



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

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

335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

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

**Before the  
House Committee on Transportation  
Friday, February 4, 2022  
10:00 a.m.  
Via Videoconference**

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

Chair Aquino 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.

The Department has concerns that the bill in its current form may limit coverage and may take away some of the broad protections that consumers currently have under their existing auto policies. The Department is willing to discuss these concerns with the industry.

Thank you for the opportunity to testify on this bill.

## **TESTIMONY OF ALISON UEOKA**

---

COMMITTEE ON TRANSPORTATION  
Representative Henry J.C. Aquino, Chair  
Representative Greggor Ilagan, Vice Chair

Friday, February 4, 2022  
10:00 a.m.

### **HB 1619**

Chair Aquino, Vice Chair Ilagan, 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 supports this bill. This bill provides insurance requirements for Peer-to-Peer (P2P) activities. P2P programs and their users have been operating in Hawaii for several years. However, during the pandemic, there has been a large increase in activity in this area because there is a new car and rental car shortage. This shortage of vehicles is expected to last at least another two years. Meanwhile, consumers are renting personal vehicles on their own, i.e., without using a platform that provides insurance for rental vehicles. When this happens insurance coverage to protect accident victims will likely be inadequate if it exists at all. Additionally, the renter may not understand that there is no insurance coverage on the vehicle they are using.

HB 1619 provides a framework for insurance for P2Ps. Although there have been legislative measures introduced in the past to regulate this new industry and provide insurance requirements, none have passed to date. We believe insurance provisions are the most important consumer protection measure there is within the regulation of P2Ps. The Legislature in 2016, enacted a similar insurance-only measure for Transportation

Network Companies (TNC) and insurance laws have been on the books since then while regulation measures continue to be debated. The TNC laws have been tested through the years since enactment and have proven to close the gaps in coverage that existed prior to the law. We hope the same for this bill so that in the event someone is injured while engaging in P2P activity, there is a framework for insurance requirements and coverage.

We ask for your favorable consideration of this bill and that its date of enactment be pushed forward to July 1, 2022.

Thank you for the opportunity to testify.



Testimony of

Tami Bui – Senior Government Affairs Manager

Turo Inc., San Francisco, CA

**Comments to HB 1619** February 4, 2022

Chair Aquino, Vice Chair Ilagan and Members of the House Committee on Transportation, I respectfully submit comments to **HB 1619** 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 HB 1619 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.

We are most familiar with the insurance structure outlined in HB 1971, which was thoroughly negotiated in your committee last year and successfully passed the House with the support from various stakeholders including insurance industry partners. HB 1971 contains clear and distinct definitions that differentiate between peer-to-peer car sharing and traditional rental car companies, makes sure that insurance coverage exists throughout the car sharing period, provides substantial disclosures on fees and coverage, and protects consumers from encountering cars with safety recalls while participating in peer-to-peer car sharing.

In the spirit of collaboration, we look forward to further analyzing HB 1619 and the opportunity to work collaboratively alongside stakeholders to establish a regulatory framework for peer-to-peer car sharing that supports Hawai'i residents who share their personal vehicles and consumers in need of mobility options.

We thank you for the opportunity to provide comments to HB 1619.



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

---

TIMOTHY M. DAYTON, CPCU, GENERAL MANAGER ALASKA & HAWAII  
711 Kapiolani Blvd., Suite 300 ■ Honolulu, HI 96813-5238 ■ Email: [tdayton@geico.com](mailto:tdayton@geico.com)  
Direct: (808) 593-1875 ■ FAX (808) 593-1876 ■ Cell: (808) 341-9252

COMMITTEE ON TRANSPORTATION

Rep. Henry J.C. Aquino, Chair  
Rep. Greggor Ilagan, Vice Chair  
Friday February 4, 2022

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

Chair Aquino, Vice-Chair Ilagan and Members of the House Transportation Committee:

