



Property Casualty Insurers
Association of America
Advocacy. Leadership. Results

Transportation Network Companies: Insurance Issues

**Insurance Forum
December 4, 2014
Chicago, Illinois**

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Insurance Challenges

- What do we call this?
 - Not “sharing”, not car pooling
- Nature of Risk
 - Different policies for different types of risks
- Policy Language
 - “Livery” and Business Use
- Duty to Defend
 - Broader than duty to indemnify
- Subsidization

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TNC Essential Elements

- Support Innovation
 - Transportation
 - Insurance: Commercial, personal and surplus lines
- Insurance Product Certainty
 - Policy language
 - Rating and underwriting for risk
 - Fill coverage gaps
 - Primary not contingent
 - Mirror drivers coverage

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TNC Essential Elements

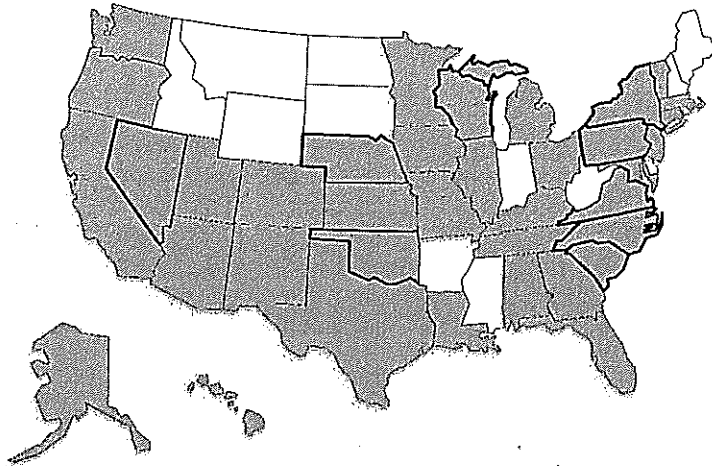
- Notices and Disclosures
 - Drivers on coverage issues
 - Drivers personal insurer on participation
- Notice of potential dispute
 - TNC duty to defend until resolved
 - Access to records and data

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2014 TNC Activity

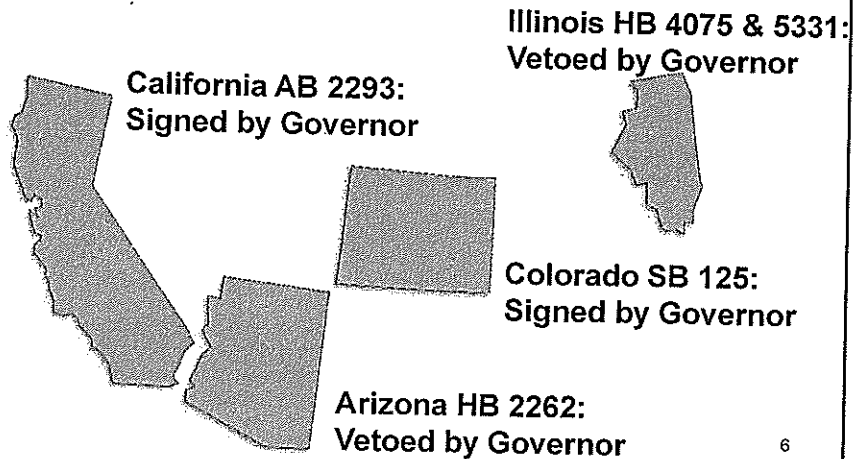


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2014 State Legislative Activity



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Other 2014 Activity

- Insurance Regulators
- Public Utility Commissions
 - CA Regulations (2013)
 - PA, NM (2014)
 - Cease and desist orders
- Cities
 - Seattle, Chicago, Columbus, Milwaukee
- RICO, other lawsuits

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2015 and beyond

- Dozens of states expected to be battlegrounds
 - Arizona and Illinois again?
 - Everywhere???
- Market responding
 - Surplus Lines
 - Lyft/MetLife partnership

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Sharing Economy What Else Is Out There?

