Turo's current offerings and addresses the Insurance Commissioner's priorities.

**2) "Clean-up" amendments:** for consistency, we note language with neutral or agreed upon language with the Hawaii Insurers Council (HIC) and/or have already been adopted in other committees to related bill, HB 1971 HD 2 and the Senate companion bill, SB 2444 SD 2.

**Insurance coverage and requirements**

1. Admitted carrier

The language in this bill would require us to use an admitted insurer. Given that the platform must have the mandated coverage, if it may only come from an authorized insurer, which we are already obligated under the current law to attempt to secure coverage from first, any unavailability of the policy in Hawaii's authorized market would equate to a prohibition on peer-to-peer car sharing should the market not bear a quote for the mandated coverage.

As such, we suggest language that was previously offered by the Insurance Commissioner that we agreed to and included in HB 1971, as introduced, on P. 7, Section 2, lines 13-15:

“In addition to the insurance coverage required by this section, insurers offering insurance through a peer-to-peer car-sharing program shall be subject to chapter 431.”

## 2. Insurance coverage of \$1M

The amendments impose an arbitrary and unfair \$1M insurance coverage requirement on peer-to-peer car sharing with no factual or policy basis for the assertion that peer-to-peer car sharing involves great risk. The analogous circumstances – rental car companies and individual vehicle drivers – are not required to carry coverage higher than state minimums and their risk on the road is equivalent to peer-to-peer car sharing.

There is no factual or policy basis for the assertion that peer-to-peer car-sharing involves a greater risk, let alone *ten times* greater risk, than any other permissive use. Peer-to-peer platforms have operated nationally for years without any evidence of increased risk over rental cars or individual drivers.

While there have been comparisons made to higher coverage requirements in place for Transportation Network Companies (TNCs), peer-to-peer car sharing is its own distinct business model. Unlike TNCs, peer-to-peer car sharing does not include a transaction in which a paying passenger is driven by a for-hire driver. Peer-to-peer car sharing involves a shared car owner sharing their vehicle with a shared car driver. As such, there is no increased risk in a sharing transaction as compared to a Hawaii driver driving their own car on a Hawaii roadway or a consumer driving a rental car.

At the request expressed in previous hearings, the language provided in the redlines below is an alternative compromise solution that replaces the current insurance sections in HB 1619, HD 2 as described above with the codification of Turo’s current offerings.

The language provided would codify our existing business practices. The program will be required to assume all liabilities of the vehicle owner for bodily injury or property damage to third parties or uninsured and underinsured motorist or personal injury protection losses to at least \$750,000. At the same time, the program will also be required to ensure that a motor vehicle insurance policy is in place at all times to provide the driver with no less than the state minimum liability coverage. This ensures that all parties are insured, with no possibility for gaps in coverage.

### 3. Personal Injury protection

The language we propose would fulfill this requirement.

### 4. Optional coverages

There are requirements related to optional coverages. It is our understanding, that under existing Hawaii law, an insurer offering a motor vehicle insurance policy is required to offer to the named insured certain declinable optional coverages as part of that policy. However, in our context, it is our platform, and *not the shared driver*, that is the named insured on the policy providing coverage. Therefore, mechanically, Turo would not be able to fulfill this requirement. This exact same challenge is acknowledged and resolved in the current TNC statute. Our proposal would address this issue in the same way as the TNC statute in order to reflect our business model where the peer-to-peer program is the named insured.

### **Additional “clean up”**

There are requests for language consistency that have neutral and/or agreed upon language with the Hawaii Insurers Council (HIC) and/or been adopted in other committees on related bill HB 1971 HD 2 and the companion bill that was recently passed out by Senator Baker for SB 2444 SD 2 on 2/23/22.

#### 1. Vicarious liability

There is language for a statutory exemption from vicarious liability consistent with the existing exemption for rental car companies in federal law that is not yet in HB 1619, HD 2, but adopted in related bill, HB 1971, HD 2. The language below was adopted by the House Consumer Protection Committee on 2/17/22. HIC was neutral on this language. We ask for this amendment to be made to HB 1619, HD 2:

“Section -, Exemption; vicarious liability - Consistent with title 49 of the United States Code section 30106, a peer to-peer car-sharing program and a shared car owner shall be exempt from vicarious liability under any state or local law that imposes liability solely based on motor vehicle ownership.”

#### 2. Definitional changes

There are a number of changes related to definitions that HIC support or are neutral to. These are included in the language provided with notations accordingly.

There were also changes adopted in related and companion bills, HB 1971 HD 2 and SB 2444 SD 2, on car sharing start time and termination time that we are requesting be updated in HB 1619, HD 2.

### 3. Replacement of subsection (d) related to right to recovery language

HIC had provided new language in related testimony to HB 1619 HD 1, on 2/22/22. We agree to this language and we ask that it replace subsection (d) in HB 1619, HD 2:

“(d) A motor vehicle insurer that pays a shared-car owner for loss or damage to a shared car that is excluded under the comprehensive physical damage coverage or collision physical damage coverage of the shared car owner’s or shared car driver’s policy shall have the right to seek to recover from the peer-to-peer car-sharing program or its motor vehicle insurer if:

- (1) The loss or damage to the shared car occurs during the car-sharing period; and
- (2) The shared car owner or the shared car driver purchased comprehensive physical damage coverage or collision physical damage coverage, as applicable, from the peer-to-peer car-sharing program or its motor vehicle insurer.”

We thank you for the opportunity to provide comments.

