A BILL FOR AN ACT

RELATING TO INSURANCE COVERAGE FOR MOTOR VEHICLES USED IN CONNECTION WITH TRANSPORTATION NETWORK COMPANIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. The legislature finds that transportation
- 2 network companies are operating across the country, including
- 3 Hawaii, and that many of these companies are not licensed or
- 4 regulated. The legislature supports innovation and the use of
- 5 technology, while ensuring consumer safety and protection.
- 6 However, the legislature does not believe that policyholders of
- 7 personal motor vehicle insurance should subsidize the activities
- 8 of commercial transportation network companies. For example, a
- 9 transportation network company driver not covered by commercial
- 10 motor vehicle insurance hit a family in San Francisco recently,
- 11 killing a child and injuring the mother and another child.
- 12 Accordingly, the legislature believes it is imperative to
- 13 protect the public against liability of an at-fault driver of a
- 14 transportation network company.
- 15 The purpose of this Act is to:

1	(1)	Allow transportation network companies to provide
2		services while ensuring that the public is protected
3		against financial loss; and
4	(2)	Close gaps in insurance coverage by requiring
5		transportation network companies to carry insurance at
6		all times, through the purchase of a commercial
7		insurance policy or, at the option of the insurer, a
8		personal insurance policy containing equivalent
9		coverage provisions.
10	SECT	ION 2. Section 271-4, Hawaii Revised Statutes, is
11	amended t	o read as follows:
12	"§27	1-4 Definitions. As used in this chapter:
13	[(1)	"Chapter" means the Motor Carrier Law.
14	(2)	"Commission" means the public utilities commission.
15	(3)	"Person" or "persons" means any individual, firm,
16		copartnership, corporation, company, association, or
17		joint stock association; and includes any trustee,
18		receiver, assignee, or personal representative
19		thereof.

1	(4)	"Certificate" means a certificate of public
2		convenience and necessity issued under this chapter to
3		common carriers by motor vehicle.
4	(5)	"Ýermit" means a permit issued under this chapter to
5		contract carriers by motor-vehicle.
6	-(6) -	"Transportation of persons" includes every service in
7		connection with or incidental to the safety, comfort,
8		or convenience of persons transported and the receipt,
9		carriage, and delivery of these persons and their
10		baggage.
11	-(7)-	"Transportation of property" includes—every service in
12		connection with or incidental to the transportation of
13		property, including in particular its receipt,
14		delivery, elevation, transfer, carriage, ventilation,
15		refrigeration, icing, dunnage, storage in transit,
16		handling, and its consolidation for the purposes of
17		forwarding within the State.
18	(8)	"Motor vehicle" means any vehicle, machine, tractor,
19		trailer, or semitrailer propelled or drawn by
20		mechanical power and used upon the highways in the
21		transportation of passengers or property, or any

1		combination thereof determined by the commission, but
2		does not include any vehicle, locomotive, or car
3		operated exclusively on a rail or rails or a trolley
4		bus-operated by electric power derived from a fixed
5		overhead wire, furnishing local passenger
6		transportation similar to street-railway service.
7	(9)	"Highway" means the public roads, highways, streets,
8		and ways-in this State.
9	(10)	"Rates" includes rates, fares, tolls, rentals, and
10		charges of whatever kind and nature unless the context
11		indicates otherwise.
12	(11)	"Common carrier by motor vehicle" means any person
13		which holds itself out to the general public to engage
14		in the transportation by motor vehicle of passengers
15		or property or any class or classes thereof for
16		compensation.
17	(12)	"Contract carrier by motor vehicle" means any person
18		which engages in transportation by motor vehicle of
19		passengers or property for compensation (other than
20		transportation referred to in paragraph (11)) under
21		continuing contracts with one person or a limited