My name is Timothy M. Dayton, General Manager of GEICO. GEICO provides car insurance for 182,000 Hawaii Families. 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 often does not represent a significant cost to the insurance company, but it does often penalize a 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 is counter to the mandatory insurance law in Hawaii whose primary objective is to ensure compensation for innocent victims. 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



To: Representative Henry J.C. Aquino, Chair  
Representative Greggor Ilagan, Vice Chair  
House Committee on Transportation

From: Mark Sektnan, Vice President

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

Date: Friday, February 4, 2022  
10:00 a.m., Via Videoconference

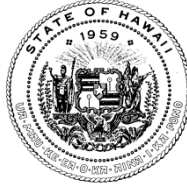
Aloha Chair Aquino, Vice Chair Ilagan, and Members of the Committee:

The American Property Casualty Insurance Association of America (APCIA) is pleased to **support HB 1619** 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 which we fully support.

Thank you for the opportunity to submit testimony.

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

February 4, 2022  
10:00 A.M.  
State Capitol, Teleconference

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

House Committee on Transportation

---

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

The DOT believes that motor vehicle insurance requirements will increase traffic safety.

Thank you for the opportunity to provide testimony.



**HB-1619**

Submitted on: 2/4/2022 8:59:11 AM

Testimony for TRN on 2/4/2022 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Lee Nagano	Dept of Transportation	Support	Yes

Comments:

I am with DOT and am available for comments.

## TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION TO H.B. 1619

Date: Friday February 4, 2022

Time: 10:00 a.m.

My name is Evan Oue and I am presenting this testimony on behalf of the Hawaii Association for Justice (HAJ) in opposition to H.B. 1619, Relating to Peer-to-Peer Car Sharing Insurance Requirements. HAJ appreciates the intent of the measure, however, we **oppose H.B. 1619** in its current form as it does not sufficiently ensure that vehicles used for car sharing on Peer-to-Peer car-sharing platforms are covered by insurance that is adequate in amount and complies with the requirements of the Hawaii motor vehicle insurance law.

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. H.B. 1619 does not take their interest into account as currently drafted, and therefore, HAJ recommends the following amendments.

The main issue at hand is that H.B. 1619 does not require a sufficient amount of minimum insurance coverage. Many automobiles licensed in Hawaii lose their state-mandated coverage when they are used in a Peer-to-Peer Car Share as individual motor vehicle policies typically exclude coverage for injuries arising from the use of an auto as a private rental car, taxi or UBER/LYFT.

H.B. 1619 proposes to bridge this gap in insurance by requiring that a car share platform

provide minimum \$20,000 in liability and \$10,000 in property damage coverage under HRS § 431:10C-301. Therefore, the net effect of H.B. 1619 will be to reduce the amount and quality of insurance protection currently available to people injured in motor vehicle accidents. Many vehicles are now insured for \$50,000, \$100,000, \$300,000 or more in bodily injury liability coverage, but these policies will now all be replaced with minimum limits of \$20,000.

**HAJ strongly recommends the require minimum liability coverage for Peer –to- Peer use be increased to \$1 million** which is consistent with the required insurance coverage for Transportation Network Companies (TNC) under HRS 431:10C-703. Peer-to-Peer is an internet platform that operates in the same way as Uber/Lyft TNC using privately owned vehicles, thus, it should be treated in the same manner. In fact, Turo, the primary Peer-to-Peer internet platform, currently provides \$750,000 in liability insurance coverage with every rental in Hawaii and on the mainland through its own Turo Insurance Agency with a policy underwritten by Traveler’s Insurance Company.

There is no rational basis for giving Hawaii residents who may be injured by a Turo rental vehicle the \$20,000 insurance coverage proposed in current draft of H.B. 1619. Essentially, the proposed \$20,000 limit lowers the current insurance Turo already provides in Hawaii and on the mainland by \$730,000 (from \$750,000 to \$20,000 per person with a maximum of \$40,000 per accident). Conversely, both Uber and Lyft provide \$1 million of insurance coverage for riders in Hawaii.

