

SCR184

Measure
Title:

REQUESTING THE LEGISLATIVE REFERENCE
BUREAU TO STUDY THE ADEQUACY OF
INSURANCE COVERAGE REQUIREMENTS FOR
TRANSPORTATION NETWORK COMPANIES AND
TRANSPORTATION NETWORK COMPANY
DRIVERS.

Report Title: Transportation Network; Insurance; LRB; Study

Description:

Companion:

Package: None

Current
Referral: CPH/TRE

Introducer(s): INOUYE, Harimoto, Nishihara, Wakai

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
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Written Testimony

SCR184

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO STUDY THE ADEQUACY OF INSURANCE COVERAGE REQUIREMENTS FOR TRANSPORTATION NETWORK COMPANIES AND TRANSPORTATION NETWORK COMPANY DRIVERS

Testimony by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Director

Presented to the Senate Committees on Commerce, Consumer Protection, and Health and
Transportation and Energy

Monday, April 2, 2018, 2:00 p.m.
Conference Room 225

Chairs Baker and Inouye and Members of the Committees:

Good afternoon Chairs Baker and Inouye and members of the Committees, my name is Charlotte Carter-Yamauchi and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on S.C.R. No. 184, Requesting the Legislative Reference Bureau to Study the Adequacy of Insurance Coverage Requirements for Transportation Network Companies and Transportation Network Company Drivers.

The purpose of this measure is to request the Bureau to study the adequacy of insurance coverage requirements for transportation network companies and transportation network company drivers and to include consideration, among other things, of the insurance coverage required by:

- (1) The Department of Transportation for airport permittees pursuant to chapter 19-20.1, Hawaii Administrative Rules;
- (2) The various counties for taxicabs and taxicab drivers; and

- (3) The Public Utilities Commission for commercial vehicles and commercial vehicle operators pursuant to chapter 6-62, Hawaii Administrative Rules.

The measure also requests that the Bureau submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2019.

While the Legislative Reference Bureau takes no position on the merits of the measure, we submit the following comments for your consideration.

The Bureau does not retain subject matter experts in the field of motor vehicle or personal injury liability insurance. Consequently, the Bureau would have to contract the services of such experts and do so by drafting a Request for Proposals on this project and executing a contract that is subject to the State Procurement Code. In all likelihood, we would not be able to complete the contracting process within the limited timeframe provided for in this measure. Accordingly, we would need an exemption from the procurement code requirements, additional time in which to complete the study, or both. Moreover, the Bureau's annual operating budget does not contain funds for the contracting of study services, and thus a specific amount for this purpose would need to be appropriated through a bill.

Finally, the Bureau notes that, pursuant to section 3 of Act 236, Session Laws of Hawaii 2016, the Insurance Commissioner is already required to submit an annual report, until 2021, on the impact of the insurance requirements imposed on transportation network companies and their drivers. Based on this requirement, it is unclear why the Insurance Commissioner's existing study and reporting requirements are not being amended to include this expanded inquiry, especially since it seems that the issues requested in this measure are so closely related to those already existing in section 3 of Act 236.

Based on the foregoing, it seems that the more expedient approach to obtaining the requested information is to simply expand the existing study and reporting requirements in section 3, Act 236, Session Laws of Hawaii 2016.

Thank you again for your consideration.



April 2, 2018

**TESTIMONY BEFORE THE SENATE COMMITTEES ON
COMMERCE, CONSUMER PROTECTION & HEALTH
AND ON TRANSPORTATION AND ENERGY
ON SCR 184 AND SR 134 REQUESTING THE LEGISLATIVE REFERENCE BUREAU
TO STUDY THE ADEQUACY OF INSURANCE COVERAGE REQUIREMENTS FOR
TRANSPORTATION NETWORK COMPANIES AND
TRANSPORTATION NETWORK COMPANY DRIVERS**

Thank you Chair Baker, Chair Inouye and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with about 400 members involved with the commercial ground transportation industry.

HTA supports these resolutions.

Companies who transport passengers are all heavily regulated as they hold the lives of their clients in their hands. Adequate levels of insurance is a big part of regulating these companies and the industry has had decades of insurance level determinations to result in reasonable amounts of coverage.

All such service providers need to be scrutinized to ensure proper levels of protection for the people they serve.

Thank you.