1		number of persons-either (A) for the furnishing-of
2		transportation services through the assignment of
3		motor vehicles for a-continuing period of time to the
4		exclusive use of each person-served, or (B) for the
5		furnishing of transportation services designed to-meet
6		the distinct need of each individual customer.
7	(13)	"Motor carrier" includes both a common carrier by
8		motor vehicle and a contract carrier by motor vehicle.
9	(14)	"Private carrier of property by motor vehicle" means
10		any person not included in the terms "common carrier
11		by motor vehicle" or "contract carrier by motor
12		vehicle", who or which transports by motor vehicle
13		property of which the person is the owner, lessee, or
14		bailee, when such transportation is for the purpose of
15		sale, lease, rent, or bailment, or in the furtherance
16		of any commercial enterprise.
17	(15)	"Enforcement officer" means any person employed and
18		authorized by the commission to investigate any matter
19		on behalf of the commission. The term also means a
20		motor vehicle safety officer employed and assigned,
21		pursuant to section 271-38, by the department of

1	transportation to enforce-sections 271 8, 271 12, 271
2	13, 271-19, and 271-29 through the assessment of civil
3	penalties as provided in section 271-27(h), (i), and
4	-(j) .]
5	"Certificate" means a certificate of public convenience and
6	necessity issued under this chapter to common carriers by motor
7	vehicle.
8	"Chapter" means the Motor Carrier Law.
9	"Commission" means the public utilities commission.
10	"Common carrier by motor vehicle" means any person which
11	holds itself out to the general public to engage in the
12	transportation by motor vehicle of passengers or property or any
13	class or classes thereof for compensation, including a
14	transportation network company and a transportation network
15	driver.
16	"Contract carrier by motor vehicle" means any person which
17	engages in transportation by motor vehicle of passengers or
18	property for compensation under continuing contracts with one
19	person or a limited number of persons either (A) for the
20	furnishing of transportation services through the assignment of
21	motor vehicles for a continuing period of time to the exclusive

- 1 <u>use of each person served, or (B) for the furnishing of</u>
- 2 transportation services designed to meet the distinct need of
- 3 each individual customer.
- 4 "Enforcement officer" means any person employed and
- 5 authorized by the commission to investigate any matter on behalf
- 6 of the commission. The term also means a motor vehicle safety
- 7 officer employed and assigned, pursuant to section 271-38, by
- 8 the department of transportation to enforce sections 271-8, 271-
- 9 12, 271-13, 271-19, and 271-29 through the assessment of civil
- 10 penalties as provided in section 271-27(h), (i), and (j).
- 11 "Highway" means the public roads, highways, streets, and
- 12 ways in this State.
- "Motor carrier" includes both a common carrier by motor
- 14 vehicle and a contract carrier by motor vehicle.
- "Motor vehicle" means any vehicle, machine, tractor,
- 16 trailer, or semitrailer propelled or drawn by mechanical power
- 17 and used upon the highways in the transportation of passengers
- 18 or property, or any combination thereof determined by the
- 19 commission, but does not include any vehicle, locomotive, or car
- 20 operated exclusively on a rail or rails or a trolley bus
- 21 operated by electric power derived from a fixed overhead wire,

- 1 furnishing local passenger transportation similar to street-
- 2 railway service.
- 3 "Permit" means a permit issued under this chapter to
- 4 contract carriers by motor vehicle.
- 6 copartnership, corporation, company, association, or joint stock
- 7 association; and includes any trustee, receiver, assignee, or
- 8 personal representative thereof.
- 9 "Private carrier of property by motor vehicle" means any
- 10 person not included in the terms "common carrier by motor
- 11 vehicle" or "contract carrier by motor vehicle", who or which
- 12 transports by motor vehicle property of which the person is the
- 13 owner, lessee, or bailee, when such transportation is for the
- 14 purpose of sale, lease, rent, or bailment, or in the furtherance
- 15 of any commercial enterprise.
- 16 "Rates" includes rates, fares, tolls, rentals, and charges
- 17 of whatever kind and nature unless the context indicates
- 18 otherwise.
- 19 "Transportation network company" means any person or entity
- 20 that provides, coordinates, or maintains an online-enabled
- 21 application or digital network used to connect customers with