- Places to Stay or Work
 - Air Bnb, Share Desk
- Money
 - Kickstarter, Lending Club, Bitcoin
- Goods
 - Etsy, Bag, Borrow and Steal, Craigslist
- Food
 - Feastly, Kitchen Surfing
- Services
 - Freelancer.com, Task Rabbit

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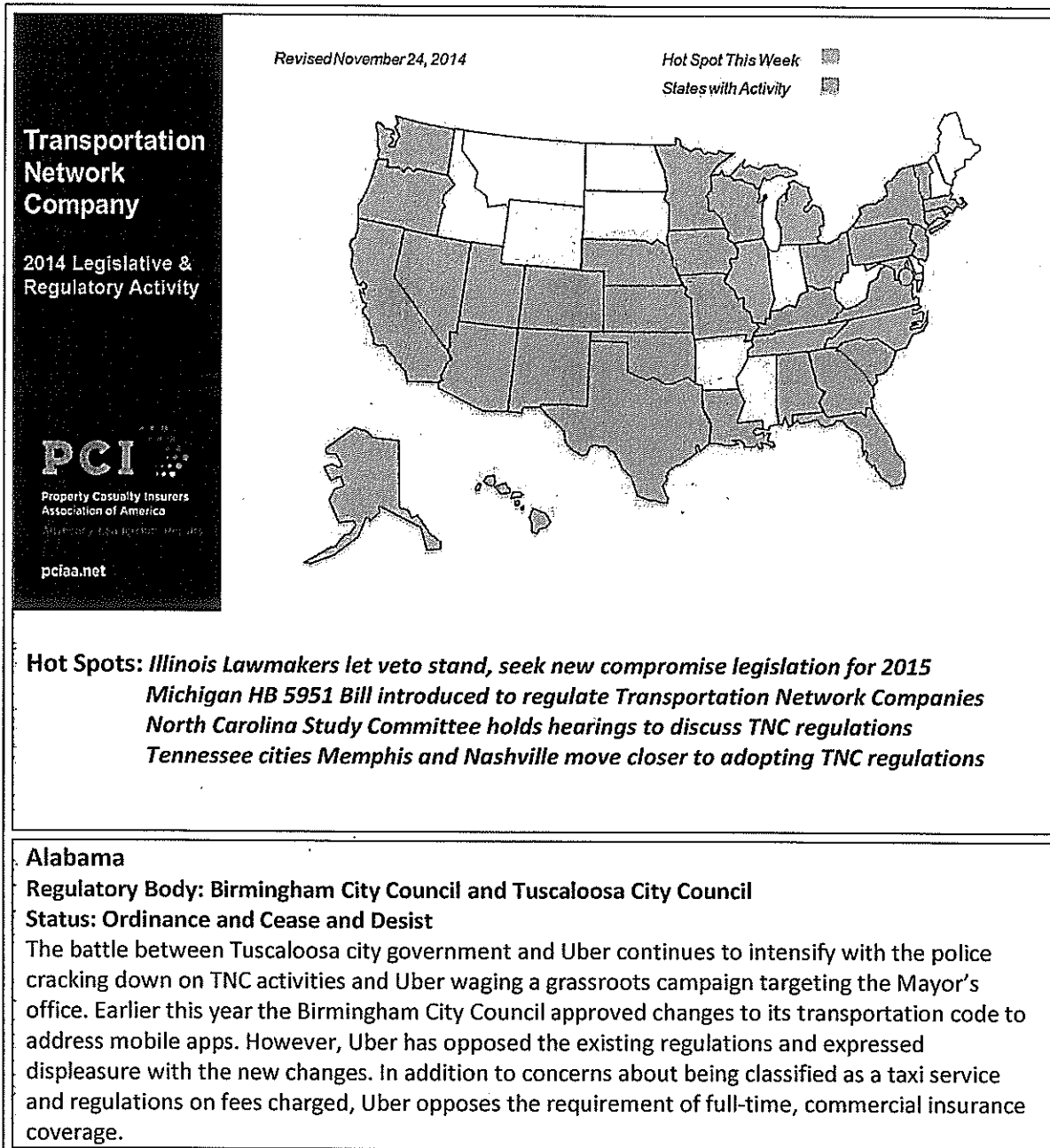


Questions?

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Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update



Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Alaska

Regulatory Body: Insurance Division

Status: Consumer Alert

The Alaska Division of Insurance (DOI) issued a consumer alert warning about the risks of rideshare and vehicle-sharing programs and urges Alaskans to be informed of the risks before participating in these type of programs. The Division noted that these programs may result in a denial of insurance for participating vehicle owners, drivers, and passengers. Personal auto insurance is not intended to cover individuals who use their vehicles for commercial purposes. Most personal auto policies will not cover an accident that occurs when someone uses their personal vehicles for commercial purpose.

