



THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021

**Annual Study of the Impact of
Act 236, Session Laws of Hawaii 2016**

INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

Submitted December 2020

This report is filed pursuant to Act 236, Session Laws of Hawaii 2016 (Act), which requires the Insurance Commissioner to submit to the Legislature an annual study regarding the impact of Hawaii Revised Statutes article 10C, part VII (Transportation Network Companies) on personal motor vehicle insurance policy rates in the State, from enactment of the Act through 2020.

To develop a baseline for this study, in October 2020, the Insurance Division surveyed 48 insurers writing personal auto insurance in Hawaii. All of the insurers answered the following questions:

1. Does your company(ies) exclude coverage for drivers engaged in Transportation Network Company (TNC) activity, such as Uber and Lyft? Please explain.
2. Does your company(ies) offer coverage for drivers engaged in TNC activity, such as Uber and Lyft?
 - a. If yes, is the coverage included in the policy or offered as an endorsement to the personal auto policy? Please explain.
 - b. If yes, for each coverage (comprehensive, collision, bodily injury, property damage, etc.), what is the split between TNC coverage and non-TNC coverage for the following:
 - 2019 premium
 - 2019 claims counts
 - 2019 aggregate claims amounts (both amount paid and amount reserved)?
3. Provide the data for question 2.b. on a calendar-year basis for premiums and on a calendar-year and an accident-year basis for claims counts and claims amounts. If you are reporting for multiple companies, provide the data for each individual company.

All respondents to question 1 indicated that their insurance policies exclude coverage for TNC activity. These 48 responses were expected and confirm no change from the previous year.

Regarding question 2, three out of the 48 insurers offer TNC drivers the option to: (1) “buy back” coverage from their personal auto insurance; or (2) purchase coverage for TNC activity, and personal auto coverage is included. In 2019, a fourth insurer¹ received approval for a commercial program that was underwritten for a major TNC operating in Hawaii. This program allows TNC drivers to obtain coverage through the TNC itself.

¹ This insurer is not scheduled to report until next year.

Regarding question 3, three insurers offered coverage in 2019. Premiums attributable to TNC coverage represented a small percentage of total non-TNC premiums: about 2/10 of 1% (0.24%). The change from last year's reported 3/10 of 1% (0.3%) is negligible.

Conclusion

Although this miniscule data set does not reveal meaningful trends about TNCs and TNC drivers, market availability for TNC coverage has expanded since last year's annual study. TNC drivers in Hawaii have several options to purchase TNC coverage, and TNC coverage for TNC companies and TNC drivers is tracked and priced separately from personal auto coverage. At this time, the TNC industry does not appear to have adversely affected the rates of personal auto coverage.