- 1 drivers of motor vehicles for the purposes of providing
- 2 prearranged transportation of persons or property for
- 3 compensation.
- 4 "Transportation network driver" means any person who, at
- 5 any time, operates a motor vehicle in connection with a
- 6 transportation network company, and who is not regulated by the
- 7 counties in accordance with section 46-16.5(c).
- 8 "Transportation of persons" includes every service in
- 9 connection with or incidental to the safety, comfort, or
- 10 convenience of persons transported and the receipt, carriage,
- 11 and delivery of these persons and their baggage.
- 12 "Transportation of property" includes every service in
- 13 connection with or incidental to the transportation of property,
- 14 including in particular its receipt, delivery, elevation,
- 15 transfer, carriage, ventilation, refrigeration, icing, dunnage,
- 16 storage in transit, handling, and its consolidation for the
- 17 purposes of forwarding within the State."
- 18 SECTION 3. Section 271-5, Hawaii Revised Statutes, is
- 19 amended to read as follows:
- 20 "§271-5 Exemptions, generally. Notwithstanding any other
- 21 provisions of this chapter, its contents shall not apply to:

-	(±)	rersons cransporting their own property where the
2		transportation is in furtherance of a primary business
3		purpose or enterprise of that person, except where the
4		transportation is undertaken by a motor carrier to
5		evade the regulatory purposes of this chapter;
6	(2)	Persons operating motor vehicles when engaged in the
7		transportation of school children and teachers to and
8		from school, and to and from school functions;
9		provided that these persons may engage in providing
10		transportation at special rates for groups of persons
11		belonging to an eleemosynary or benevolent
12		organization or association domiciled in this State
13		where the organization or association sponsors or is
14		conducting a nonregular excursion; provided that
15		whenever the persons engage in the transportation of
16		persons other than those exempted in this paragraph,
17		that portion of their operation shall not be exempt
18		from this chapter. Nothing in this paragraph shall be
19		construed to authorize any person to engage in the
20		transportation of persons, other than the

transportation of persons exempted by the terms of

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1		CHIE	paragraph, without a permit of certificate issued
2		by t	he commission authorizing such transportation;
3	(3)	Pers	ons operating taxicabs [or other motor vehicles
4		util	ized in performing a bona fide taxicab service].
5		"Tax	cicab" includes:
6		(A)	Any motor vehicle used in the movement of
7			passengers on the public highways under the
8			following circumstances, namely the passenger
9			hires the vehicle on call or at a fixed stand,
10			with or without baggage for transportation, and
11	÷		controls the vehicle to the passenger's
12			destination;
13		(B)	Any motor vehicle for hire having seating
14			accommodations for eight or fewer passengers used
15			in the movement of passengers on the public
16			highways that may, as part of a continuous trip,
17			pick up or discharge passengers from various
18			unrelated locations; provided that they shall be
19			regulated by the counties in accordance with
20			section 46-16.5(c); and provided further that
21			this subparagraph shall not apply to any

1		exclusive rights granted by the department of
2		transportation for taxicab services at facilities
3		under the department's control; and
4		(C) Any motor vehicle having seating accommodations
5		for eight or fewer passengers used in the
6		movement of passengers on the public highways
7		between a terminal, i.e., a fixed stand, in the
8		Honolulu district, as defined in section 4-1 and
9		a terminal in a geographical district outside the
10		limits of the Honolulu district, and vice versa,
11		without picking up passengers other than at the
12		terminals or fixed stands; provided that the
13		passengers may be picked up by telephone call
14		from their homes in the rural area or may be
15		unloaded at any point between the fixed stands or
16		may be delivered to their homes in the rural
17		area.
18		"Taxicab" does not include a motor vehicle when
19		operated by a transportation network driver;
20	(4)	Persons operating motor vehicles in the transportation
21		of persons pursuant to a franchise from the

1		legislature and whose operations are presently
2		regulated under chapter 269;
3	(5)	Nonprofit agricultural cooperative associations to the
4		extent that they engage in the transportation of their
5		own property or the property of their members;
6	(6)	Persons operating motor vehicles specially constructed
7		for the towing of disabled or wrecked vehicles but not
8		otherwise used in the transportation of property for
9		compensation or hire;
10	(7)	Persons operating motor vehicles in the transportation
11		of mail, newspapers, periodicals, magazines, messages,
12		documents, letters, or blueprints;
13	(8)	Persons operating funeral cars or ambulances;
14	(9)	Persons operating motor vehicles in the transportation
15		of garbage or refuse;
16	(10)	Persons operating the type of passenger carrying motor
17		vehicles known as "sampan buses" within the radius of
18		twenty miles from the city of Hilo, Hawaii;
19	(11)	Persons transporting unprocessed pineapple to a
20		cannery, seed corn to a processing facility, or