The minimum limit for Hawaii residents was set to accommodate the financial ability of all Hawaii citizens. It allows lower limits for lower income residents, such as the elderly on social security, and higher limit options for those with higher incomes. The minimum limit is set low as a practical matter to keep premiums affordable for all residents, not at a level sufficient to

cover the cost of reasonably anticipated losses. Internet platform businesses however should be required to provide limits sufficient to cover the risks of injuries and damages of the business, as was done for UBER/LYFT vehicles.

Good public policy requires consistent treatment of internet platforms like Turo, Uber and Lyft. They are all afforded the benefits of operating as an internet platform, taking profits off the top while passing-on expenses and risks of owning and operating vehicles to private owners, and should be governed by the same required insurance protections.

Accordingly, Section -2 (a) should be amended to read:

"(a) The following motor vehicle insurance requirements shall apply during each the car-sharing period:

(1) Primary motor vehicle liability insurance that provides at least \$1,000,000 for death, bodily injury, and property damage per accident, costs of defense outside such limits;

(2) Personal injury protection coverage that meets the minimum coverage amount where required by section 431:10C-103.5; and

(3) The coverage requirements of this subsection may be satisfied by any of the following:

(A) A motor vehicle insurance policy maintained by the Shared car driver;

(B) A motor vehicle insurance policy maintained by the Peer-to- peer car-sharing program; or

(C) Any combination of subparagraphs (A) and (B).

Moreover, the current draft of H.B. 1619 includes several unintended loopholes or gaps

in insurance coverage that should be corrected. The following technical amendments should be made:

#### Overbroad Exclusion in Motor Vehicle Policies

First, language contained in section -3(b) is overly broad in its application and should be amended to narrow its scope. Specifically, section -3(b) states that "nothing in this chapter shall invalidate or limit an exclusion contained in a motor vehicle insurance policy, including any insurance policy in use or approved for use that excludes coverage for motor vehicles made available for rent, sharing, hire, or for any business use." The use of "any business use" may lead to unintended gaps and include a business use that should not be exempt. There are specific business uses, such as Transportation Network vehicles and repair shop loaners that have statutory exclusion, however, these uses have been discussed in depth and alternative coverages required prior to the granting of statutory exclusions. As such HAJ recommends that "or for any business use" on page 8, line 14 be deleted. Any other specific exclusions should be identified and considered individually.

#### Delay in Returning the Share Car

Second, there is no insurance coverage when there is any delay in returning the share car. The definition of "car-sharing termination time," page 2, line 20 through page 4, line 14, currently contains a loophole or gap when a driver who is returning a vehicle may get stuck in traffic and be delayed in returning the vehicle. Specifically, the definition for "Car-sharing termination time" states that insurance terminates at the "expiration of the agreed upon period of time," while the personal auto insurance on the vehicle is excluded while the vehicle is "available for rent, sharing, or hire." For instance, a gap in coverage occurs if a car is due back at 4:30 pm, but there is an accident on the H-1 that delays the return of the car until 6:00 pm, the

car would be uninsured between 4:30 pm and 6:00 pm. As such, this unintended gap in coverage can be closed by deleting the word “earliest” on page 2, line 20, and replacing it with “latest.”

#### Peer-to-Peer Is Not Similar To U-Drive Companies

Peer-to-Peer companies, like Turo, are distinct from traditional U-Drive companies such as Avis, Hertz or Enterprise. For this reason, H.B. 1619 exempts Peer-to-Peer companies from regulation under Chapter 437D which regulates traditional rental companies.

Peer-to-Peer internet platforms 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. If a private owner fails to properly service or repair a car, that private owner is liable. A private owner is not likely to have the funds or additional insurance to cover this liability. Thus, Turo makes profits without bearing the risks or expenses of vehicle ownership.