## **LANGUAGE CODIFICATION OF TURO'S OFFERINGS AND PROPOSED AMENDMENTS**

**As requested, please see Turo's suggested amendment codifying our current business practices with regard to insurance coverage and incorporating the Insurance Commissioner's priorities.**

**The complete redline of HB 1619 HD 2 following this proposed language includes comments highlighting where these priorities have been addressed in our amendment and "clean-up" amendments for consistency that have neutral or agreed upon language with the Hawaii Insurers Council (HIC) and/or been adopted in other committees on related bills, including the Senate companion version to this bill, SB 2444, SD 2.**

*Replace existing §431:10C-B with the following:*

### **§431:10C-B Insurance coverage during car-sharing period.**

- a) A peer-to-peer car sharing program shall assume liability, except as provided in subsection (b), of a shared vehicle owner for bodily injury or property damage to third parties or uninsured and underinsured motorist or personal injury protection losses during the car sharing period in an amount stated in the peer-to-peer car sharing program agreement which amount may not be less than \$750,000.
- b) Notwithstanding the definition of "car sharing termination time" as set forth in §431:10C-A, the assumption of liability under subsection (a) of this section does not apply to any shared vehicle owner when:
  - 1) A shared vehicle owner makes an intentional or fraudulent material misrepresentation or omission to the peer-to-peer car sharing program before the car sharing period in which the loss occurred, or
  - 2) Acting in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the terms of car sharing program agreement.
- c) Notwithstanding the definition of "car sharing termination time" as set forth in §431:10C-A, the assumption of liability under subsection (a) of this section would apply to bodily injury, property damage, uninsured and underinsured motorist or personal injury protection losses by damaged third parties required by section 431:10C-301.
- d) A peer-to-peer car sharing program shall ensure that, during each car sharing period, the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle liability insurance policy or policies that, with regard to the shared vehicle driver, provides

insurance coverage in amounts no less than the minimum amounts set forth in section 431:10C-301, and that such policy or policies:

- 1) Recognize that the shared vehicle insured under the policy is made available and used through a peer-to-peer car sharing program; or
- 2) Do not exclude use of a shared vehicle by a shared vehicle driver.

e) The insurance described under subsection (d) may be satisfied by motor vehicle liability insurance maintained by:

- 1) A shared vehicle owner;
- 2) A shared vehicle driver;
- 3) A peer-to-peer car sharing program; or
- 4) Any combination of policies maintained by a shared vehicle owner, a shared vehicle driver, or a peer- to-peer car sharing program.

f) The insurance described in subsection (e) that is satisfying the insurance requirement of subsection (d) shall be primary during each car sharing period.

g) The insurer, insurers, or peer-to-peer car sharing program providing coverage under (d) or (e) shall assume primary liability for a claim when:

- 1) a dispute exists as to who was in control of the shared motor vehicle at the time of the loss and the peer-to-peer car sharing program does not have available, did not retain, or fails to provide the information required by §431:10C-D; or
- 2) a dispute exists as to whether the shared vehicle was returned to the alternatively agreed upon location as required under subparagraph 2 of the definition of “car-sharing termination time” as set forth in §431:10C-A.

The shared car’s insurer shall indemnify the peer-to-peer car-sharing program to the extent of its obligation under, if any, the applicable insurance policy, if it is determined that the shared car’s owner was in control of the shared car at the time of the loss.

h) If insurance maintained by a shared vehicle owner or shared vehicle driver in accordance with subsection (e) has lapsed or does not provide the required coverage, insurance maintained by a peer-to-peer car sharing program shall provide the coverage required by subsection (d) beginning with the first dollar of a claim and have the duty to defend such claim except under circumstances as set forth in §431:10C-B(b).

i) Coverage under an automobile insurance policy maintained by the peer-to-peer car sharing program shall not be dependent on another automobile insurer first denying a claim nor shall another automobile insurance policy be required to first deny a claim.

j) Insurers providing a motor vehicle insurance policy pursuant to this section shall offer the following optional coverages, which any named insured may elect to reject or purchase:

- 1) Uninsured and underinsured motorist coverages for the shared vehicle driver, as provided in section 431:10C-301, which shall be up to the primary liability limits specified in subsection (d); provided that uninsured and underinsured motorist coverage offers shall also provide for written rejection of the coverages as provided in section 431:10C-301;
- 2) Uninsured and underinsured motorist coverage stacking options as provided in section 431:10C-301; provided that the offer of the stacking options shall also provide for written rejection as provided in section 431:10C-301; and
- 3) An offer of required optional additional insurance coverages as provided in section 431:10C-302.

k) In the event the only named insured under the motor vehicle insurance policy issued pursuant to this section is the peer-to-peer car-sharing program, the insurer or the peer-to-peer car-sharing program shall:

- 1) Disclose the coverages in writing to the shared vehicle driver;
- 2) Disclose to the shared vehicle driver in writing that all optional coverages available may not have been purchased under sections 431:10C-301 and 431:10C-302; and
- 3) Obtain acknowledgment from the shared driver of receipt of the written disclosures required in paragraphs (1) and (2).

l) Nothing in this Chapter:

- 1) Limits the liability of the peer-to-peer car sharing program for any act or omission of the peer-to-peer car sharing program itself that results in injury to any person as a result of the use of a shared vehicle through a peer-to-peer car sharing program; or
- 2) Limits the ability of the peer-to-peer car sharing program to, by contract, seek indemnification from the shared vehicle owner or the shared vehicle driver for economic loss sustained by the peer- to-peer car sharing program resulting from a breach of the terms and conditions of the car sharing program agreement.



m) In addition to the insurance coverage required by this section, insurers offering insurance through a peer-to-peer car-sharing program shall be subject to chapter 431.

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# A BILL FOR AN ACT

RELATING TO PEER-TO-PEER CAR-SHARING INSURANCE REQUIREMENTS.

