

HOUSE BILL REPORT

HB 1389

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to transportation.

Brief Description: Concerning transportation.

Sponsors: Representatives Corry and Eslick.

Brief History:

Committee Activity:

Consumer Protection & Business: 2/3/21, 1/13/22, 1/27/22 [DPS].

Brief Summary of Substitute Bill

- Establishes new requirements for "peer-to-peer car sharing programs" and repeals personal vehicle sharing program requirements in chapter 48.175 RCW.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kirby, Chair; Walen, Vice Chair; Vick, Ranking Minority Member; Corry, Ryu and Santos.

Staff: Michelle Rusk (786-7153).

Background:

Insurance.

Every person in this state who operates a private passenger motor vehicle must be insured under an insurance liability policy, a liability bond, a certificate of deposit, or be self-insured. The minimum amounts of liability coverage required by the financial

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responsibility statutes are:

- \$10,000 in coverage for damage to another's property;
- \$25,000 in coverage for injuries to any one other person; and
- \$50,000 in aggregate coverage for injuries to all other persons involved.

Automobile insurers must offer personal injury protection coverage and underinsured automobile coverage. Insurers also may offer any type of coverage in any amount that is filed with and approved by the Insurance Commissioner (Commissioner). Automobile insurance rates and forms are filed with the Commissioner and must be approved by the Commissioner prior to use by an insurer. If the Commissioner determines that filed rates are not excessive, inadequate, or unfairly discriminatory, then the Commissioner must approve them.

Personal Vehicle Sharing.

Since 2012 Washington has regulated car sharing businesses. A "personal vehicle sharing program" is a business that facilitates the sharing of private passenger motor vehicles for noncommercial use by individuals within this state. Personal vehicle sharing program regulations include insurance requirements, legal requirements, liability, disclosures, and record-keeping.

When a vehicle is in a personal vehicle sharing program, liability may be transferred from an automobile insurer to the personal vehicle sharing program. For each vehicle used in personal vehicle sharing, a personal vehicle sharing program must provide insurance coverage for the vehicle and all persons who, with the consent of the program, use the motor vehicle. The limits for coverage must be not less than three times the minimum statutorily required limits. A personal vehicle sharing program may not provide collision or comprehensive coverage that is less than the actual cash value of the vehicle. The owner must be given the option to buy underinsured motorist coverage and personal injury protection coverage.

Summary of Substitute Bill:

Peer-to-Peer Car Sharing Program.

Requirements for "peer-to-peer car sharing programs" are established, including insurance, disclosures, and record-keeping, replacing requirements for "personal vehicle sharing programs," which are repealed.

Definitions.

A peer-to-peer car sharing program (program) is a business platform that connects vehicle owners with drivers to enable the sharing of vehicles for financial consideration.

A car sharing period (sharing period) is the period of time during which a shared vehicle is being delivered to a driver or that commences with a vehicle start time and, in either case,

ends at a car sharing termination time.

A car sharing program agreement (program agreement) is the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver during the sharing period.

A shared vehicle (vehicle) is a vehicle available through a program.

Insurance.

A program must ensure that, during each sharing period, the shared vehicle owner and the shared vehicle driver are insured under a motor vehicle liability insurance policy that provides insurance coverage in amounts not less than the required state minimum amounts. The insurance may be satisfied by motor vehicle liability insurance maintained by one, or any combination, of a shared vehicle owner, a shared vehicle driver, or a peer-to-peer vehicle sharing program, and such satisfying insurance must be primary during each car sharing period.

The program is not liable when an owner makes a material, intentional, or fraudulent misrepresentation, or material, intentional, or fraudulent omission, to the program before the sharing period in which the loss occurred or when an owner acts in concert with the driver who fails to return the vehicle pursuant to the terms of the program agreement.

The program must assume primary liability for a claim when it is in whole or in part providing the insurance required, if a dispute exists regarding who was in control of the vehicle at the time of the loss and the program does not have required records maintained. If insurance maintained by the owner or driver has lapsed or does not provide the required coverage, the program's insurance must provide the coverage required beginning with the first dollar of a claim and shall have the duty to defend such claim.

The program will be indemnified by the owner's personal policy of motor vehicle liability insurance if it is determined that the owner was in control of the vehicle at the time of the loss. The program is not limited in seeking indemnification from an owner or driver for economic loss sustained by the program resulting from a breach of the terms and conditions of a program agreement.

An insurer that writes motor vehicle liability insurance in this state may exclude coverage and the duty to defend or indemnify for any claim afforded under an owner's motor vehicle liability insurance policy.

The program may own and maintain as the named insured one or more insurance policies that provide coverage for liabilities of the program, vehicle owner, or driver and any damages or losses to a vehicle.

Disclosure Requirements.

The program's agreement must include disclosures related to:

- insurance, including liability and indemnification;
- financial responsibility;
- rates and fees;
- emergency contact information for roadside assistance and inquiries; and
- notice that insurance may end when the sharing period has ended.

Notices and Record-Keeping.

Prior to making a vehicle available through the program, the program must notify the owner that participation may violate the terms of the owner's contract with a lienholder, if any.

The program is required to keep records related to a vehicle, owner, and driver for three years. The program must provide records to the owner or owner's insurer to facilitate any claims processing.

Additional Conditions.

The program is responsible for any equipment, such as a global positioning system or other special equipment, that is put in or on a vehicle to monitor or facilitate sharing and must agree to indemnify and hold harmless an owner for any damage to or theft of such system or equipment during the sharing period not caused by an owner. The program has the right to seek indemnity from a driver for any loss or damage to such system or equipment that occurs during the sharing period.

If the shared vehicle owner has received an actual notice of a safety recall on the vehicle, a shared vehicle owner may not make a vehicle available in a program until the safety recall repair has been made.

The program may not enter into an agreement with a driver unless the driver holds a driver's license authorizing the driver to operate vehicles of the class of the vehicle the driver will be using through the program.

Substitute Bill Compared to Original Bill:

The substitute bill: (1) revises the definition of "shared vehicle owner" by removing "a person or entity designated by the registered owner"; (2) states that a peer-to-peer car sharing program is not obligated to maintain a liability insurance policy for the liability the peer-to-peer car sharing program assumes during a car sharing period; (3) makes clarifying changes throughout the bill including replacing "automobile insurance" with "motor vehicle liability" to conform with existing bill references and revising references to "insurance" with "insurance policy" or "insurance coverage"; and (4) revises the effective date.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect on January 1, 2023.

Staff Summary of Public Testimony:

(In support) The proposed legislation enhances and improves the existing vehicle sharing program requirements. House Bill 1389 contains clearer definitions of material aspects of a car sharing program, clarifies the beginning and end points of a car sharing period, and obligates the platform to ensure that drivers are covered by automobile liability insurance during the car sharing period. The current laws do not have a number of consumer protections including provisions around safety recalls and mandated disclosures to clarify obligations and risks during a car sharing period. Washington has been at the forefront of regulating the car sharing industry and addressing insurance regulations implicated by car sharing programs, including ensuring there are no gaps in coverage at any point during the car sharing period under House Bill 1389.

(Opposed) None.

(Other) There are existing regulations for car sharing in Washington, and House Bill 1389 covers many issues addressed in the current regulations. The more immediate needs, and the more important areas to focus on, are tax policy issues and airport rules.

Persons Testifying: (In support) Representative Chris Corry, prime sponsor; Kenny Montilla and Sean Vinck, Turo; and Soledad Roybal, Getaround.

(Other) Jeff Gombosky, Enterprise Holdings.

Persons Signed In To Testify But Not Testifying: None.