

STATE OF HAWAII | KA MOKU'ĀINA 'O 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
House Committee on Finance
Wednesday, March 29, 2023
3:00 p.m.

State Capitol, Conference Room 308 and via Videoconference

On the following measure:
S.B. 1502, S.D. 2, H.D. 1, RELATING TO TRANSPORTATION

Chair Yamashita and Members of the Committee:

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

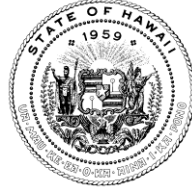
The purpose of this bill is to authorize the department of transportation to regulate the parking of shared cars at state airports, authorize the counties to regulate the parking of shared cars on highways under their jurisdiction, and amend the required coverage for shared cars that are made available through a peer-to-peer car-sharing program.

Section 2 of this bill amends the existing requirement in HRS section 431:10C-802 that requires peer to peer car sharing programs to provide primary insurance of "no less than \$750,000 for death, bodily injury, and property damage per accident" by reducing that amount to "four times the amounts set forth in section 431:10C-301(b)[.]"

We note that 2022 Haw. Sess. Laws Act 56 (Act 56), which enacted the provisions amended by section 2 of this bill, became effective on January 1, 2023 and includes a sunset date, June 30, 2025.

We take no position on section 1 of this bill.

Thank you for the opportunity to testify.



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Wednesday, March 29, 2023
3:00 PM
Conference Room 308 and Videoconference**

**On the following measure:
S.B. 1502, S.D. 2, H.D. 1, RELATING TO TRANSPORTATION**

Chair Yamashita and Members of the Committee:

My name is Mana Moriarty, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Office of Consumer Protection submits comments on section 2 of this bill, defers to the Insurance Commissioner about liability limits, and defers to the Department of Transportation as to section 1 of this bill.

The purposes of this bill are to reduce the liability limits of insurance for shared cars that are made available through a peer-to-peer (P2P) car-sharing program; authorize the Department of Transportation to regulate peer-to-peer car share parking at state airports; and authorize the counties to regulate peer-to-peer parking on county streets.

The current law requiring insurance and disclosures to P2P drivers are important consumer protection measures. The law clearly states that P2P policies are primary in relation to any other insurance policies, which will help to ensure that accident victims

who are consumers obtain insurance benefits. Disclosures are required to the P2P driver (the consumer) so that they understand the law.

Disputes about insurance coverage could result in delay or outright denial of insurance coverage for accident victims who are consumers. H.B. 640, H.D. 1, S.D. 1, another bill under consideration, creates new grounds for an insurer to deny coverage. It also allows the owner or the driver's policies to be primary depending on the circumstances. The Office of Consumer Protection prefers the bright-line rule under the current law that P2P policies are primary in relation to any other insurance policies.

Under H.B. 640, H.D. 1, S.D. 1, a car owner's insurer could deny coverage to the car driver (consumer) based solely on the car owner's conduct under certain conditions. No P2P policy maintained by the car-sharing program would be required to satisfy the requirements of the law as proposed in that measure. The result could be that no coverage is provided to an accident victim who is also a consumer.

S.B. 1502, S.D. 2, H.D. 1, avoids that unjust result by leaving in place the current law. Under the current law, P2P policies are primary in relation to any other insurance policies. This provision avoids disputes about who is responsible for coverage. Under the current law, the car sharing program's insurance provides coverage even when a car owner's policy lapses. This provision ensures insurance benefits will be available consumers when the car owner's policy no longer provides coverage.

Thank you for the opportunity to testify on this bill.



Written Testimony
House Finance Committee

March 29, 2023

From

Soledad Roybal, Regional Head of Public Policy, Getaround

Re: **Hawaii State Senate Bill 1502-HD1**

Getaround supports **Senate Bill 1502-HD1** and the goals of the state of Hawaii to increase equitable and sustainable transportation options for kamaaina, employees, and visitors. This bill helps ensure that hourly peer-to-peer carsharing services remain affordable and accessible to all in Hawaii by reducing the insurance requirements from more than 17X the state minimum, as it is currently, to 4X the state minimum.

Getaround offers cars for everyone's daily needs. Using patented technology, we offer a fully digital carsharing experience, which provides convenience, affordability, and safety to those who use it. Our platform allows guests to book various vehicles directly from our app without meeting in person, carrying an access card, waiting in line at a rental car counter, or coordinating picking up keys.