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

1           SECTION 1. The legislature finds that peer-to-peer car-  
2 sharing programs, which are not rental car businesses, do not  
3 have established requirements for insurance coverage. These  
4 agreement-based car-sharing programs must ensure that cars in  
5 their programs are properly insured specifically for peer-to-  
6 peer car-sharing purposes.

7           The legislature further finds that it is in the public's  
8 interest to establish requirements for peer-to-peer car-sharing  
9 programs regarding mandatory insurance coverage.

10           Accordingly, the purpose of this Act is to establish  
11 mandatory insurance terms for peer-to-peer car-sharing programs.

12           SECTION 2. Chapter 431, article 10C, Hawaii Revised  
13 Statutes, is amended by adding a new part to be appropriately  
14 designated and to read as follows:

15                   **"PART           .   PEER-TO-PEER CAR-SHARING INSURANCE**

16           **§431:10C-A Definitions.** As used in this chapter:



1 "Car-sharing delivery period" means the period of time  
2 during which a shared car is being delivered to the location  
3 of the car-sharing start time, if applicable, as documented  
4 by the governing car-sharing program agreement.

5 "Car-sharing period" means the period of time that  
6 commences with the car-sharing delivery period or, if there  
7 is no delivery period, that commences with the car-sharing  
8 start time and, in either case, ends at the car-sharing  
9 termination time.

10 "Car-sharing program agreement" means the terms and  
11 conditions applicable to a shared car owner, a shared car  
12 driver, and a peer-to-peer car-sharing platform, if  
13 applicable, that govern the use of a shared car through a  
14 peer-to-peer car-sharing program. "Car-sharing program  
15 agreement" does not include a rental agreement as defined in  
16 section 437D-3.

17 <sup>1</sup>Car-sharing start time" means the time the shared car  
18 driver obtains operation, use, or control of a shared car  
19 through a peer-to-peer car-sharing program.

20 <sup>2</sup>Car-sharing termination time" means the latest of the  
21 following events:



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Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 12:03:31 PM

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**Turo proposes using language with the following definition that was recently passed in companion bill SB 2444 SD 2.**

**“Car-sharing start time” means the time when the shared car becomes subject to the control of the shared car driver at or after the time the reservation of a shared car is scheduled to begin as documented in the records of a peer-to-peer car-sharing program.”**

This change clarifies that a car-sharing program does not control or own any of the shared vehicle. Thus the driver does not obtain operation, use or control of the vehicle "through" a program. Furthermore, it reinforces the obligations on the program to maintain records documenting the start time. These records are necessary to determine coverage obligations.

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Number: 2 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 2:25:38 PM

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**Turo proposes using language recently passed in companion bill, SB 2444, SD 2.**

Turo proposes using language that was recently passed in the companion bill, SB 2444, SD 2. As noted in that hearing testimony, we believe that amending the definition of “car sharing termination time” to change “earliest” to “latest” will unintentionally create an unworkable and internally inconsistent framework that extends obligations far beyond the intent of the legislation and reasonable concerns of regulators. By changing termination to the latest of the subclauses, the amendment effectively turns the subsequent clauses into a checklist, each of which must be met in order for the car sharing period to terminate. Some of these would clearly conflict such as the subsection (d) regarding a vehicle returned early. In that case, the sharing period would not terminate until all of the other conditions are met, including the expiration of the original car sharing agreement. In other instances, the “latest” amendment might unintentionally force a platform and/or host to retain coverage obligations even in situations involving a vehicle stolen by a guest.

- 1           (1) The expiration of the agreed upon period of time  
2                   established for the use of a shared car according to  
3                   the terms of the car-sharing program agreement if  
4                   the shared car is delivered to the location agreed  
5                   upon in the car-sharing program agreement;
- 6           (2) When the shared car is returned to a location as  
7                   alternatively agreed upon by the shared car owner  
8                   and shared car driver as communicated through a  
9                   peer-to-peer car-sharing program;
- 10          (3) When a shared car is returned to the location agreed  
11                   upon in the car-sharing program agreement or  
12                   alternatively agreed upon by the shared car owner  
13                   and the shared car driver, as communicated through a  
14                   peer-to-peer car-sharing program, before the  
15                   expiration of the period of time established for the  
16                   use of a shared car according to the terms of the  
17                   car-sharing program agreement, and the shared car  
18                   driver notifies the peer-to-peer car-sharing program  
19                   of the location of the shared car;
- 20          (4) When a shared car, during the car-sharing period,  
21                   cannot safely or legally be operated and the shared



1 car driver notifies the peer-to-peer car-sharing  
2 program that the shared car is inoperable and  
3 identifies the location of the shared car;

4 (5) When the shared car driver receives notice of a  
5 safety recall affecting the shared car and the  
6 shared car driver returns the shared car to the  
7 location agreed upon in the car-sharing program  
8 agreement, or alternatively agreed upon by the  
9 shared car owner and the shared car driver, and the  
10 shared car driver notifies the peer-to-peer car-  
11 sharing program of the location of the shared car;  
12 or

13 (6) When the shared car owner or the shared car owner's  
14 authorized designee takes possession and control of  
15 the shared car.

16 Peer-to-peer car-sharing" means the operation, use, or  
17 control of a motor vehicle by an individual other than the  
18 motor vehicle's owner through a peer-to-peer car-sharing  
19 program. "Peer-to-peer car-sharing", for the purposes of  
20 assessing a vehicle surcharge tax, does not mean the business

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Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/15/22, 7:25:13 PM

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**Turo proposes changing this to "owner."**

**HIC supports this change.**

We believe that this is a drafting error. Shared drivers would not receive notice of a safety recall. Only a shared car owner would receive such notice.

