



**To: House Insurance Committee
Representative Scott Schwab, Chairman**

From: Haley DaVee, Senior Vice President

Date: Friday, March 20, 2015

Re: House Bill 2286

The Kansas Credit Union Association appreciates this opportunity to provide comment today regarding House Bill 2286, which establishes the Kansas Transportation Network Company Service Act. The 92 Kansas credit unions are not-for-profit, member-owned financial cooperatives serving over 649,000+ member/owners and operating with a mission of people helping people. KCUA is neutral on the legislation at this time but we do have some concerns that we would encourage that the committee address.

New and used auto lending is a mainstay of credit union lending—making up 59% of loans (September 2014 Call Report Data from NCUA). The vehicle is almost always used as collateral for an auto loan. As the prevalence of Transportation Network Companies (TNC) continues to grow in Kansas, it is of utmost importance to ensure that the automobiles used during such transactions are appropriately insured through all phases of the TNC transaction.

We would also request that the committee consider adding language to address the issue of insurance payment in the event of damage to the vehicle when engaged in a TNC transaction. Under a private insurance policy, a lender will be listed as a “loss payee” to ensure that the vehicle is actually repaired in the event of damage. If damage occurs to a vehicle engaged in TNC business and the TNC’s insurer makes a payment for a claim covered under its policies, we would like to see the insurer issue the payment either directly to the entity making the repairs or jointly to the individual and lienholder.

Thank you again for the opportunity to provide comment on HB 2286.