Getaround supports an insurance framework for peer-to-peer car sharing and a fair regulatory framework designed to ensure everyone is protected in ANY motor vehicle accident. We applaud the legislature's work to support these efforts, and the recognition that the current peer-to-peer insurance requirement is excessive, particularly considering no data indicates that peer-to-peer drivers pose a greater risk than traditional rental car drivers. Hawaii is also an outlier compared to most other states nationwide, which don't require an insurance premium for peer-to-peer rides.

Getaround looks forward to continuing to work with the Hawaii Department of Transportation, the City of Honolulu, and other community and business organizations to increase the benefits of peer-to-peer carsharing for all of your constituents. Contributing to equitable transportation solutions that ensure appropriate levels of protection for everyone who calls Hawaii home - while allowing for the safe and positive growth of carsharing in the Islands is critical to the Getaround mission.

Mahalo, for your consideration of our written testimony.

Soledad Roybal
Regional Head of Public Policy (U.S. South & West)





Testimony of
Davin Aoyagi - Senior Government Relations Manager
Turo Inc.

**Support for SB1502, SD2, HD1
March 29, 2023**

Aloha e Chair Yamashita, Vice Chair Kitagawa, and other Committee Members,

On behalf of Turo, I respectfully offer the following testimony supporting SB1502, SD2, HD1 amends the liability insurance coverage requirements for peer to peer car sharing companies.

Last year the legislature established a statutory framework to regulate the peer to peer car sharing industry, in which vehicle owners (“hosts”) share their vehicle with someone looking for a car for temporary use (“guests”) via a marketplace like Turo. The framework included a variety of insurance provisions, consumer protection provisions, recordkeeping requirements, and taxation. These provisions also included language in HRS§431:10C-802:a(1) which states that “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 in amounts not less than \$750,000.”

This \$750,000 requirement for both the vehicle and the driver is significantly higher than the current state minimums (20/40/10) which are imposed on every individual vehicle driver in the state as well as those driving a traditional rental car. We also respectfully note that the \$750,000 in minimum insurance coverage is an anomaly compared to other states. 41 states and the District of Columbia merely require state minimums, while six other states require ranges from two to three times state minimums. The only states that have comparable insurance minimums to Hawai‘i are New York (which recently legalized peer-to-peer car sharing operations in 2022) and West Virginia, whose legislature just transmitted a bill to the governor’s office to amend the \$750,000 minimum to its state minimums.

As noted in our previous testimony on this issue, there is no known policy justification for the extraordinarily high and cost prohibitive insurance limits set solely for peer-to-peer car sharing. In fact, there were no data points in our own claims information which we’ve provided to the Insurance Division of the Hawaii Department of Commerce which demonstrated a justification for these higher insurance limits. Despite this fact, the current law requires the peer-to-peer car sharing industry to ensure

coverage that is 18.75 times higher than what is required of others on the road, despite there being no policy basis for the assertion that peer-to-peer car-sharing involves any greater risk.

Despite this, SB1502, SD2, HD1 has now been amended to address concerns raised by the Insurance Commissioner. The language represents a compromise and amends the insurance from \$750,000 to four times state minimums. While this would mean that Hawai'i will still have the second highest insurance minimum requirements for peer-to-peer car sharing companies in the nation, it is a compromise that we will accept as a means of recognizing the previous concerns related to this measure.

We therefore support this measure in its current form, and want to extend a warm mahalo to the committee for its consideration of our testimony.

Testimony of
Aakara Wiegand, Kauai Host
SUPPORTING HB640/SB1502, HD1
3/28/23

Aloha e Chair, Vice Chair, and other Committee Members,

I respectfully offer the following written testimony in support of HB640, which seeks to amend the statutory framework for the peer-to-peer industry set in place under Act 56. Last year, the Hawai'i state legislature passed an unfair insurance law that imposed an insurance requirement on all Turo hosts and guests that puts Turo's requirements at 18.75 times that of traditional rental cars, and higher than most of the country. This threatens the Turo community's ability to thrive and for local hosts to be able to flourish economically in the state.