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Number: 2 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 3:03:06 PM

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**Turo proposes following changes to this definition:**

1. **Insert "authorized" before the word "operation."**
  
2. **Strike "for the purposes assessing a vehicle surcharge"**
  
3. **At the end p. 5, line 2, insert "“Peer-to-peer car-sharing” does not mean the business of a lessor as defined in section 437D-3."**

**HIC is neutral on each of these changes.**

The first change ensures that a shared car driver must be permitted and authorized to use the vehicle by the owner. The second and third changes ensure that car sharing is defined clearly and distinctly for all purposes from other business models, including car rental and TNCs.

1 of providing rental motor vehicles to the public as that  
2 phrase is used in section 251-3.

3 "Peer-to-peer car-sharing platform" means any person or  
4 business that owns or operates a peer-to-peer car-sharing  
5 program.

6 "Peer-to-peer car-sharing program" means:

- 7 (1) Any person who enables a shared car driver to  
8 identify, reserve, or use a shared car owned by a  
9 shared car owner; or  
10 (2) Any person who enables a shared car owner to  
11 describe, list, or make available a shared car for  
12 identification, reservation, or use by a shared car  
13 driver.

14 **Peer-to-peer car-sharing program** does not include:

- 15 (1) A transportation network company as defined in  
16 section 431:10C-701;  
17 (2) A car-sharing organization as defined in section  
18 251-1;  
19 (3) Any person registered and acting as a travel agency  
20 pursuant to chapter 468L; or





**Turo proposes adding two additional subsections to this definition.**

**HIC is neutral on these changes.**

**“(5) A “lessor” as that term is defined in section 437D-3.**

**(6) A “lessor” as that term is defined in section 251-1.”**

1 (4) Any person registered and acting as an activity desk  
2 pursuant to chapter 468M.

3 <sup>1</sup>Shared car" means a motor vehicle that is registered  
4 pursuant to chapter 286 and is not owned, controlled,  
5 operated, maintained, or managed by or registered, directly  
6 or indirectly through an affiliate, to the peer-to-peer car-  
7 sharing program and is available for sharing through a peer-  
8 to-peer car-sharing program. "Shared car" does not include a  
9 rental motor vehicle or vehicle as those terms are defined in  
10 section 437D-3.

11 "Shared car driver" means an individual who has been  
12 authorized to drive the shared car by the shared car owner  
13 under a car-sharing program agreement. "Shared car driver"  
14 does not include lessee as defined in section 437D-3.


15 "Shared car owner" means the registered owner of a shared  
16 car. "Shared car owner" does not include lessor as defined  
17 in section 437D-3.

18 <sup>2</sup>431:10C-B Insurance coverage during car-sharing period.

19 (a) A peer-to-peer car-sharing program shall ensure that  
20 during each car-sharing period, the shared car shall be



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 Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/15/22, 7:30:13 PM


**Turo proposes adding a new sentence at the end of the definition of "shared car."**

**HIC is neutral on this language.**

**"Shared car does not mean a "rental motor vehicle" as that term is used in section 251-2 and section 251-3."**

This amendment would clarify that a shared car is not a rental car under HI law.

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 Number: 2 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 3:06:02 PM

**PLEASE SEE LANGUAGE CODIFICATION OF TURO'S CURRENT PRACTICES**

**At the request expressed in previous hearings, please see language that replaces the current insurance sections with the codification of Turo's offerings.**

1 insured under a motor vehicle insurance policy issued by an  
2 <sup>1</sup>admitted carrier that provides:

3 (1) Primary insurance coverage for each shared car  
4 available and used through a peer-to-peer car-  
5 sharing program in amounts no less than <sup>2</sup>\$1,000,000  
6 for death, bodily injury, and property damage per  
7 accident, and <sup>3</sup>costs of defense outside such limits;

8 (2) <sup>4</sup>personal injury protection coverage that meets the  
9 minimum coverage amount where required by section  
10 431:10C-103.5; and

11 (3) The following optional coverages, which a <sup>5</sup>shared car  
12 driver may elect to purchase or reject:

13 (A) <sup>6</sup>Uninsured and underinsured motorist coverages  
14 as provided in section 431:10C-301, which shall  
15 be equal to the primary liability limits  
16 specified in this section; provided that  
17 uninsured and underinsured motorist coverage  
18 offers shall provide for written rejection of  
19 the coverages as provided in section 431:10C-  
20 301;



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Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:54:16 PM

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**ADDRESSED IN SUBSECTION (M) OF TURO'S PROPOSED AMENDMENT.**

Given that the platform must have the mandated coverage, if it may only come from an authorized insurer, which we are already obligated under the current law to attempt to secure coverage from first, any unavailability of the policy in Hawaii's authorized market would equate to a prohibition on peer-to-peer car sharing should the market not bear a quote for the mandated coverage. As such, we have included language in our proposal that was previously agreed to and included in HB 1971, as introduced, on P. 7, Section 2, lines 13-15:

**"In addition to the insurance coverage required by this section, insurers offering insurance through a peer-to-peer car-sharing program shall be subject to chapter 431."**

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Number: 2 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:56:32 PM

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**SEE SUBSECTION A & SUBSECTION D OF TURO'S PROPOSED AMENDMENT**

**Turo's proposal, which codifies our current practices, requires the program to assume the liabilities of the shared car owner at an amount not less than \$750,000 and to ensure that the shared car driver and shared car owner are insured under a policy during the sharing period.**

The Insurance Commissioner amendments which are included in this bill would impose an arbitrary and unfair \$1M insurance coverage requirement on peer-to-peer car sharing. The analogous circumstances – rental car companies and individual vehicle drivers – are not required to carry coverage higher than state minimums and their risk on the road is equivalent to peer-to-peer car sharing. There is no factual or policy basis for the assertion that peer-to-peer car-sharing involves a greater risk, let alone ten times greater risk, than any other permissive use. Peer-to-peer platforms have operated nationally for years without any evidence of increased risk over rental cars or individual drivers.