In contrast, rental car companies: 1) own and pay for their vehicles; 2) maintain physical facilities at the airport and in town; 3) hire hundreds of workers statewide to check-in renters; 4) drive shuttles; 5) check rental cars as they leave the premises; 6) receive returns and check-out renters; 7) clean/wash and inspect vehicles after each rental; 8) employ mechanics to service and repair rental cars; and 9) drive cars to/from parking/storage lots among other tasks. U-Drive companies must comply with regulatory requirements for inspection, repair, and maintenance of traditional rental cars. Conversely, there is no actual control or supervision by Turo to ensure that vehicles it rents have been properly serviced or repaired. This is due to the fact Turo does not have employees to perform or verify that vehicles are properly repaired and maintained.

Internet platform car maintenance and repair, as a practical matter rests purely at the whim and cash-flow of many thousands of individuals. It is obvious that individuals with limited funds may delay getting brakes replaced, changing bald tires or performing other expensive repairs required for the safety of those driving the vehicle, as well as those bystanders who may be injured in accidents with unsafe vehicles.

In addition, U-Drive cars are covered by insurance provided by both the rental company and the driver. This is why many insurance agents advise that drivers renting from traditional U-Drive companies decline the optional (and expensive) physical damage insurance because the driver's own insurance provides additional coverage. This bill however excludes coverage by the driver's insurance company for Peer-to-Peer share cars, in section -3 on pages 7-8, while there is no similar exclusion for traditional rental cars.

Accordingly, it is essential that Peer-to-Peer companies carry the same additional insurance coverage at a minimum of \$1 million akin the level provided by TNC internet platforms like Uber/Lyft. Without this necessary coverage the major risk of doing business would be placed on the public and not on the Peer-to-Peer company benefiting from the profit. Requiring the \$1 million coverage for Turo (which is only \$250,000 more than what they already provide for in other states), to be the same as for Uber & Lyft, will ensure that other Peer-to-Peer companies who come to Hawaii will also provide consistent and uniform coverage.

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.



February 3, 2022

Chairman Henry Aquino  
House Committee on Transportation  
Hawaii State Capitol  
415 South Beretania St.  
Honolulu, HI 96813

*Re: Oppose H.B. 1619 – PEER-TO-PEER CAR-SHARING INSURANCE REQUIREMENTS*

Aloha Chairman Aquino:

On behalf of Avail, a peer-to-peer car sharing company and subsidiary of Allstate Insurance, we write today in opposition to H.B. 1619 regarding peer-to-peer car sharing insurance requirements, which is scheduled to be heard by your transportation committee on February 4, 2022. Peer-to-peer car sharing allows Hawaii residents to share their cars with other residents and visitors in need of a safe, convenient, and affordable means of transportation. At the same time those sharing their vehicles enjoy the added benefit of earning passive income through the sharing process by utilizing an asset that for many has been sitting in their driveway or garage for months as we endure the lasting impact of the COVID-19 pandemic. In addition to providing an alternative to traditional car renting, peer-to-peer car sharing gives citizens a new solution to longstanding mobility needs where public transit and other alternatives are not an option.

We are appreciative of sponsor Rep. Johanson's interest in this pro-consumer and innovate business platform, however, the legislation as currently drafted would be detrimental to those involved in the peer-to-peer car sharing economy. H.B. 1619 uses only select language from the cross-industry model bill passed by the National Conference of Insurance Legislators (NCOIL) and would dismantle the insurance structure that the NCOIL bill establishes. As written, the legislation would place shared vehicle drivers or owners in the position of primary insurance coverage while also failing to address critical consumer protections – two areas that we believe are better address in the Chairman's own bill H.B. 1971.

We believe the insurance, consumer protections and clear definitions proposed in H.B. 1971 are a better approach to regulate the peer-to-peer car sharing industry appropriately and effectively so that all involved in this innovate transportation model are adequately protected. Insurers (including Allstate), peer-to-peer car sharing companies and the rental car industry have all supported this model language and believe it to be the best solution to addressing these critical issues.

Thank you again for this opportunity to raise our concerns and our opposition to H.B. 1619 and we look forward to working with you and the Committee on H.B. 1971 as it moves through the legislative process.

Mahalo,

Jon Van Arsdell  
Head of Government Relations  
Avail