In 2021 when the island opened up to visitors I became a Kauai Turo Host. I was able to accomplish the requirements to provide a service to those in need as travelers. I committed to grow in my service locally to our community, and to visitors of Kauai through the Turo platform. As an educated entrepreneur, I had been receiving social security disability benefits since 2015 due to a condition with my spine. This peer-to-peer car-sharing platform provided me with an opportunity to accomplish a career path, that had been difficult previously. In doing so, I successfully stopped receiving SSD Benefits. Becoming fully self-supporting as an entrepreneur locally, and able to utilize the funds from the business to purchase locally and contribute locally. My mission on a personal level is to spread the teaching of Aloha. I find it to be heart-touching to make direct contact with our guests through Turo, by providing them with an authentic, genuine connection to the island of Kauai, and sharing our story here, with aloha. Although I have been a member of Turo since 2014 and use myself when I travel, this peer-to-peer car-sharing platform has changed the course history of my life. It's liberated me from limited financial struggle due to a disability and empowered me to utilize my capacity to provide a service, give back to others, and have a chance to thrive in this land, which I am so committed to respecting.

I have countless friends on Kauai who have become able to overcome hardship due to the positive life-enhancing service that the Turo as a peer-to-peer car-sharing platform has provided on Kauai.

The only states that have comparable insurance minimums to Hawai'i are New York (which recently legalized peer-to-peer car sharing operations in 2022) and West Virginia, whose legislature just transmitted a bill to the governor's office to amend the \$750,000 minimum to its state minimums.

As a host that utilizes Turo to make ends meet, I respectfully ask the Committee to please support this measure which would lower insurance minimums.

Mahalo for consideration of my testimony.

With Aloha,
Aakara Grace Wiegand, Kauai Host
Turo Host

Testimony

SUPPORTING HB640/SB1502, HD1



Aloha e Chair, Vice Chair , and other Committee Members,

I respectfully offer the following written testimony in support of HB640, which seeks to amend the statutory framework for the peer-to-peer industry set in place under Act 56. Last year, the Hawai'i state legislature passed an unfair insurance law that imposed an insurance requirement on all Turo hosts and guests that puts Turo's requirements at 18.75 times that of traditional rental cars, and higher than most of the country. This threatens the Turo community's ability to thrive and for local hosts to be able to flourish economically in the state.

Turo provides a unique economic opportunity to local companies and individuals, benefiting the local economy. Utilizing the great market for rental cars here in Hawaii, has allowed our company to grow exponentially in the last few years even despite the COVID-19 Pandemic.

The only states that have comparable insurance minimums to Hawai'i are New York (which recently legalized peer-to-peer car sharing operations in 2022) and West Virginia, whose legislature just transmitted a bill to the governor's office to amend the \$750,000 minimum to its state minimums.

As a business that utilizes Turo to make ends meet, I respectfully ask the Committee to please support this measure which would lower insurance minimums.

Mahalo for consideration of my testimony.

With Aloha,
Shiloh McCormick

Testimony of
Crystal Okamoto - Kaua'i Host
SUPPORTING HB640/SB1502, HD1
3/28/23

Aloha e Chair, Vice Chair , and other Committee Members,

I respectfully offer the following written testimony in support of HB640, which seeks to amend the statutory framework for the peer-to-peer industry set in place under Act 56. Last year, the Hawai'i state legislature passed an unfair insurance law that imposed an insurance requirement on all Turo hosts and guests that puts Turo's requirements at 18.75 times that of traditional rental cars, and higher than most of the country. This threatens the Turo community's ability to thrive and for local hosts to be able to flourish economically in the state.

On every island in our state we see people who have been born and raised here, leave for higher education and still cannot return home to work due to the high cost of living and lower wages compared to the mainland. I finally have come home to work as a health care provider and am able to do so because Turo allows me the ability to make enough income to support myself and assist my family and friends who struggle here. Please allow a fair and just platform to function without unjust and unfair requirements.

The only states that have comparable insurance minimums to Hawai'i are New York (which recently legalized peer-to-peer car sharing operations in 2022) and West Virginia, whose legislature just transmitted a bill to the governor's office to amend the \$750,000 minimum to its state minimums.

As a host that utilizes Turo to make ends meet, I respectfully ask the Committee to please support this measure which would lower insurance minimums.

Mahalo for consideration of my testimony.

With Aloha,
Crystal Okamoto
Turo Host

Testimony of
Andrea Pahukula - Maui Host
SUPPORTING HB640/SB1502, HD1
3/29/23

Aloha e Chair, Vice Chair , and other Committee Members,

I respectfully offer the following written testimony in support of HB640, which seeks to amend the statutory framework for the peer-to-peer industry set in place under Act 56. Last year, the Hawai'i state legislature passed an unfair insurance law that imposed an insurance requirement on all Turo hosts and guests that puts Turo's requirements at 18.75 times that of traditional rental cars, and higher than most of the country. This threatens the Turo community's ability to thrive and for local hosts to be able to flourish economically in the state.