While there have been comparisons made to higher coverage requirements in place for Transportation Network Companies (TNCs), peer-to-peer car sharing is its own distinct business model. Unlike TNCs, peer-to-peer car sharing does not include a transaction in which a paying passenger is driven by a for-hire driver. Peer-to-peer car sharing involves a shared car owner sharing their vehicle with a shared car driver. As such, there is no increased risk in a sharing transaction as compared to a Hawaii driver driving their own car on a Hawaii roadway or a consumer driving a rental car.

There is no need for increased limits as the risk profile of peer-to-peer car sharing is not comparable to TNCs. These higher limits should only apply when a for-hire driver is transporting a paying passenger, which is never the case with peer-to-peer car sharing. This is reflected in the significantly lower coverage requirements for periods when a TNC vehicle is not transporting a passenger. There is no factual or policy basis for the assumption that peer-to-peer car-sharing involves a greater risk than any other permissive use, including rental car. We ask that peer-to-peer car sharing should not be held to a different standard and that if minimums are increased in this bill they should apply to rental car companies as well.

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Number: 3 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:56:58 PM

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Imposing costs of defense outside of the limits is inconsistent with existing Hawaii law regulating motor vehicle insurance policies (See 431:10C-301). Such a requirement could dramatically increase the costs of acquiring policy beyond those associated with the unreasonably onerous \$1,000,000 coverage requirement discussed previously. No similar requirement is imposed on rental car companies, individual motor vehicle insurance policies, or self-insurers.

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Number: 4 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 2:02:10 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**SEE PIP COVERAGE UNDER SUBSECTION A, SUBSECTION C, & SUBSECTION D**

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Number: 5 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 3:07:35 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**SEE THE REQUIREMENTS FOR EACH OF THESE OPTIONAL COVERAGES IN SUBSECTIONS J - K OF TURO'S PROPOSED AMENDMENT.**


Turo proposes adding clarifying language that mirrors the current TNC statute on this same issue. See 431:10C-703(g)-(f).

As currently drafted, the Insurance Commissioner's required optional coverage offerings are wholly incompatible with the peer-to-peer model. Under existing Hawaii law, an insurer offering a motor vehicle insurance policy is required to offer to the named insured certain optional coverages as part of that policy. However, in the peer-to-peer context, it may often be the platform, and not the shared driver, that is the named insured on the policy providing coverage.

Thus, it would be impossible for the platform's insurer to offer the optional coverages to the shared car driver as contemplated in the amendments.

This exact same concern is acknowledged in the current TNC statute. Under that statute, when the TNC is the only named insured under the motor vehicle policy providing the required coverage, the TNC (or its insurer) is not required to offer these coverages to the shared car driver. Instead, the TNC may provide written disclosure that it may not have purchased the optional coverages.

Furthermore, it is important to note that rental car companies are not bound by similar obligations. The Hawaiian courts have held that because rental car companies self-insure their vehicles, they are not engaged in the sale of a motor vehicle insurance policy to a driver. Thus rental car companies are not required to offer the optional coverages contemplated here.

 Number: 6 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:58:13 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**SEE OPTIONAL UI/UM COVERAGE UNDER SUBSECTION (j)(1)**

1 (B) <sup>1</sup>Uninsured and underinsured motorist coverage  
 2 stacking options as provided in section  
 3 431:10C-301; provided that the offer of the  
 4 stacking options shall provide for written  
 5 rejection as provided in section 431:10C-301;  
 6 and

7 (C) <sup>2</sup>An offer of required optional additional  
 8 insurance coverages as provided in section  
 9 431:10C-302.

10 <sup>3</sup>(b) If insurance maintained by a shared car owner or  
 11 shared car driver in accordance with subsection (a) has  
 12 lapsed, contains an exclusion for peer-to-peer car-sharing,  
 13 or does not provide the required coverage, insurance  
 14 maintained by a peer-to-peer car-sharing program shall  
 15 provide the coverage required by subsection (a) beginning  
 16 with the first dollar of a claim and shall have the duty to  
 17 defend such claim.

18 <sup>4</sup>(c) Coverage under a motor vehicle insurance policy  
 19 maintained by the peer-to-peer car-sharing program shall not  
 20 be dependent on another motor vehicle insurer first denying a  
 21 claim.



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Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:59:36 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**See UI/UM stacking under SECTION (j)(2).**

By its very nature, coverage stacking is inapplicable in a peer-to-peer context. Coverage stacking applies when a named insured is covered under multiple policies or has insured multiple vehicles under single policy. Neither is applicable in a peer-to-peer context. First, as discussed above, the program's insurer would not be able to offer this to shared driver because they are not the named insured. Second, the program only holds an insurable interest in the individual vehicle during the car sharing period. In essence, there would be no coverage to stack in a peer-to-peer scenario.

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Number: 2 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 1:59:51 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**See required optional additional insurance coverages under SUBSECTION (j)(3).**

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Number: 3 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 2:00:19 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**See the obligation of the program to provide coverage in such instance in SUBSECTION (h).**

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Number: 4 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 2:00:47 PM

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**INCLUDED IN TURO'S PROPOSED AMENDMENT.**

**See program's obligation in SUBSECTION (i)**



1           **§431:10C-C Exclusions in motor vehicle insurance**  
2 **policies.** (a) Notwithstanding section 431:10C-B, an  
3 authorized insurer that writes motor vehicle insurance in the  
4 State may exclude any and all coverage and the duty to defend  
5 or indemnify any claim afforded under a shared car owner's  
6 motor vehicle insurance policy during the car-sharing period,  
7 including:

- 8           (1) Liability coverage for bodily injury and property  
9           damage;
- 10           (2) Personal injury protection coverage as set forth in  
11           section 431:10C-304;
- 12           (3) Uninsured and underinsured motorist coverage;
- 13           (4) Medical payments coverage;
- 14           (5) Comprehensive physical damage coverage; and
- 15           (6) Collision physical damage coverage.

