



### **HB2249 TESTIMONY**

Good morning Mr. Chairman, Honorable Members of the Committee on Insurance:

My name is Will McCollum. I am a General Manager with Uber Technologies and am responsible for our potential expansion to Kansas. Let me just say, I am *not* from San Francisco. Kansas is near and dear to my heart because I am from here; in fact I was born in Leavenworth, Kansas, and am 3rd generation Jayhawk. Apologies to any Wildcats or Shockers present, but Rock Chalk!

I've worked at Uber for almost three years now and I know first-hand the positive impact Uber can have on Kansas. It is my dream and goal that every Kansan can have access to taxpayer free, affordable, on-demand transportation.

Today I am here to speak on behalf of Uber and express our serious concerns with HB2249. This bill, in its current form, would make it nearly impossible for Uber to operate in Kansas for a number of reasons.

Kansas needs a comprehensive TNC regulation, which is exactly what HB2286: "Transportation Network Companies" does and is in line with the majority of states that have passed TNC regulations. I want to make it clear that I am not trying to imply that the authors of this bill intentionally created an unworkable regulatory scheme, but we have work to do together to make sure this important new industry can thrive in Kansas. We believe the process would be best served if we could have the opportunity to work with the legislature so you all can better understand our business and the benefits of Uber. I hope over the coming weeks throughout the legislative session, we can work together towards a solution that is a better fit for Kansas.

Let me start from the beginning. Uber is a technology company. We've built a smartphone application that has transformed the way people move around their cities by connecting riders and drivers through a mobile application.

Uber was founded in 2009 on the idea that anyone should be able to order a car and be picked up within 5 minutes of requesting. Initially in 2010, we contracted with existing limo companies by bringing them onto the system and allowing riders to request the nearest car at the touch of a button. We continue to partner with those same drivers today through our Uber Black product in localities that have interested executive class livery operations. Since then, we have committed ourselves to bringing safe on demand transportation to communities of all sizes, at a lower price through our uberX product.

UberX offers an economic opportunity for everyday Americans like teachers, nurses, military veterans, retirees and many others the ability to provide rides with their personal vehicle. In most cities, uberX is over 40% cheaper than a taxi. Companies that match passengers with drivers of rideshare vehicles through a digital network have become known as Transportation Network Companies, or TNCs.

[Video: <https://www.youtube.com/watch?v=G8VjcZeuvmo>]

Today, Uber operates in over 270 cities around the world and millions of people rely on Uber as their primary means of transportation. We hope to expand our operations to several cities like Wichita, Manhattan, Lawrence, Topeka, the Kansas City Metro Area, and more, if smart regulations are passed. These cities can strongly benefit from a convenient and reliable on demand transportation option like Uber.

Unlike traditional taxi or limo companies, we don't own any vehicles or employ any drivers. Drivers are independent contractors that are empowered with the ability to work when and where they want, all with the flexibility of choosing their own schedule.

In addition to offering more accessible and reliable transportation options, Uber has made several positive social impacts on the cities in which we operate, such as a reduction in DUIs. I graduated from KU in 2005, but while I was living in Lawrence between my Junior and Senior year, I was struck by a drunk driver at 23rd and Tennessee in Lawrence, KS. The driver blew threw a stop sign, over the speed limit, and collided with the passenger side of my vehicle where I eventually hit a nearby house. There weren't even skid marks....

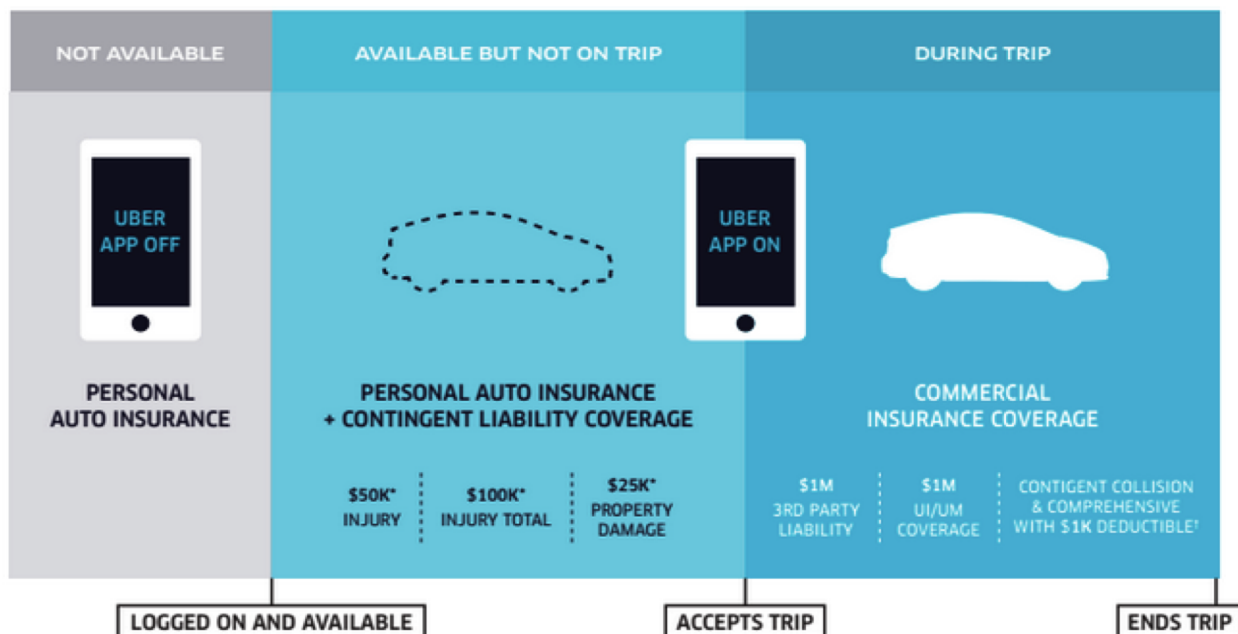
Cities like Seattle and Philadelphia previously did not have reliable transportation options late at night, leading to excessive drunk driving. After Uber's entry, monthly DUI arrests have come down over 10% in these cities. It is for this reason that organizations like Mothers Against Drunk Driving have publicly embraced ridesharing.