1		returning any containers used in such transportation
2		to the fields;
3	(12)	Sugar plantations transporting sugarcane, raw sugar,
4		molasses, sugar by-products, and farming supplies for
5		neighboring farmers pursuant to contracts administered
6		by the United States Department of Agriculture;
7	(13)	Persons engaged in the ranching or meat or feed
8		business who transport cattle to slaughterhouses for
9		hire where such transportation is their sole
10		transportation for hire and where their earnings from
11		the transportation constitute less than fifty per cent
12		of their gross income from their business and the
13		transportation for hire;
14	(14)	Persons transporting unprocessed raw milk to
15		processing plants and returning any containers used in
16		such transportation to dairy farms for reloading;
17	(15)	Persons transporting animal feeds to animal husbandry
18		farmers and farming supplies directly to animal
19		husbandry farmers and returning any containers used in
20		such transportation to these sources of such feeds and
21		supplies for reloading;



1	(16)	Persons engaged in transporting not more than fifteen
2		passengers between their places of abode, or termini
3		near such places, and their places of employment in a
4		single daily round trip where the driver is also on
5		the driver's way to or from the driver's place of
6		employment[+], but not including transportation
7		network drivers;

8 (17) Persons transporting passengers without charge in 9 motor vehicles owned or operated by such person, where 10 such transportation is provided in conjunction with 11 and in furtherance of a related primary business 12 purpose or enterprise of that person, and such 13 transportation is provided only directly to and from 14 the place of business of such person, except that this exemption shall not apply to persons making any 15 16 contract, agreement, or arrangement to provide, 17 procure, furnish, or arrange for transportation as a 18 travel agent or broker or a person engaged in tour or 19 sightseeing activities, nor shall this exemption apply 20 where the transportation is undertaken by a person to 21 evade the regulatory purposes of this chapter; and

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        (18)
              Persons conducting the type of county-regulated
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              passenger carrying operation known as "jitney
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              services". For the purposes of this paragraph,
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              "jitney services" means public transportation services
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              utilizing motor vehicles that have seating
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              accommodations for six to twenty-five passengers,
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              operate along specific routes during defined service
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              hours, and levy a flat fare schedule."
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         SECTION 4. Section 271-17, Hawaii Revised Statutes, is
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    amended to read as follows:
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         "§271-17 Security for protection of public. No
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    certificate or permit shall be issued to a motor carrier or
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    remain in force unless such carrier complies with such
    reasonable rules and regulations as the public utilities
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    commission shall prescribe governing the filing and approval of
    surety bonds, policies of insurance, qualifications as a self-
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    insurer, or other securities or agreements, in amounts required
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    under section 431:10C-301(b) or in [such reasonable] greater
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    amounts as the commission may require, [conditioned to pay
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    within the amount of the surety agreements moneys finally
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    recovered against the motor carrier] for bodily injuries to or
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- 1 the death of any person resulting from the negligent operation,
- 2 maintenance, or use of motor vehicles under the certificate, or
- 3 permit or for loss or damage to property of others. The
- 4 commission may, in its discretion and under [such] rules [and
- 5 regulations as it shall prescribe, require any such carrier to
- 6 file a surety bond, policies of insurance, qualifications as a
- 7 self-insurer, or other securities or agreements in a sum to be
- 8 determined by the commission to be conditioned upon the carrier
- 9 making compensation to shippers or consignees for all property
- 10 belonging to shippers or consignees, and coming into the
- 11 possession of [such] the carrier in connection with its
- 12 transportation service. Any common carrier [which] that may be
- 13 required by law to compensate a shipper or consignee for any
- 14 loss, damage, or default for which a connecting motor common
- 15 carrier is legally responsible shall be subrogated to the rights
- 16 of [such] the shipper or consignee under any [such] bond,
- 17 policies of insurance, or other securities or agreements, to the
- 18 extent of the sum so paid."
- 19 SECTION 5. Section 271-29, Hawaii Revised Statutes, is
- 20 amended to read as follows:

1	" §271-29 Identification of carriers. (a) The public
2	utilities commission is authorized, under [such] rules [and
3	regulations] as it shall prescribe, to require the display of
4	suitable identification number or numbers, upon any motor
5	vehicle used in transportation subject to this chapter, and to
6	provide for the issuance of numbers. Any substitution,
7	transfer, or use of any identification number or numbers, except
8	[such] as may be duly authorized by the commission, is
9	prohibited and shall be unlawful.
10	(b) Any motor vehicle being operated by a transportation
11	network driver shall display the name or other mark of the
12	transportation network company in a conspicuous place on the
13	motor vehicle at all times."
14	SECTION 6. Section 431:10C-301, Hawaii Revised Statutes,
15	is amended to read as follows:
16	"§431:10C-301 Required motor vehicle policy coverage. (a)
1,7	An insurance policy covering a motor vehicle shall provide:
18	(1) Coverage specified in section 431:10C-304; and
19	(2) Insurance to pay on behalf of the owner or any
20	operator of the insured motor vehicle using the motor
21	vehicle with a reasonable belief that the person is

1	entitled to operate the motor vehicle, sums which the
2	owner or operator may legally be obligated to pay for
3	injury, death, or damage to property of others, except
4	property owned by, being transported by, or in the
5	charge of the insured, which arise out of the
6 .	ownership, operation, maintenance, or use of the motor
7	vehicle; provided that in the case of a U-drive motor
8	vehicle, insurance to pay on behalf of the renter or
9	any operator of the insured motor vehicle using the
10	motor vehicle with the express permission of the
11	renter or lessee, sums [which] that the renter or
12	operator may be legally obligated to pay for damage or
13	destruction of property of others (except property
14	owned by, being transported by, or in the charge of
15	the renter or operator) arising out of the operation
16	or use of the motor vehicle unless the motor vehicle
17	is reported stolen by the owner within three days of
18	notification of the incident; provided that the
19	insurer and owner of a U-drive vehicle shall have the
20	right of subrogation against the renter and operator
21	for breach of the rental contract between owner and

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1	renter; and provided further that, [in the event that]
2	if any motor vehicle offered for rental or lease is
3	involved in an accident, the lessor shall provide all
4	information it has or obtains relevant to the accident
5	to all other involved parties upon their request,
6	including but not limited to information about the
7	lessee, and the driver of the vehicle if other than
8	the lessee.

- A motor vehicle insurance policy shall include: (b)
- 10 (1) Liability coverage of not less than \$20,000 per 11 person, with an aggregate limit of \$40,000 per 12 accident, for all damages arising out of accidental 13 harm sustained as a result of any one accident and 14 arising out of ownership, maintenance, use, loading, **15** or unloading of a motor vehicle; provided that, in the 16 case of any motor carrier, as defined in section 271-17 4, or taxicab as that term is used in 271-5, liability 18 coverage under a commercial motor vehicle insurance 19 policy, or, at the insurer's option, a personal motor 20 vehicle insurance policy specifically providing 21 equivalent coverage, of not less than \$100,000 per

_		person, with an aggregate limit of \$200,000 per
2		accident, for all damages arising out of accidental
3		harm sustained as a result of any one accident and
4		arising out of the ownership, maintenance, use,
5		loading, or unloading of a motor vehicle;
6	(2)	Liability coverage of not less than \$10,000 for all
7		damages arising out of damage to or destruction of
8		property including motor vehicles and including the
9		loss of use thereof, but not including property owned
10		by, being transported by, or in the charge of the
11		insured, as a result of any one accident arising out
12		of ownership, maintenance, use, loading, or unloading
13		of the insured vehicle; provided that, in the case of
14		any motor carrier as defined in section 271-4, or
15		taxicab as that term is used in 271-5, liability
16		coverage under a commercial motor vehicle insurance
17		policy, or, at the insurer's option, a personal motor
18		vehicle insurance policy specifically providing
19		equivalent coverage, of not less than \$50,000 for all
20		damages arising out of damage to or destruction of
21		property including motor vehicles and including the

