



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

Prepared by the

INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

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Foreword

Act 236, Session Laws of Hawaii ("SLH") 2016, requires the Insurance Commissioner to submit to the Legislature an annual report regarding the impact of the measure on personal motor vehicle insurance policy rates in the State from enactment through 2020.

GORDON I. ITO
Insurance Commissioner

Annual Study of Act 236, Session Laws of Hawaii 2016

This report is filed pursuant to Act 236, SLH 2016, which requires the Insurance Commissioner to submit to the Legislature an annual study regarding the impact of the measure on personal motor vehicle insurance policy rates in the State from enactment through 2020.

To develop a baseline for this study, the Insurance Division surveyed insurers writing personal auto insurance in Hawaii. Forty-eight (48) insurers were surveyed, and all insurers submitted responses.

On September 21, 2016, the insurers were sent the following questions:

1. Does your company(s) exclude coverage for drivers engaged in Transportation Network Company (“TNC”) activity, such as Uber and Lyft? Please explain.
2. Does your company(s) 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:
 - 2015 premium
 - 2015 claim counts
 - 2015 aggregate claims amounts (both amount paid and amount reserved)
3. Provide the data for 2.b. on a calendar-year basis for premiums and on a calendar-year and accident-year basis for claim counts and claim amounts. If you are reporting for multiple companies, provide the data for each individual company.

Of the insurers surveyed, for questions 1 and 2, all but two (2) insurers exclude coverage for TNC activity. All the insurers that exclude coverage for TNC activity currently do not offer an option to cover TNC activity. Due to the responses in the negative to question 2, question 3 did not apply to those insurers.

One of the insurers that excludes coverage for TNC activity does offer coverage for TNC activity in other states through an endorsement. However, the insurer has not filed that coverage in Hawaii.

One of the two (2) insurers that provides coverage for a specific stage of TNC activity excludes from personal auto policy coverage the period in which the driver

is transporting the passenger for a fee. The limited coverage offered is not provided as an endorsement. The coverage applies to liability, medical payments, uninsured motorist, and physical damage up to the limits selected on the policy and during the time the covered vehicle is available for ridesharing services. The insurer does not collect TNC and non-TNC data for premiums and claims.

The second insurer also provides limited coverage for a specific stage of TNC activity: the period in which the TNC driver is logged onto the TNC application or network as a driver but has not yet accepted a passenger or delivery assignment from the TNC. However, bodily injury liability, property damage liability, uninsured motorist coverage, and underinsured motorist coverage are excluded from this period. This limited coverage is not provided as an endorsement. The insurer does not currently offer coverage of drivers engaged in TNC activity in Hawaii. Although the insurer has created a separate optional endorsement to the personal auto policy that may fill the gap between the personal auto policy coverage and coverage provided by the TNC's commercial policy, it has not yet filed this endorsement in Hawaii, but it plans to do so in 2017. The insurer does not collect TNC and non-TNC data for premiums and claims.

Recommendation

Currently, the Insurance Division is unable to make any recommendations to the Legislature due to insufficient information. At this time, insurers are not offering enough coverage to drivers engaged in TNC activity, and not enough time has passed to collect data for comprehensive analysis and recommendations.