

SENATE BILL REPORT

ESHB 2131

As Reported by Senate Committee On:
Transportation, April 7, 2015

Title: An act relating to insurance for providers of commercial transportation services.

Brief Description: Regulating insurance for providers of commercial transportation services.

Sponsors: House Committee on Business & Financial Services (originally sponsored by Representative Kirby).

Brief History: Passed House: 3/03/15, 77-17.

Committee Activity: Transportation: 3/23/15, 4/07/15 [DPA].

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended.

Signed by Senators King, Chair; Fain, Vice Chair; Hobbs, Ranking Minority Member; Lias, Assistant Ranking Minority Member; Cleveland, Ericksen, Habib, Litzow, Miloscia, Rivers and Sheldon.

Staff: Kelly Simpson (786-7403)

Background: State law currently provides for the regulation of certain private transportation providers, such as operators of aeroporters, limousines, for-hire vehicles, taxicabs, and charter and excursion buses. These regulations include various insurance requirements. However, current law does not specifically provide for the regulation of what are commonly know as ridesharing companies, i.e. companies that use a digital network or software application to connect passengers to drivers for the purpose of providing a prearranged ride, often by use of the driver's personal vehicle.

For-hire vehicle operators are currently required under state law to obtain a surety bond or liability insurance policy with the following minimum coverage: \$100,000 per person, \$300,000 per accident, and \$25,000 for property damage.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Amendments): Transportation network companies (TNCs) are defined as businesses that use a digital network or software application to

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connect passengers to drivers for the purpose of providing a prearranged ride. However, a TNC is not a taxicab company, charter or excursion bus, airporter, special needs transportation provider, or limousine. A TNC driver is an individual who uses a personal vehicle to provide services for passengers matched through a TNC's digital network or software application. TNC services are defined as all times the driver is logged into a TNC's digital network or software application, or until the passenger leaves the personal vehicle, whichever is later.

TNCs, drivers if approved by the Office of the Insurance Commissioner, or a combination of a TNC and a driver, must obtain a primary automobile insurance policy covering every personal vehicle used to provide TNC services, described as follows:

- before a driver accepts a requested ride: \$50,000 per person; \$100,000 per accident; and \$30,000 for property damage; and
- after a driver accepts a requested ride: a combined single limit liability coverage of \$1,000,000; and underinsured motorist coverage of \$1,000,000.

TNC insurance policies must offer personal injury protection coverage, and underinsured motorist coverage, in line with existing motor vehicle insurance law that allows for the insured to reject the coverage options.

After July 1, 2016, an insurance company may not deny a claim arising exclusively out of the personal use of the private vehicle solely on the basis that the insured, at other times, used the vehicle to provide TNC services.

The TNC-related insurance coverage requirements are alternatively satisfied by having for-hire vehicle or limousine insurance coverage applicable to the vehicle being used for TNC services.

TNC drivers, for-hire vehicle operators, limousine chauffeurs, and taxicab operators are exempt from workers' compensation requirements.

EFFECT OF CHANGES MADE BY TRANSPORTATION COMMITTEE (Recommended Amendments): Requires TNC insurance policies to offer personal injury protection coverage, and underinsured motorist coverage, in line with existing motor vehicle insurance law that allows for the insured to reject the coverage options. Allows private passenger automobile insurance policies to exclude coverage if the vehicle is used for TNC services. Exempts TNC drivers, for-hire vehicle operators, limousine chauffeurs, and taxicab operators from workers' compensation requirements.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony as Heard in Committee: PRO: For-hire drivers have caused death and injuries, often without having proper regulations and insurance requirements applicable to the activity. Strong background checks, drug and alcohol testing, and insurance requirements are needed regarding these drivers. Uber and certain insurance companies have reached agreement on the types of coverage requirements necessary to cover the industry. The insurance provisions should address the following: (1) a bright-line standard regarding coverage should start when the software application is turned on, (2) comprehensive and collision coverage should be included, and (3) personal injury protection should be included. The liability insurance provisions in the bill help people be accountable for their own actions. For-hire operators in the industry want an equal playing field for all drivers in the industry. For-hire operators would also like an exemption from workers' compensation requirements. For-hire drivers are supported because they often serve in a police role, particularly after hours. Drivers should be protected and covered at all times.

CON: The original bill, not the striking amendment, should advance. The striking amendment pits drivers against each other. Insurance should cover drivers when they have a passenger and when they do not. The striking amendment takes away coverage provisions that apply to the driver and lowers the per-accident coverage levels. The striking amendment does not go far enough to cover drivers and pedestrians. Taxi drivers are regulated, and requirements should be equal to avoid unfair competition.

OTHER: Comprehensive and collision coverage, and personal injury protection coverage, should be included. Significant carriers are reaching an agreement regarding the types of minimum coverage levels applicable to TNC operators.

Persons Testifying: PRO: Lonnie Johns-Brown, Office of the Insurance Commissioner; Curtis Scott, Uber; Samatar Guled, Abdul Yusuf, Eastside For Hire; Chris Van Dyk, Quality Ground Transportation Management LLC; Mohamed Ali, For Hire; Gary Strannigan, Liberty Mutual, Safeco; Ron Soukup, citizen.

CON: Peter Kuel, Uber; Dawn Gearhart, Western WA Taxi Cab Operators Assn.; Sheila Stickel, Puget Sound Dispatch, Yellow Taxi; Parminder Cheema, Sadly Singh, Gurpreet Singh, citizens.

OTHER: Mel Sorensen, Property Casualty Insurers Assn. of America, Allstate, American Family Insurance; Cliff Webster, American Insurance Assn.; Gary Strannigan, Liberty Mutual, Safeco Insurance; Dan McGrady, PEMCO Insurance; Jim Justin, Lyft.

Persons Signed in to Testify But Not Testifying: No one.