Regulatory Body: Municipality of Anchorage

Status: Considering Regulations

The Anchorage Assembly approved ordinance, AO-127(S), November 18 that temporarily exempts Uber from the city's Anchorage municipal taxi codes. However, city officials will be working with Uber to develop a pilot program that will address issues such as insurance, background checks for drivers, and vehicle inspections. The Assembly will have to approve the memorandum of understanding that is negotiated before Uber will be allowed to operate in Anchorage as a paid service. Earlier this year Anchorage banned Uber from doing business in the city. However, the courts allowed Uber to offer free promotional rides while regulations were under consideration.

Arizona

Bill Number: HB 2262

Status: Vetoed

Comments/Actions: PCI opposed HB 2262, which specifically limited an insurer's ability to exclude commercial activity in its contract by stating an exclusion for "commercial, fee or livery activities" is only applicable during a transportation network "trip" but not while the driver is looking for passengers. Governor Brewer vetoed HB 2262 on April 25, 2014 stating that, "Customer safety must not be sacrificed for the sake of innovation." It is anticipated that this issue will be debated by the 2015 Legislature.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

California

Bill Number: AB 2293

Status: Signed by Governor

California Gov. Jerry Brown signed AB 2293. This well-balanced bill provides protection for the public by establishing reasonable insurance limits and creates a firewall protecting personal auto insurance from subsidizing commercial activities. The primary insurance coverage requirement in the timeframe formerly known as, "App On to Match," is \$50,000/\$100,000/\$30,000 with excess coverage of \$200,000. It also provides the California Public Utilities Commission oversight of TNCs. Insurers and TNC firms were on record supporting the bill. Other states examining how to balance insurance and TNCs can look to AB 2293 as a great starting place.

Regulatory Body: Public Utilities Commission

Status: Regulatory: Hearing Scheduled for Nov. 4

The California Public Utilities Commission held public testimony and discussed their modified decision to Regulation 13-09-045 regulating Transportation Network Companies' (TNCs) insurance requirements. The PUC did not take a vote on their modified decision and will consider the issue in their August meeting. The PUC is expected to hold a hearing Nov. 4 to consider issues associated with AB 2293.

Colorado

Bill Number: SB 125

Status: Signed by the Governor

SB 125 addresses one of PCI's critical priorities; it sets up the framework for TNCs to provide primary insurance coverage for all commercial activity including when the driver logs onto their app and is available for hire through the time period when they have a passenger in the vehicle and until the driver logs off the app and is no longer available to accept rides. The bill also requires an interim study by the Division of Insurance to examine whether or not the coverage limits currently prescribed in SB 125 are appropriate.

Connecticut

Bill Number: SB 235

Status: Signed by Governor

This legislation among other things, requires the state departments of Transportation and Motor Vehicles to conduct a study of the regulation of for-hire transportation services by Feb. 1, 2015. The study shall (1) review how emerging technologies, such as smartphone applications, currently fit into the regulatory scheme, and (2) offer recommendations as to how and if such technologies and the businesses offering them should be regulated to ensure the safety of the riding public. Such recommendations shall include, but need not be limited to, mandatory insurance coverage, licensing and background checks on drivers and vehicle safety and maintenance.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Regulatory Body: Insurance Department

Status: Consumer Alert

The Connecticut Insurance Department issued a consumer advisory May 6, 2014 advising drivers who work for transportation network companies (TNC) that they may not be covered by their personal automobile insurance policies while driving for hire.

District of Columbia

Bill Number: B20-753

Status: Ordinance Passed

The D.C. City Council approved regulations for TNCs that are in synch with many of the PCI essential elements and requires them to provide primary coverage during the prearranged ride and during the app on/off period outside of the prearranged ride; essential disclosures; carve out for PPA policies; and allows flexibility of coverage such as a PPA endorsement and surplus lines.

Regulatory Body: Insurance Department

Status: Consumer Alert

As private auto for hire companies, such as uberX, Lyft and Sidecar, become more popular in the District of Columbia, the D.C. Department of Insurance, Securities and Banking issued this consumer guide to make drivers aware of the insurance implications of using their personal cars to offer these services.

