

DRAFT Testimony for 6/23 PA House Insurance Committee

Good [morning/afternoon] Chairwoman Pickett, Ranking Member DeLuca, and Members of the Committee. Thank you for the opportunity to testify today about insurance issues related to a new type of transportation service that is commonly referred to as “ridesharing” and is often associated with the two leading platforms on which it is offered, uberX and Lyft.

I served as the Commissioner of Insurance of Louisiana from 2000 to 2006. While my tenure predated the emergence of these new technologies, I am very familiar with the types of insurance policy questions that have been raised by policymakers in Pennsylvania and throughout the country. In addition, I have closely examined the insurance policy held by Rasier LLC, Uber’s subsidiary which supports its low cost service known “uberX” in Pittsburgh.

Before delving into the details of Rasier’s insurance policy, I would like to briefly comment on ridesharing services, which I believe have the potential to fundamentally reshape transportation in our country. As you may know, ridesharing platforms like uberX and Lyft enable individuals to connect with drivers who use their personal vehicles and carry personal auto insurance policies. These services have made finding a safe and affordable ride easier than ever and have created tens of thousands of new, well-paying jobs in more than 70 markets across the U.S., including in and around Pittsburgh

Importantly – indeed, most importantly for policymakers – these services are safe and the drivers who provide these services have more than adequate insurance coverage. In fact, I can unequivocally state that, if I were still Insurance Commissioner of Louisiana, I would welcome these services into my state and would have no problem whatsoever with their insurance policies. Here is why:

First, before allowing any drivers to operate on their platforms, these companies verify that drivers hold a valid personal auto insurance policy that meets the minimum standards mandated by the state in which they operate. Thus, all drivers operating in Pennsylvania hold policies that meet or exceed Pennsylvania’s requirements to operate a vehicle on public roads.

Second, these services back up drivers’ personal policies with a commercial auto insurance policy. This commercial liability policy provides coverage that is excess to the driver’s personal policy and is in place for whenever a trip is being conducted through the ridesharing app. If for whatever reason the driver’s personal policy does not cover an incident, the excess commercial policy drops down and becomes the primary policy from the first dollar. Speaking specifically about the Rasier policy, this policy provides \$1million of coverage for third party liability, \$1 million of coverage for uninsured or underinsured motorist bodily injury, ~~as well as Pennsylvania Medical Expense benefits of \$25,000, Pennsylvania Work Loss Benefits of \$10,000~~—This coverage of \$1mm dollars for third party liability and uninsured motorists exceeds the coverage requirements of the PA PUC of \$35,000 by more than 25 times and also includes the required Pennsylvania no-fault coverages mandated by the PUC ~~ages.~~

Third, Raiser's insurer is , James River Co., which is rated A-, or excellent, by A.M. Best and is listed on the Pennsylvania Insurance Department's list of eligible surplus line insurers.

Fourth, contrary to some critics' suggestions, rideshare drivers are covered at all times. When drivers are not logged into the app and using their vehicle for personal reasons, their personal policy will cover them. When drivers are logged into the app but have not yet accepted a trip request, their personal policy may cover them. If not, Raiser's contingent policy coverage will kick in.

As you may know, there are certain individuals and entities out there attempting to raise red flags about these services and their insurance policies. Some of these critics suggest that ridesharing companies should be required to provide 24/7 insurance coverage for the drivers who operate on their platforms and do so at commercial limits. This would mean that these companies would insure these drivers even when they are using their vehicle for purely personal reasons, such as driving to the grocery store. These critics suggest that this is necessary because, otherwise, there will be uncertainty as to whether a driver's personal policy covers an incident or whether the rideshare companies' policy covers and that this uncertainty will generate disputes that will takes years to wind through the court system.

These concerns are overstated, to say the least. As an initial matter, these types of insurance issues are no different than the insurance issues raised by countless other businesses in the United States that employ or partner with individuals who use personal vehicles for business purposes, such as a pizza delivery person. Yet no one would suggest that a company such as Pizza Hut must provide insurance coverage for a pizza delivery person when he or she is using their vehicle to drive to the grocery store. In any event, Uber and Lyft's technology enables insurers to pinpoint the precise moment and location when a driver has logged into the app and the precise moment and location when have accepted a trip request. Thus, even if a driver's personal insurance policy contains an exclusion that legitimately allows the insurer to deny coverage because the driver engaged in a commercial activity, the risk of a lengthy insurance dispute is minimal.

In sum, having reviewed the insurance policy issues associated with rideshare services and having reviewed Raiser's policy, I can testify with confidence that their insurance coverage is more than adequate and will fully protect Pennsylvania consumers. Thank you for your time. I would be happy to answer any questions