1		loss of use thereof, and including property being
2		transported by or in the charge of the insured, as a
3		result of any one accident arising out of ownership,
4		maintenance, use, loading, or unloading, of the
5		insured vehicle;
6	(3)	With respect to any motor vehicle registered or
7		principally garaged in this State, liability coverage
8		provided therein or supplemental thereto, in limits
9		for bodily injury or death set forth in paragraph (1),
10		under provisions filed with and approved by the
11		commissioner, for the protection of persons insured
12	·	thereunder who are legally entitled to recover damages
13		from owners or operators of uninsured motor vehicles
14		because of bodily injury, sickness, or disease,
15		including death, resulting therefrom; provided that
16		the coverage required under this paragraph shall not
17		be applicable where any named insured in the policy
18		shall reject the coverage in writing; and
19	(4)	Coverage for loss resulting from bodily injury or
20		death suffered by any person legally entitled to
21		recover damages from owners or operators of

1	una	erinsured motor venicles. An insurer may offer the
2	und	erinsured motorist coverage required by this
3	par	agraph in the same manner as uninsured motorist
4	COV	erage; provided that the offer of both shall:
5	(A)	Be conspicuously displayed so as to be readily
6		noticeable by the insured;
7	(B)	Set forth the premium for the coverage adjacent
8		to the offer in a manner that the premium is
9		clearly identifiable with the offer and may be
10		easily subtracted from the total premium to
11		determine the premium payment due in the event
12	·	the insured elects not to purchase the option;
13		and
14	(C)	Provide for written rejection of the coverage by
15		requiring the insured to affix the insured's
16		signature in a location adjacent to or directly
17		below the offer.
18	(c) The	stacking or aggregating of uninsured motorist
19	coverage or u	nderinsured motorist coverage is prohibited, except
20	as provided in	n subsection (d).

1	(d) An insurer shall offer the insured the opportunity to
2	purchase uninsured motorist coverage and underinsured motorist
3	coverage by offering the following options with each motor
4	vehicle insurance policy:
5	(1) The option to stack uninsured motorist coverage and
6	underinsured motorist coverage; and
7	(2) The option to select uninsured motorist coverage and
8	underinsured motorist coverage, whichever is
9	applicable, up to but not greater than the bodily
10	injury liability coverage limits in the insured's
11	policy.
12	These offers are to be made when a motor vehicle insurance
13	policy is first applied for or issued. For any existing
14	policies, an insurer shall offer such coverage at the first
15	renewal after January 1, 1993. Once an insured has been
16	provided the opportunity to purchase or reject the coverages in
17	writing under the options, no further offer is required to be
18	included with any renewal or replacement policy issued to the
19	insured.

1	(e)	If uninsured motorist coverage or underinsured
2	motorist	coverage is rejected, pursuant to section 431:10C-
3	301(b):	
4	(1)	The offers required by section 431:10C-301(d) are not
5		required to be made;
6	(2)	No further offers or notice of the availability of
7		uninsured motorist coverage and underinsured motorist
8		coverage are required to be made in connection with
9		any renewal or replacement policy; and
10	(3)	The written rejections required by section 431:10C-
11		301(b) shall be presumptive evidence of the insured's
12		decision to reject the options.
13	<u>(f)</u>	A personal motor vehicle insurance policy shall not be
14	construed	l to provide coverage for a motor carrier as defined in
15	section 2	271-4, or taxicab as that term is used in 271-5, or its
16	owner or	operator, unless specifically included."
17	SECT	'ION 7. This Act does not affect rights and duties that
18	matured,	penalties that were incurred, and proceedings that were
19	begun bef	ore its effective date.
20	SECI	TION 8. Statutory material to be repealed is bracketed
21	and stric	ken. New statutory material is underscored.

SECTION 9. This Act shall take effect upon its approval.

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INTRODUCED BY:

JAN 2 3 2015

Report Title:

Motor Carriers; Motor Vehicle Insurance; Transportation Network Companies

Description:

Includes transportation network companies and transportation network drivers in the motor carrier law. Raises motor vehicle liability insurance limits for motor carriers. Excludes motor carrier and taxicabs from coverage under personal motor vehicle insurance policy unless specifically included.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.