

STAND. COM. REP. NO.

839

Honolulu, Hawaii

MAR 02 , 2023

RE: H.B. No. 640

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 640 entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the minimum motor vehicle insurance requirements for shared cars; and
- (2) Allow the provisions regarding the mandatory insurance terms for peer-to-peer car-sharing programs to sunset, except for the minimum motor vehicle insurance requirement.

Your Committee received testimony in support of this measure from Turo, Getaround, and one individual. Your Committee received testimony in opposition to this measure from the Office of Consumer Protection of the Department of Commerce and Consumer Affairs, Insurance Division of the Department of Commerce and Consumer Affairs, Hawaii Insurers Council, Hawaii Association for Justice, State Farm Mutual Automobile Insurance Company, and National Association of Mutual Insurance Companies.

2023-2318 HB640 HD1 HSCR HMSO



Your Committee finds that peer-to-peer car sharing allows for vehicle owners to share their vehicle with others through online platforms. Your Committee further finds that the increasing popularity of peer-to-peer car-sharing programs and the accompanying concerns over whether drivers and passengers were adequately covered by insurance prompted the State to enact Act 56, Session Laws of Hawaii 2022 (Act 56). Act 56 established minimum insurance coverage requirements for shared cars made available through peer-to-peer car-sharing programs, and is also set to sunset on June 30, 2025.

Your Committee recognizes that the interests in imposing strong regulations to protect consumer safety must be balanced with the interests in allowing commercial activity to thrive.

Accordingly, your Committee has amended this measure by:

- (1) Specifying that a peer-to-peer car-sharing program assumes the liability of a shared car owner for bodily injury or property damage to third parties or uninsured and underinsured motorist or personal injury protection losses during the shared-car period in an amount as provided in the car-sharing program agreement, which is to be no less than \$750,000;
- (2) Specifying exemptions from the assumption of liability for certain incidents;
- (3) Specifying that the peer-to-peer car-sharing program must ensure that the shared car owner and shared car driver are insured under a motor vehicle insurance policy, with regard to the shared car driver, that provides coverage in an amount no less than the minimum coverage requirements set forth for other vehicles and meets other requirements;
- (4) Clarifying when the requirements for motor vehicle insurance coverage are satisfied;
- (5) Specifying certain instances in which the motor vehicle insurer or peer-to-peer car-sharing program must assume liability;



- (6) Clarifying various provisions related to optional coverages and disclosure requirements;
- (7) Further clarifying the construction and application of the Insurance Code with respect to a peer-to-peer car-sharing program's liability and authority and an insurer's obligations;
- (8) Repealing the sunset date of Act 56, Session Laws of Hawaii 2022;
- (9) Deleting the language that further amended the minimum motor vehicle insurance requirements for shared cars on June 30, 2025; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 640, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 640, H.D. 1, and be placed on the calendar for Third Reading.

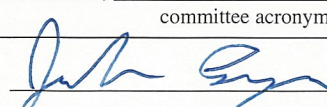
Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,


MARK M. NAKASHIMA, Chair



HSCR 839

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 640	Committee Referral: CPC	Date: 02-28-23		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	/			
2. SAYAMA, Jackson D. (VC)	/			
3. AMATO, Terez		/		
4. BELATTI, Della Au				/
5. HASHEM, Mark J.	/			
6. HUSSEY-BURDICK, Natalia	/			
7. GATES, Cedric Asuega				/
8. LOWEN, Nicole E.	/			
9. ONISHI, Richard H.K.	/			
10. TAM, Adrian K.	/			
11. PIERICK, Elijah	/			
TOTAL (11)	8	1		2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. _____ committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				