

March 19, 2014

Members of the Senate Committee on Commerce, Energy and Military

*Via email*

**RE: Testimony on HB 2262**

Members:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to share with you our thoughts on HB 2262. We are the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country's largest national insurers.

The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. In Arizona, our members comprise 44 percent of the market share, consisting of 176 members doing business in the state. Fifteen of those are Arizona domestics.

Legislation pertaining to Transportation Network Companies (TNCs) continues to make their way through the various state legislatures this year. NAMIC has worked with various policymakers throughout the country to develop meaningful statutory language to address concerns not only from the insurance industry's perspective, but also those of the consumer. We'd like to share our thoughts on House Bill 2262.

These include:

**The exclusion of ridesharing from the definition of livery may create unanticipated litigation.** We appreciate the fact the bill makes the TNC's insurance policy primary in the event of an accident, and that it gives personal automobile insurers the ability to exclude TNC operations from coverage. To make these changes to statute more litigation resistant, we would encourage TNCs be included within the definition of livery. Our concern is that someone will attempt to claim coverage under a personal auto policy, based upon the fact that ridesharing is specifically excluded from the definition of livery.

**The definition of “transportation network trip” should be broadened to reflect the nature of such rides.** Under the definition, the network trip begins when the operator accepts a request to ride. However, it does not include the time the driver is heading to pick up the passenger before he or she accepts the trip. Nor does it cover situations where an operator is driving around, waiting to pick up a passenger. We would suggest the definition be changed to read “accepts a request a ride... or is available to accept a ride.”

**Insurers should be able to create products which cover TNC operations.** The language on page 17, lines 27-29 of the bill provide appreciated protections to personal automobile liability insurance companies. We want to ensure that these companies would still be free to craft new policies or endorsements to existing ones that would provide certain coverages for network trips. We would suggest language clarifying that this provision does not prohibit such endorsements or language within a personal automobile policy to specifically provide coverage for transportation network trips.

**Operators should be required to notify their personal automobile insurance company prior to taking passengers, so that insurers can properly underwrite for the change in risk.** On page 17, line 16 of the bill, operators are required to notify their personal automobile insurance companies that the policyholder intends to offer network rides. We believe there should be language added to that provision which states “prior to participating in a transportation network as an operator, the operator shall notify the operator’s personal automobile liability insurance company....”

**Operator should be required to provide timely notification of an accident to their personal automobile liability insurance company.** The personal automobile liability insurance company provides coverage on the vehicle and to the driver when it is not engaged in network trips. If the vehicle or driver is involved in an accident, the personal automobile liability insurance company should be given the opportunity to evaluate whether the nature of the risk has changed for underwriting purposes. Specifically, the personal automobile liability insurance company may want to ensure that the vehicle is in fact properly repaired after the loss in order to continue insuring it.

We appreciate the committee taking time to hear our concerns.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large initial "P" and "M".

Paul Martin  
Director – State Affairs  
Southwest Region