16           (b) Except as required under section 431:10C-B, nothing  
17 in this part shall invalidate or limit an exclusion contained  
18 in a motor vehicle insurance policy, including any insurance  
19 policy in use or approved for use that excludes coverage for  
20 motor vehicles made available for rent, sharing, or hire.



1           **§431:10C-D Recordkeeping; use of vehicle in peer-to-peer**  
2 **car-sharing.** A peer-to-peer car-sharing program shall  
3 collect and verify records pertaining to the use of a shared  
4 car for each car-sharing program agreement, including:

- 5           (1) Dates and times of the car-sharing start time and  
6           the car-sharing termination time in the car-sharing  
7           program agreement;
- 8           (2) Dates and times of the car-sharing start time and  
9           car-sharing termination time;
- 10          (3) Itemized descriptions and amounts of all fees and  
11          costs charged to the shared car driver;
- 12          (4) Itemized descriptions and amounts of all fees and  
13          costs paid by the shared car driver;
- 14          (5) Itemized descriptions and amounts of all fees and  
15          costs paid to the shared car owner;
- 16          (6) The name and contact information of the shared car  
17          owner and the shared car driver; and
- 18          (7) The insurance policy number, effective date,  
19          coverage, and coverage amounts of each insurance  
20          policy that identifies the peer-to-peer car-sharing



1 program, shared car owner, or shared car driver as  
2 the insured.

3 The peer-to-peer car-sharing program shall retain the  
4 records for a time period of no less than six years. Upon  
5 request, the peer-to-peer car-sharing program shall provide  
6 the information required by this section and any information  
7 relating to the peer-to-peer car-sharing agreement in its  
8 possession and control to the shared car owner, shared car  
9 owner's insurer, shared car driver, shared car driver's  
10 insurer, persons who have sustained injury or property damage  
11 involving a shared car, and police and other governmental  
12 entities to facilitate accident or claim coverage  
13 investigation.

14 **§431:10C-E Right of recovery from peer-to-peer car-**  
15 **sharing program or its motor vehicle insurer.** (a) A motor  
16 vehicle insurer that defends or indemnifies a liability claim  
17 against a shared car owner or shared car driver that is  
18 excluded under the terms of the shared car owner's or shared  
19 car driver's policy shall have a right to seek to recover  
20 from the peer-to-peer car-sharing program or its motor  
21 vehicle insurer if the liability claim is made against the



1 shared car owner or shared car driver for injury or damage  
2 that occurs during the car-sharing period.

3 (b) A motor vehicle insurer that pays personal injury  
4 protection benefits for injury sustained by an occupant of,  
5 or by a pedestrian when struck by, a shared car when the  
6 obligation to pay personal injury protection benefits is  
7 excluded under the shared car owner's or shared car driver's  
8 policy shall have the right to seek to recover from the peer-  
9 to-peer car-sharing program or its motor vehicle insurer if  
10 the injury occurs during the car-sharing period.

11 (c) A motor vehicle insurer that pays uninsured motorist  
12 benefits or underinsured motorist benefits for injury  
13 sustained by an occupant of a shared car when the obligation  
14 to pay uninsured motorist benefits or underinsured motorist  
15 benefits is excluded under the shared car owner's or shared  
16 car driver's policy shall have the right to seek to recover  
17 from the peer-to-peer car-sharing program or its motor  
18 vehicle insurer if the injury occurs during the car-sharing  
19 period.

20 (d) A motor vehicle insurer that pays a shared car owner  
21 for loss or damage to a shared car that is excluded under the



**Turo proposes replacing subsection D with language proposed by the Hawaii Insurers Council:**

**“(d) A motor vehicle insurer that pays a shared-car owner for loss or damage to a shared car that is excluded under the comprehensive physical damage coverage or collision physical damage coverage of the shared car owner’s or shared car driver’s policy shall have the right to seek to recover from the peer-to-peer car-sharing program or its motor vehicle insurer if:**

**(1) The loss or damage to the shared car occurs during the car-sharing period; and**

**(2) The shared car owner or the shared car driver purchased comprehensive physical damage coverage or collision physical damage coverage, as applicable, from the peer-to-peer car-sharing program or its motor vehicle insurer.”**

1 comprehensive physical damage coverage or collision physical  
2 damage coverage of the shared car owner's or shared car  
3 driver's policy shall have the right to seek to recover from  
4 the peer-to-peer car-sharing program or its motor vehicle  
5 insurer if the loss or damage to the shared car occurs during  
6 the car-sharing period.

7 **§431:10C-F Insurable interest.** (a) Notwithstanding any  
8 law to the contrary, a peer-to-peer car-sharing program shall  
9 have an insurable interest in a shared car during the car-  
10 sharing period.

11 (b) In addition to the insurance coverage mandated by  
12 section 431:10C-B, a peer-to-peer car-sharing program may own  
13 and maintain as the named insured one or more policies of  
14 motor vehicle insurance that provides coverage for:

- 15 (1) Liabilities assumed by the peer-to-peer car-sharing  
16 program under a car-sharing program agreement;
- 17 (2) Any liability of the shared car owner; or
- 18 (3) Damage or loss to the shared car or any liability of  
19 the shared car driver.



