

FINAL BILL REPORT

SHB 1389

C 67 L 22
Synopsis as Enacted

Brief Description: Concerning transportation.

Sponsors: House Committee on Consumer Protection & Business (originally sponsored by Representatives Corry and Eslick).

House Committee on Consumer Protection & Business
Senate Committee on Transportation
Senate Committee on Business, Financial Services & Trade

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 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.

Car sharing businesses are subject to state regulation. 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

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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. A vehicle owner must be given the option to buy underinsured motorist coverage and personal injury protection coverage.

Summary:

Peer-to-Peer Car Sharing Program.

Existing requirements for personal vehicle sharing programs are repealed, and requirements for peer-to-peer car sharing programs are established, including insurance, record-keeping, disclosures, vehicle recall, and notice requirements.

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.

Insurance.

A program must ensure that, during each car sharing period, a shared vehicle owner and a shared vehicle driver are insured under a motor vehicle liability insurance policy that provides insurance coverage in amounts not less than two times the required state minimum. A car sharing period is the period 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.

Required 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 program, and must be primary during each car sharing period.

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

Additional insurance provisions are established, including:

- A 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 a shared vehicle owner or driver has lapsed or does not provide the required coverage, a program's insurance must provide coverage and has the duty to defend such claim.
 - A program will be indemnified by an owner's personal motor vehicle liability insurance if it is determined that the owner was in control of the owner's vehicle at the time of a loss.
 - A program is not limited in seeking indemnification from an owner or driver for economic loss sustained by the program if an owner or driver a program agreement's terms and conditions.
 - 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.
 - Coverage under a program's motor vehicle liability insurance policy is not dependent on another motor vehicle insurer first denying a claim.
 - A 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.

A program agreement must include disclosures for shared vehicle owners and drivers 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 a program, a program must notify a shared vehicle owner that participation may violate the terms of the owner's contract with a lienholder, if any. A program must also notify a shared vehicle owner of the owner's obligation not to make a vehicle available for a program if the owner has actual notice of a safety recall on the vehicle and remove a vehicle from a program if the owner receives actual notice of a safety recall on the vehicle.

A program is required to keep records related to a vehicle, owner, and driver for three years, and must provide records to a shared vehicle 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.

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.

Votes on Final Passage:

House	96	2	
Senate	27	21	(Senate amended)
House	97	1	(House concurred)

Effective: January 1, 2023