

PUBLIC HEARING - PUBLIC UTILITY COMMISSION (AUGUST 18, 2014)
TRANSPORTATION NETWORK COMPANIES (UBER & LYFT)
TESTIMONY: CHAIRMAN TONY DELUCA, HOUSE INSURANCE COMMITTEE

Commissioners, I want to thank you for the opportunity to testify today. I want to first state my support for this new and innovative ride sharing model in the Commonwealth- known as transportation network companies (TNC). My constituents in western Pennsylvania are craving this type of competition and welcoming this new transportation model to our region. However, as Democratic Chairman of the House Insurance Committee, I can only put my full support behind the certification of TNCs if they meet certain necessary and common sense insurance requirements.

At least one piece of legislation was introduced prior to the temporary orders being issued by the P.U.C. and several more have been introduced since the order was issued. I was very pleased to see the contents of the temporary orders issued by the P.U.C on July 24, 2014. Soon after those orders, I introduced, H.B. 2446. Although, I would expect most of the bills being introduced to be similar, my comments today will specifically focus on the insurance aspects of my legislation and your temporary order. I believe adequate auto insurance coverage is a vital part of public safety. The success of this new transportation model will greatly depend on how safe it is. Without primary commercial coverage and adequate coverage limits, I believe this mode of transportation could put the public at risk.

Commissioners, I could not have been more pleased with the temporary orders. As I read the orders, I felt comfortable with the primary commercial insurance coverage that will be required. I was also pleased that the required coverage limits for these TNCs will exceed the current levels required for taxicabs under the PUC's regulations. Maintaining one million dollars of liability coverage per incident and one million dollars of uninsured/underinsured coverage is reasonable for the protection of our citizens. Of course, bodily injury, property damage, first party medical and first party wage loss are all vital insurance pieces to protect our citizens as well...Many times people don't focus on their coverages- until there is an accident and it is too late!

But even more important are two aspects of your order and my legislation- **which I would like to highlight:**

First, during stage one when a TNC driver is behind the wheel with the App open, there has been some question as to whether the insurance coverage provided by the TNC will be primary coverage or excess coverage. As far as I am concerned, **it is very clear that commercial coverage must also be the primary coverage of drivers from dollar one.** This coverage must extend from the time the App is open until the passenger exits the vehicle. I concur with the

Commission, that the driver is on the clock and working when the app is open and, therefore, the driver needs to have their vehicle covered by a commercial policy from that point forward. Almost all personal auto insurance policies written in Pennsylvania contain standard livery exclusions. These livery exclusions make it all but impossible for a TNC driver to have their claims paid for by their personal auto insurance provider. Therefore, it makes no sense for a TNC to offer an excess commercial policy that drops down after a driver's personal insurance has paid for or denied the claim. I am glad that the Commission rejected this type of insurance coverage, which was contained in the original TNC applications.

Second, I agree that TNCs should be required to direct drivers to notify their personal insurer in writing of their intent to work as a TNC driver. TNCs should also be required to maintain copies of these notifications for each driver during their affiliation with the TNC and for a period of three years following the driver's termination. I also concur with the requirement that TNCs notify drivers whether they are providing comprehensive and collision coverage during service. A copy would also be maintained for three years. The last thing we want to see is more fraud in the insurance market due to a new mode of transportation that causes confusion on which policy will cover a claim.

In closing, I want to again reiterate my support for Transportation Network Companies in the Commonwealth. But I want to see us get this right, and getting it right means requiring the proper insurance coverage to protect the citizens of this great Commonwealth.

Thank you for the opportunity to testify today.

Tony Deluca

Democratic Chairman, House Insurance Committee