1           **§431:10C-G Required disclosures and notices.** For each  
2 shared car participating in a car-sharing program agreement,  
3 a peer-to-peer car-sharing program shall:

4           (1) Provide, prior to the execution of a car-sharing  
5 program agreement, the shared car owner and shared  
6 car driver with the terms and conditions of the car-  
7 sharing program agreement;

8           (2) Disclose to the shared car driver, prior to the  
9 execution of a car-sharing program agreement, all  
10 costs or fees that are charged to the shared car  
11 driver under the car-sharing program agreement,  
12 including all costs or fees for mandatory insurance  
13 coverage charged by the peer-to-peer car-sharing  
14 program;

15           (3) Disclose to the shared car owner, prior to the  
16 execution of a car-sharing program agreement, all  
17 costs or fees that are charged to the shared car  
18 owner under the car-sharing program agreement,  
19 including fees or costs for mandatory insurance  
20 coverage charged by the peer-to-peer car-sharing  
21 program;



- 1 (4) Provide a twenty-four hour emergency telephone  
2 number for a person capable of facilitating roadside  
3 assistance for the shared car driver;
- 4 (5) Disclose any right of the peer-to-peer car-sharing  
5 program to seek indemnification from the shared car  
6 owner or shared car driver for economic loss  
7 sustained by the peer-to-peer car-sharing program  
8 caused by a breach of the car-sharing program  
9 agreement; provided that the peer-to-peer car-  
10 sharing program shall require the shared car owner  
11 and shared car driver to specifically and separately  
12 acknowledge notice of the disclosure prior to  
13 execution of a car-sharing program agreement;
- 14 (6) Disclose that a motor vehicle insurance policy  
15 issued to the shared car owner for the shared car or  
16 to the shared car driver may not provide a defense  
17 or indemnification for any claim asserted by the  
18 peer-to-peer car-sharing program; provided that the  
19 peer-to-peer car-sharing program shall require the  
20 shared car owner and shared car driver to  
21 specifically and separately acknowledge notice of





1 the disclosure prior to execution of a car-sharing  
2 program agreement;

3 (7) Disclose that the peer-to-peer car-sharing program's  
4 insurance coverage on the shared car owner and  
5 shared car driver is in effect only during each car-  
6 sharing period and that the shared car may not have  
7 insurance coverage for use of the shared car by the  
8 shared car driver after the car-sharing termination  
9 time; provided that the peer-to-peer car-sharing  
10 program shall require the shared car owner and  
11 shared car driver to specifically and separately  
12 acknowledge notice of the disclosure prior to the  
13 execution of a car-sharing program agreement;

14 (8) Disclose any insurance or protection package costs  
15 that are charged to the shared car owner or shared  
16 car driver; provided that the peer-to-peer car-  
17 sharing program shall require the shared car owner  
18 and shared car driver to specifically and separately  
19 acknowledge notice of the disclosure prior to the  
20 execution of a car-sharing program agreement;



1 (9) Disclose to the shared car driver any conditions in  
2 which the shared car driver is required to maintain  
3 a motor vehicle insurance policy as the primary  
4 coverage for the shared car; and

5 (10) Disclose that a shared car owner shall be permitted  
6 to obtain insurance that provides coverage for loss  
7 of use of a shared car."

8 SECTION 3. In codifying the new sections added by section  
9 2 of this Act, the revisor of statutes shall substitute  
10 appropriate section numbers for the letters used in designating  
11 the new sections in this Act.

12 SECTION 4. This Act shall take effect on July 1, 2050.



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Number: 1 Author: jamesbangasser Subject: Highlight Date: 3/16/22, 2:18:16 PM

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There is language for a statutory exemption from vicarious liability consistent with the existing exemption for rental car companies in federal law that was adopted in related bill, HB 1971, HD 2. The language below was adopted by the House Consumer Protection Committee on 2/17/22.

HIC is neutral on this language.

**“Section -, Exemption; vicarious liability - Consistent with title 49 of the United States Code section 30106, a peer to-peer car-sharing program and a shared car owner shall be exempt from vicarious liability under any state or local law that imposes liability solely based on motor vehicle ownership.”**

# H.B. NO. 1619 H.D. 2

**Report Title:**

Peer-to-Peer Car-Sharing; Peer-to-Peer Car-Sharing Programs;  
Motor Vehicle Insurance; Insurance Requirements

**Description:**

Establishes peer-to-peer car-sharing insurance requirements.  
Effective 7/1/2050. (HD2)

*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 EVAN OUE ON BEHALF OF THE HAWAII  
ASSOCIATION FOR JUSTICE (HAJ) IN SUPPORT OF HB 1619 HD2**

Date: Thursday March 17, 2022

Time: 3:00 p.m.

My name is Evan Oue and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in **SUPPORT** of HB 1619 HD2 - Relating to Peer-to-Peer Car Sharing Insurance Requirements. HAJ supports this measure as it mandates the required minimum amount of insurance coverage for car sharing on Peer-to-Peer car-sharing platforms to be no less than \$1,000,000.

Peer-to-Peer Car Sharing is one of the fastest growing industries across the United States resulting in a wave of legislative efforts and lobbying. This trend has an impact on the insurance industry, the rent-a-car industry, state tax collectors, and of course the companies' deriving revenue from Peer-to-Peer transactions. Most importantly, the rise of Peer-to-Peer impacts drivers, passengers and pedestrians injured in motor vehicle accidents on Hawaii's roadways. HB 1619 HD2 should be passed to ensure their interests are taken into account.