I narrowly avoided becoming another sad statistic. Innovations like Uber can help create a viable alternative to drunk driving; given the evidence in other cities on DUI reduction and my personal experience, I believe that this is an opportunity that we should pursue.

By coming to Kansas, we can create hundreds of income opportunities for Kansans and provide a safe ride home for many who previously lacked viable on demand transportation options. The beauty of the Uber system is that it allows anyone who is properly qualified to start earning money using an existing asset – their car. Students, retirees, homemakers, the unemployed, or those simply looking to earn a little extra money part-time before the holidays now have an option to do so in a very easy and flexible way. Working with former Secretary of Defense Dr. Robert Gates, we've launched an initiative called UberMilitary, which has already created thousands of opportunities for veterans and military spouses by driving with Uber. As I mentioned, I'm from a military town and my brother is a veteran of the Navy. I want Kansas veterans and their spouses to have the opportunity to participate.

And finally, we maintain industry leading end-to-end insurance coverage that ensures all parties are protected throughout the Uber experience. Every single ride request that is accepted on the Uber platform is covered by an AM Best rated "excellent" primary \$1-million commercial auto liability insurance policy maintained by Uber. This is in place from the time the driver accepts the request for a ride until the passenger exits the vehicle at their intended location.

When a driver is logged into the Uber app, but waiting for a trip request and not actually engaged with a passenger, Uber is proposing to provide insurance coverage at Kansas state required levels in the event that a driver's personal policy excludes coverage for a claim. We currently maintain coverage at these levels in states where we operate.



Which brings me to HB2249. We are dedicated to providing excellent safety and protection to both our riders and drivers, however HB2249 would require standards far too onerous for us to be able to operate in Kansas. Kansas has earned a positive reputation for being a business friendly state that supports American innovation and we believe that together, we can find a path forward. 20+ jurisdictions in the US have passed TNC regulations, but have done so in a manner different from what is proposed in this insurance bill. HB2249 would over regulate the TNC and insurance industries and actually prevent the free market from adapting to this new technology.

#### Concerns:

1. First, there is wording here that attempts to rewrite the contractual language between an insurer and the driver for insurance contracts already sold and purchased by consumers. This is contrary to longstanding Kansas contract law that provides Kansas consumers with broad coverage under their personal auto insurance contracts:

*Kansas: Brumley v. Lee, 963 P.2d 1224, 1226 (Kan. 1998) ("We construe an insurance policy in a way that will give effect to the intention of the parties. If the language is ambiguous, the construction most favorable to the insured must prevail.").*

We believe in a free market approach where insurers can decide for themselves whether or not they choose to cover TNC services. The market is already adapting as

indicated by products introduced MetroMile, Farmers, USAA and GEICO that have both changed their policy language to reflect TNC activity. Other insurers have also filed similar products for sale for the TNC market in 6 states and we believe more are on the horizon. As such, we ask: what is the public policy imperative to mandate by statute a rigid regime when we are already seeing the market respond?

2. The bill mandates TNCs to offer comprehensive and collision insurance, which is not required by any vehicle at the state level in any state for either a personal or commercial vehicle. This would serve as a barrier to entry for our business.

3. The coverage required during the “no trip, application on” stage extends far beyond what is required by the majority of states and cities having enacted TNC legislation and bears no relationship to the risk presented. This bill requires limits of \$100,000 for death and bodily injury per person, \$300,000 for death and bodily injury per incident, and \$50,000 for property damage. For example, Illinois and DC require limits of 50/100/25, while Colorado requires limits of 50/100/30. By contrast, Kansas financial responsibility law for all motor vehicles requires liability coverage in the amounts of \$25,000 per person and \$50,000 per incident for death or bodily injury, and \$10,000 for property damage.

4. And finally, we oppose the requirement for TNCs to provide primary insurance during the “no trip, application on stage.” This leads to moral hazard, by incentivizing drivers to turn on an app simply to use Uber’s insurance instead of maintaining their own. As you can imagine, this would contribute to the biggest issue facing the insurance industry today, uninsured motorists.

I want to summarize this by saying that we are not against regulation, but in favor of smart regulation that would promote American innovation, allow free markets to operate, and bring on-demand transportation to communities of all sizes.

I urge you to please consider these concerns and take your time before voting on HB2249. We want to work with you to bring Uber to Kansas and hope we can help you all learn more about the TNC industry, our existing end-to-end insurance coverage, and the advantages Uber can bring.

I would like to thank all of you for your time and attention and are more than happy to answer any questions.