



Property Casualty Insurers
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Comments to the House Insurance Committee
In Opposition to HB 2286

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I am Larrie Ann Brown, Legislative Counsel for The Property Casualty Insurers Association of America (PCI). PCI is comprised of more than 1,000 member companies that write \$183 billion in annual premium, or 35 percent of the nation's property casualty premium volume and 45% of the total personal auto business in the nation. PCI members represent 39 percent of the total property and casualty insurance business in the Kansas. PCI appreciates the opportunity to provide written comments in opposition to HB 2286.

Our testimony is primarily limited to the Section 9 and 10 of this bill. The legislature has already determined that it is in the public's best interest to require all drivers to have primary auto insurance—whether they are driving their personal vehicle or a commercial vehicle. We simply want to see the same requirement for TNC's drivers to ensure the public safety and peace of mind for everyone on Kansas roads.

However, HB 2286 sections 9 and 10 allow the TNC's to put drivers and passengers in the middle of an insurance dispute in the case of an accident by not requiring primary coverage during certain times in the TNC transaction.

HB 2286 only requires contingent coverage during the time when the driver is logged into the TNC's on-line platform or app and waiting for a request for a ride, but not yet matched to a passenger. During "app on" stage, also known as "Period 1" the TNC does not provide primary commercial insurance. The contingent coverage allowed in HB 2286 relies on the personal lines insurance of the driver to step in and provide primary coverage and only if the driver's own personal lines insurer denies the claim do the TNC's provide coverage.

It is also noteworthy that when TNC do provide contingent coverage it is only liability coverage, or coverage for the injuries to another person or the damage to another person's personal property. There is NO coverage for the damage to the driver's own vehicle or injury to the driver themselves. During Period 1, there is no comp, collision, medical payments coverage or requirement for uninsured/underinsured motorist coverage for drivers.

This "contingent" coverage by the TNC's creates a coverage question for all drivers. These types of coverage questions can take days, weeks or months to sort out—leaving the driver, passengers and others involved, caught in the middle. (See Attachment)

Also these types of coverage disputes are costly and by requiring personal auto insurers to engage in these disputes the costs of these dispute will be born by ALL Kansas drivers. Or, if claims for commercial activity are erroneously paid by personal insurers the costs will be born by all Kansas drivers. All drivers will ultimately subsidize the business costs of TNC's, which in the case of Uber is valued at \$42 billion, simply because the TNC's have made the business decision not to step up and provide primary coverage for their drivers.

The TNC's will tell you "Period 1" is not commercial activity because the driver is not taking a fare nor do they have a passenger in the car.

However from an insurance standpoint this is commercial activity. The driver is available for hire and available to take a fare. And, in fact the TNC's often provide incentives for drivers to get on their "app" and be available. One of the most well documented incentives is surge pricing—when demand is high Uber incentivizes their drivers to get on the app and be available for hire by providing higher fares. They also have other well-documented incentives such as an "hourly rate" if drivers meet certain requirements such as accepting a certain percentage of rides, and completing a specified number of rides while they are logged on. Uber also often highlights their driver/passenger rating system as part of good self-regulation. This system also incentivizes drivers to be on the road and ready to accept a ride when they are on the app. If a passenger has to wait 15-20 minutes to get a ride, they are unlikely to give a high rating.

This activity demonstrates being on the app is much like clocking into work. Or, as in other sales professions, doing all the leg work you need to do to close the deal and get paid at the end of the transaction. And, in fact, Uber's own training video for its drivers instructs drivers not to get on the app until they are ready to pick up passengers and that drivers are expected to accept most rides while they are logged on to the app.

HB 2286 puts TNC drivers and passengers in the middle of insurance claims disputes ultimately costing all Kansas drivers by not insuring drivers and passengers have primary insurance coverage during all periods of the TNC transaction. For these reasons, PCI opposes HB 2286.

In the alternative, to address the insurance provisions of HB 2286 (sec 9 and 10) we would like to offer a balloon amendment similar to what was distributed at the last meeting. In that balloon we have accepted many if not all of the definitions proposed in HB 2286. We also heard from many committee members that our original bill (HB 2249) "went too far". With that comment in mind we greatly reduced the framework for insurance coverage we originally proposed in HB 2249. Our balloon simply provides a guarantee to drivers that they will have coverage in phase 1 without unnecessary and costly litigation.

We thank you for the opportunity to provide comment and PCI respectfully requests you oppose HB 2286. I'll be happy to stand for questions.