

Insurance Federation of Pennsylvania

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To: The Honorable Members of the House Transportation Committee

From: Samuel R. Marshall, Jonathan C. Greer and Noah K. Karn

Re: Senate Bill 1199 - Personal delivery devices, and how best to regulate them

Everybody loves new technologies and the efficiencies they can bring. The state plays a pivotal role in this: You have a responsibility to encourage new technologies, while ensuring they don't come with undue dangers. That's a delicate balance, and one that requires flexibility in any laws you enact – because the technology, and how consumers use it, can change faster than the legislative and regulatory process can revise laws.

Personal Delivery Devices bring all this to the fore.

- PDDs have the promise of a great new technology – delivering goods on roads and sidewalks remotely, in containers that are up to 550 pounds before any goods are added, at speeds up to 25 mph on roads and 12 mph on sidewalks. This can revolutionize how consumers might shop, at least in suburban and urban areas.
- But PDDs also present the challenge of operating on roads and sidewalks that weren't designed to accommodate them – the question of whether the infrastructure is ready for the innovation.

The challenge is crafting legislation that enables PDDs as a new means of delivering goods, while doing so safely on existing roads and sidewalks.

We appreciate SB 1199 attempts to strike that balance. We don't think it gets there, though. As insurers, we cover the pedestrians, bicyclists and drivers who will share these sidewalks and roads with PDDs, and our concern is their safety. In that spirit, we offer some questions and comments on PDDs and SB 1199, and some ideas on how to set a better balance.

The first question is the state of readiness for PDDs. How many outfits have PDDs ready to operate, and in what way – what is the current technology?

- SB 1199 suggests PDDs are ready to roll, so long as the person controlling them is within 30 feet. What does that mean – is the person within eyeshot? How does that person keep up with a PDD going at the speeds allowed here?

- SB 1199 also suggests that PDDs will be able to be operated remotely in less than 18 months. What does “remote” mean? Is this one operator per PDD, and with what awareness of the local roads, sidewalks and conditions? How does it differ from an autonomous vehicle?

- SB 1199 also says PDDs are to yield to and refrain from unreasonably interfering with pedestrians, and to follow traffic laws generally. Okay, but how do you say “stop” to a remotely operated PDD – and what is “unreasonable interference” anyway?

- The first step to good regulation is knowing the product or activity you are regulating. Why not find out where PDDs stand now and how they envision operating on roads and sidewalks over the next few years before enacting enabling legislation?

- You also need to ask whether our roads and sidewalks are ready for PDDs. How will they work within the current infrastructure, and how will they integrate themselves with the other users of that infrastructure?

- Other states have enacted enabling legislation for PDDs, although SB 1199 allows them to be bigger and faster, and to operate more broadly than most. Whatever parameters you set, it first makes sense to learn more – from the PDD industry itself and those other states - about what PDDs are capable of doing now and in the near future.

The next question is the proper balance of state and federal regulatory oversight. SB 1199 recognizes both levels of oversight are important, but it leaves questions on what the regulatory oversight means.

- The bill recognizes PennDOT's role, requiring that any PDD must file "an annual plan for general operation" with it. But it doesn't give direction on what should be in the plan – should it include inspection standards; hours of operation, locations and numbers of PDDs; proof of viability to operate remotely or autonomously; accountability of agent operators; and ongoing reporting of any accidents or complaints?

PennDOT should first be required to promulgate a regulation setting forth the criteria for any plan of operation. That will ensure it is able to verify the safety of PDDs and to integrate them into the existing infrastructure.

- Localities also have a major role as well as local knowledge, because adding PDDs to the mix will be a local as well as statewide challenge.

The bill is conflicted on this: On the one hand, it allows a locality to prohibit the use of PDDs if it determines PDDs will be a hazard. On the other, it requires that the locality first consult with the PDD entity (or entities?), and it allows only for prohibiting, as opposed to setting conditions. And the bill says a locality can't regulate PDDs on sidewalks in ways inconsistent with the bill – not sure what that means – and expressly can't limit areas or hours of operation.

Localities need more power and latitude to ensure the safety of their roads and sidewalks. Whether with sidewalk dining, offices letting out, or rush hour or school-related traffic, localities need to be able to regulate the operations of PDDs - in numbers, hours and locations – to protect their pedestrians, bicyclists, motorists and other businesses.

The third question is ongoing accountability, and it applies to PDDs as well as PennDOT and localities.

- Who is monitoring how PDDs are doing – how often, when and where they are being used, and with what results? That means ongoing reporting by PDDs, and ongoing actions – if needed – by PennDOT and localities. The bill doesn't address that – maybe it would be in the annual plan filed with PennDOT, but even then, with what accountability?
- What about inspections and safety standards for PDDs? Shouldn't there at least be a braking requisite more stringent than being able to stop on a dry, clean and level thoroughfare?

- The bill talks about PDDs not interfering with traffic – meaning cars, bikes and pedestrians. But with what enforcement, especially when operating remotely?
- Insurance is part of accountability, and we appreciate SB 1199 requires a PDD have at least \$100K of coverage for damages in the event of an accident. The bill should make clear that this is the responsibility of the owner of the PDD, not so much its operator. As with auto insurance, the coverage attaches to the car more than the driver.

Whenever we raise questions about new forms of transportation, some say we are impeding new technology and innovation.

No, we're not. We embrace new technologies that make transportation safer, and we offer incentives in insurance rates for that. We only ask that these new technologies come with some level of oversight to assure they are being operated safely and are able to integrate into the existing infrastructure of roads and sidewalks.

Insurance is heavily regulated to protect consumers, and that's a fair cost and accountability that we accept. You should apply that same focus in setting the parameters on this new form of delivering goods and getting around on our roads and sidewalks.

We welcome the chance to be part of that, and we thank you for having this hearing as the start of that.