

## MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Scott Schwab at 9:00am on Friday, March 20, 2015, 152-S of the Capitol.

All members were present except:

- Representative Tony Barton – Excused
- Representative Stan Frownfelter – Excused
- Representative Steven Anthimides – Excused
- Representative Don Hill – Excused
- Representative Mario Goico – Excused
- Representative Broderick Henderson – Excused
- Representative Tom Burroughs, appointed substitute member to the committee

Committee staff present:

- Iraida Orr, Legislative Research Department
- Melissa Calderwood-Renick, Legislative Research Department
- David Wiese, Office of Revisor of Statutes
- Diane Brian, Kansas Legislative Committee Assistant
- Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

- Will McCollum, Uber Technologies, Inc.
- Dennis Stefanitsis, Uber Technologies, Inc.
- Marlee Carpenter, Kansas Association of Property and Casualty Insurance
- Aaron Mays, Allstate Insurance
- Larrie Ann Brown, Property Casualty Insurers
- Brad Smoot, American Family Insurance
- Lee Wright, Farmers Group, Inc.
- Leslie Moore, Kansas Bureau of Investigation
- Haley DaVee, Kansas Credit Union Association
- Mike Hoeme, Kansas Corporation Commission
- Doug Wareham, Kansas Bankers Association

Others in attendance:

[See Attached List](#)

### **Hearing on: HB2286 — Regulation of transportation network company services.**

David Wiese gave a summary of the bill and the Chair opened the hearing.

The following testified and responded to questions from the committee:

Will McCollum, General Manager, testified as a proponent, he explained that Uber is a technology company that has created a smartphone application that has transformed how people commute by connecting riders and drivers through a mobile application. He stated that by passing this comprehensive TNC legislation, we can provide certainty to the hundred of Kansans who have already

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provided rides. These are real people and real jobs that are at stake ([Attachment 1](#)).

Dennis Stefanitsis, Insurance Counsel, testified as a proponent. He explained that this bill strikes the right balance of providing insurance coverage that more than adequately protects the public, while respecting rights of insurers who write these policies ([Attachment 2](#)).

The following offered testimony in opposition to the bill and responded to questions:

Marlee Carpenter is opposed to the provision in **HB286**. KAPCIC members want to ensure that there are no gaps in insurance coverage for drivers that choose to participate in ride sharing agreements ([Attachment 3](#)).

Aaron Mays testified the business model that these TNC's seek to introduce would allow these companies to potentially shift their financial responsibility to our customers and other consumers thereby introducing a subsidy paid for by all automobile policyholders to financially support those who use their personal automobile for commercial purposes ([Attachment 4](#)).

Larrie Ann Brown testified this bill puts TNC drivers and passengers in the middle of insurance claim disputes ultimately costing all Kansas drivers by not insuring drivers and passenger have primary insurance coverage during all periods of the TNC transaction ([Attachment 5](#)) and ([Attachment 6](#)).

Brad Smoot testified this bill would burden the Kansas contract driver and his private passenger carrier to defend all claims first. We think that Uber ought to take some primary responsibility for the Kansas drivers they are putting on Kansas roadways for their own commercial benefit ([Attachment 7](#)).

Lee Wright testified that States have long recognized that cars for hire pose a very different risk than a typical personal use driver. For this reason, personal auto insurance policies generally exclude coverage when operating a car for hire. This bill does not provide the necessary specific and clear distinction needed ([Attachment 8](#)).

Bill Sneed, on behalf of State Farm Insurance Companies, submitted written testimony in opposition ([Attachment 9](#)).

Leslie Moore offered neutral testimony, she testified that because transportation network companies, as defined by **HB2286**, are not governmental agencies, they are prohibited by the Federal Bureau of Investigation from receiving a copy of the national criminal history record check. In instances where individuals submit their fingerprints directly to the Federal Bureau of Investigation without going through the state central repository, it could take between nine and twelve months to receive the results ([Attachment 10](#)).

Haley DaVee offered neutral testimony, she requested the committee consider adding language to address the issue of insurance payment in event of damage to the vehicle when engaged in a TNC transaction ([Attachment 11](#)).

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Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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Mike Hoeme provided neutral testimony, the Corporation Commission is concerned that they currently do not have the resources and staff that is necessary to enforce the provisions of this act ([Attachment 12](#)).

Doug Wareham submitted neutral testimony. There are concerns as to whether private insurance will cover the period of time that a TNC driver is logged into the digital network, but have not yet accepted a passenger; and, whether the provisions for insurance in Section 9, adequately address the type of insurance needed ([Attachment 13](#)). The KBA submitted two possible options that would make the bill more acceptable to them ([Attachment 14](#)) .

Michael Koss, on behalf of LKM, submitted neutral written testimony ([Attachment 15](#)).

Hearing was closed on **HB2286** and the meeting was adjourned.