HAJ's appreciates the amendment made by the previous committee to require a sufficient amount of minimum insurance coverage of no less than \$1,000,000. There is currently a potential gap in insurance coverage for vehicles rented on a Peer-to-Peer basis because many personal automobile insurance companies are denying coverage for accidents and injuries related to the use of a privately owned vehicle as a private Peer-to-Peer rental car. An unintended consequence of this coverage denial is that a vehicle may be treated by an insurance company as uninsured, if there is no insurance provided by the Peer-to-Peer company. A minimum of \$1,000,000 in insurance coverage is crucial to ensuring there is no gap in coverage between the personal auto policy, which will be allowed to exclude coverage during Peer-to-Peer rentals, and the coverage for protecting drivers, passengers and pedestrians under the car sharing program. The amended language to require \$1,000,000 protects both the users of the Peer-to-Peer car sharing program, and the innocent victims of negligent drivers.

Although some Peer-to-Peer Car Share companies have opposed the \$1,000,000 minimum coverage and have instead propose the minimum requirement in HRS 431:10C-703, there are important reasons to keep the current language of the bill.

First, the minimum insurance amounts in HRS 431:10C-703 take into account not only the anticipated loss in a covered situation, but also the ability of Hawaii residents to pay the insurance premiums for the minimum amount of coverage. Financial ability should not be a factor considered to the same extent for commercial enterprises. The \$1,000,000 minimum is not likely a financial burden on Peer-to-Peer Car Share companies.

Second, some of the companies have testified that they currently maintain up to \$750,000 in minimum coverage for the car owners. It is unclear why the car owners are deserving of \$730,000 of additional coverage when drivers, passengers and pedestrians or other third parties would only receive the minimum. It seems at the very least, pedestrians and other third parties injured by the owner's vehicle in Hawaii are in greater need of protection than the owner who is receiving a commercial benefit and may not even be located in the state. Hawaii residents will be disadvantaged if Peer-to-Peer Car Share companies are allowed to provide \$750,000 on the mainland and only \$20,000 in Hawaii. Our residents and Hawaii consumers should not be treated like second class citizens.

Third, an increase in required insurance coverage will not result in a substantial cost increase for Peer-to-Peer Car Share companies who desire to operate in Hawaii. Increasing the insurance coverage amounts from \$750,000 and \$1,000,000 in coverage would likely result in only a marginal increase in insurance premiums, anticipated to be less than \$50 per year. Even if coverage amounts were increased from the state minimums in HRS § 431:10C-703 to \$1,000,000 the premiums would not likely increase more than \$300 to \$400 per year which is approximately \$1 per day. Such inconsequential cost increases resulting from increased insurance minimums will not deter Peer-to-Peer Car Share companies from conducting business in Hawaii.

Finally, other internet platform companies like UBER/LYFT have already agreed to the \$1,000,000 minimum coverage in HRS § 431. Peer-to-Peer Car Share Companies are more akin to other internet platform companies because they have no vehicles of their own, they pass on all financial and legal expenses of vehicle ownership and operation to private individuals, including vehicle purchase or lease price, maintenance costs, registration and vehicle taxes, garage/parking space, inspections, cleaning between rentals, and arranging for pick-up and drop-off of vehicles. Thus, Peer-to-Peer Car Share companies are able to make profits without bearing the risks or expenses of vehicle ownership.

Accordingly, HAJ recommends the current language in Section 2(a) be maintained in order to protect Hawaii residents. Thank you for allowing us to testify regarding this measure. Please feel free to contact us should you have any questions or desire additional information.

Written Testimony  
Before the Hawaii State Senate  
Committee on Transportation  
March 16, 2022  
By  
Soledad Roybal  
Public Policy Manager, Getaround

Aloha Chair Lee and Honorable Members of the Senate Committee on Transportation. Mahalo for the opportunity to comment on House Bill 1619.

I am Soledad Roybal, a Public Policy Manager at Getaround, I hope that this testimony will help provide the perspective of a peer-to-peer company that is currently operating in Hawaii and eager to continue to provide Kamaaina with safe, affordable, and reliable transportation options.

Getaround is a fully digital and contactless car sharing marketplace that recently started to operate in Hawaii. Our company uses patented technology to connect safe, convenient, and affordable cars with people who need them by the hour or day to live and work, allowing guests to book a wide variety of vehicles directly from our app, without ever having to meet anyone in person, carry an access card, wait in line, or coordinate picking up keys.

Peer-to-peer carsharing is very different from the TNC model of Uber and Lyft. Under the TNC model, riders enter vehicles being driven by strangers who drive them to a location that may be unknown to the driver. By contrast, a Getaround guest begins a trip by locating and unlocking an unoccupied, parked car they have booked, which they will drive to a location of their choosing.

In addition, to date, there has been no evidence that peer-to-peer carsharing is riskier than a rental car, let alone requiring 10x the insurance coverage.

Further, as we've testified before, we have significant concerns about this bill including:

1. Failure to expressly exempt shared car owners and car sharing platforms from vicarious liability, consistent with the federal Graves Amendment.
2. Creating an unworkable and inconsistent framework through the definition of "car-sharing termination time," which would extend a platform's insurance obligations well beyond the contracted trip (a concern that was resolved in an amendment to SB 2444).

3. Prohibiting surplus lines insurers from providing the required coverage, which in tandem with the extraordinarily high limits in the bill, could severely limit if not eliminate the ability of platforms to obtain coverage that would enable economically viable operation in Hawaii.

Getaround is excited to be operating in your communities and we hope that like in other parts of the country our service will be there to make kamaaina lives better. We also hope that with Getaround, local car owners can earn extra income by sharing their cars, as opposed to leaving them idle.

Unfortunately, if the bill as currently drafted becomes law, operating in Hawaii may well be economically unfeasible, depriving kamaaina of an opportunity to both earn extra income and have an accessible, flexible transportation option.

I look forward to continuing this discussion with you and your colleagues and finding the best solutions for all stakeholders.

Mahalo for your consideration of our testimony.