

Pennsylvania Public Utility Commission
En Banc Transportation Hearing
Hearing Room 1, Commonwealth Keystone Building

August 28, 2014

I want to thank the Commissioners and your staff for your consistent efforts in protecting the Pennsylvania public and transportation system. I appreciate the time and opportunity to not only participate today but for the conversation with Chairman Powelson on the topic of Transportation Network Companies since April of this year.

I support fair and safe competition in this segment of the transportation market place. My primary focus since April has been to make certain that all participants in a potential accident involving a TNC vehicle are covered by insurance to the limits required by the PUC and any legislation.

The participants that I am referencing, are the driver, passenger and any third party that may be injured by an at fault TNC driver. It appears, based on discussions that I have had with one of the TNC providers, that my concerns are being satisfied. However, I do want to place those concerns on record.

In addition to being a member of the Pennsylvania House of Representatives I have been an insurance broker for 33 years. Prior to that I was a casualty underwriter with Aetna. The designations that I currently hold are Chartered Property Casualty Underwriter, Certified Insurance Counselor, Chartered Life Underwriter and Certified School Risk Manager. I mention those in an attempt to give credibility to my insurance coverage related comments.

The typical personal automobile policy has an exclusion that is worded something like the following: "For that person's liability arising out of the ownership or operation of a vehicle while it is being used to carry persons or property for a fee." That exclusion has caused the significant problem in providing coverage for the

before mentioned participants in an accident. Some of the TNC providers indicated they had policies insuring these accidents. I have read one such policy and like many policies the fine print and any related contractual language need to be reviewed. After speaking with the insurance company representative I was informed that the contract the drivers signed requiring that they have coverage was in breach and thus excluded the driver as an insured on the policy. This left the at fault driver with no insurance support to protect them from a lawsuit because coverage was excluded in the personal policy and the contract had the potential to not cover them on the TNC policy because they were in breach of that document.

I feel strongly that the driver and passenger should not have to sign any document on the application or in hard copy waiving any rights or assuming any liability. If a system is going to compete fairly then all participants in the market should be working under the same guidelines. That is why in my legislation I require the automobile liability limits to be our state minimum limits. The TNCs can purchase more to protect themselves if they want to and if the insurance market has limits available. The insurance needs to be provided when the application is on and not just when it is accepted by the driver/passenger.

Sometime in the future there may be an insurance company that is willing to amend their personal automobile policy to provide coverage for their clients if they are engaged as a TNC driver. I think it will be more common however for the insurance companies to amend the above exclusion in the personal automobile policy to further clarify that it is their intent to not provide coverage for any livery service and to further define that to include application on scenarios.

I support these new entrants in the transportation market. It is clear from almost everyone that I speak with they support these new opportunities too. However, after I get done explaining to them the previously mentioned coverage gaps they tell me to “fix it”. I am participating here today as part of the process to “fix it.”

Thank you.

Mark Mustio
Representative 44th Legislative District