Turo helps support local economy allowing local families to earn income from our tourism industry. Tourism income should not be only available for larger businesses. Our Turo income has helped support our twins to go to college this year.

The only states that have comparable insurance minimums to Hawai'i are New York (which recently legalized peer-to-peer car sharing operations in 2022) and West Virginia, whose legislature just transmitted a bill to the governor's office to amend the \$750,000 minimum to its state minimums.

As a host that utilizes Turo to make ends meet, I respectfully ask the Committee to please support this measure which would lower insurance minimums.

Mahalo for consideration of my testimony.

With Aloha,
Andrea Pahukula
Turo Host

**TESTIMONY OF EVAN OUE ON BEHALF OF THE HAWAII
ASSOCIATION FOR JUSTICE (HAJ) IN OPPOSITION OF
SB 1502 SD2 HD1**

Date: Wednesday March 29, 2023

Time: 3:00 p.m.

My name is Evan Oue and thank you for allowing me to submit testimony on behalf of the Hawaii Association for Justice (HAJ) in **OPPOSITION** SB 1502 SD2 HD1 - Relating to Peer-to-Peer Car Sharing Insurance Requirements. HAJ strongly opposes Section 2 of this measure which unnecessarily reduces the required minimum amount of insurance coverage for car sharing on Peer-to-Peer car-sharing platforms during the car sharing period.

Under HRS § 431:10C-301(b), the current minimum insurance required for Peer-to-Peer car sharing programs is \$750,000. These minimums were just passed into law last year under Act 56, and became effective Jan. 1, 2023, less than three months ago. In section 2 of SB 1502 SD2 HD1 , the current version of the bill, those newly implemented insurance minimums for shared car drivers would be reduced to \$80,000. This substantial reduction in insurance coverage does not reflect the risks associated with peer-to-peer usage.

Since the legislation's implementation, the risk to consumers has not changed. It seems unreasonable to amend the insurance minimums immediately after carefully passing legislation which properly balanced the need for consumer protection with allowing peer-to-peer programs to operate safely here in Hawaii., 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 remain 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.

Furthermore, according to Turo, the company still maintains insurance coverage for the owners of the vehicle at \$750,000. It is unclear as to why the shared car owners should be covered in this amount while shared car drivers are provided with less protection. Hawaii residents should be protected at all times from potential injuries related to peer-to-peer companies operating in the State. Local residents will be disadvantaged if Peer-to-Peer Car Share companies are allowed to provide less coverage due to the amount of time a vehicle is in use when the same risks are still present.

Although the proponents of the bill claim that Hawaii is an outlier and the minimum for insurance should be consistent with coverage required for Hawaii residents. This argument is not persuasive. 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 minimums should not be utilized as a reference point for a profitable commercial corporation. The \$750,000 minimum is not likely a financial burden on Peer-to-Peer Car Share companies which can pass on costs of insurance to consumers. Such inconsequential costs resulting from the current insurance minimums will not deter Peer-to-Peer Car Share companies from conducting business in Hawaii

Additionally, Hawaii does not have vicarious liability resulting in no secondary coverage for accident victims. In contrast, other states such as California, Connecticut, Florida, Idaho, Iowa, Maine, Michigan, Minnesota, Nevada, New York, Rhode Island and the District of Columbia, have vicarious liability which allows an injured victim to recover damages from the \$750,000 in coverage offered to the car owner in addition to the minimum amounts of insurance for the driver. Accordingly, the reduction to four times the minimum coverage amounts for other vehicles is especially impactful for Hawaii residents and substantially reduces consumer protection due to the inability to access the \$750,000 provided to the owner.

Ultimately, Peer-to Peer Car Sharing is still 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.

Because the current minimums required by HRS § 431:10C-802 were just implemented this year, there has been no substantial decrease in the risks associated with peer-to-peer programs, these commercial enterprises clearly have an ability to pay and there is a need to maintain a high level of protection for Hawaii consumers, the law should not be amended at this time. Accordingly, **HAI recommends this measure be deferred** and the \$750,000 be maintained for all peer-to-peer car sharing programs 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.