Regulatory Body: Taxi Cab Commission

Status: Regulatory Comment Period

The DC Taxi Cab Commission has issued proposed rules to regulate Transportation Network Companies so that their commercial insurance coverage would be the primary coverage.

Florida

Bill Number: HB 1389/SB 1618

Status: Failed

Uber pushed for legislation that would remove the minimum charge requirement for Uber Black and meet minimum commercial insurance responsibility requirements.

Major cities across Florida continue to explore TNC regulations. City officials in St. Petersburg recently formed a task force and plan to draft new rules that would allow TNCs to operate within the city. Meanwhile Jacksonville officials are issuing citations and may impose tougher penalties to force TNCs to follow city laws.

Georgia

Bill Number: HB 907

Status: Failed

HB 907 originally sought to prohibit TNCs such as Uber, Lyft, and Sidecar, from operating in Georgia. However it was amended to regulate such companies in a way that takes into account their current business practices. PCI sought to address insurance gaps in the legislation. Ultimately the bill died but it is expected to be reintroduced next year.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Hawaii

Regulatory Body: Department of Transportation

Status: Consumer Alert

The Hawaii Department of Transportation sent letters to TNCs stating that their drivers were not allowed to provide rides to and from Honolulu International Airport without obtaining permits and paying applicable fees.

Illinois

Bill Number: HB 4075 and HB 5331

Status: Vetoed by the Governor

Illinois lawmakers announced November 18, that they would not seek to override Gov. Quinn's veto but work to develop compromise legislation that could be introduced in January. Insurance issues remain among the key topics for discussion and efforts to provide a uniform statewide approach to regulating TNCs and closing their gaps in insurance coverage will continue. The TNC legislation (HB 4075 and HB 5331) became highly politicized during the governor race and was vetoed.

Regulatory Body: Chicago City Council Substitute Ordinance 2014-1367.

Status: Approved by City Council

With the vetoes of Illinois HB 4075 and HB 5331, Chicago's ordinance will go into effect. It requires TNCs to provide 1 million of "primary noncontributory coverage The TNC has \$1 million in liability coverage for itself, and \$1 million for the drivers from acceptance to the end of the ride, then drops down to provide the minimum while logged in but not involved in a ride. By having two levels of coverage and stating that the TNC coverage "applies regardless of other insurance" could promote legal disputes and expenses that could be borne by all drivers.

Iowa

Regulatory Body: Iowa Insurance Division

Status: Consumer Alert

The Iowa Insurance Division issued a consumer alert July 29 cautioning drivers who enter into services that connect drivers, riders, and vehicle owners for car-sharing and ride-sharing that they may not be covered if their vehicle is damaged or someone is hurt.

Kansas

Regulatory Body: Kansas Insurance Department

Status: Consumer Alert

The Kansas insurance commissioner issued a consumer alert urging consumers to check with their insurance companies before riding with or becoming a driver for ride-sharing services

Kentucky

Legislative Activity: The Kentucky Interim Joint Committee on Transportation discussed TNC issues September 2. At the hearing the Department of Vehicle Regulation indicated it plans to issue emergency regulations in October that would regulate the companies the same as taxi companies.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Regulatory Body: Department of Transportation, Department of Insurance, Attorney General
Status: Consumer Alert

The Department of Insurance issued a consumer alert June 25 answering common questions associated with TNCs. With TNC firms operating in Louisville and Lexington, the issue is being reviewed by a multiple state agencies with the Department of Transportation taking the lead. PCI has briefed the Department of Insurance commissioner and the multi-agency meetings will continue with an eye toward legislation for the 2015 "short" (30 day) session.

Louisiana

Regulatory Body: Department of Insurance

Status: Consumer Alert

Insurance Commissioner Jim Donelon issued a consumer alert July 24 advising consumers to be aware of potential gaps in insurance coverage for TNCs.

Regulatory Body: Cities of Baton Rouge and New Orleans

Status: Proposed Ordinance

The Baton Rouge Metropolitan Council voted to allow TNCs to operate without having to abide by rules of the Taxicab Control Board on June 25. The New Orleans City Council approved rule changes to address Uber's limousine service.

Maryland

Bill Number: HB 1160 and SB 919

Status: Failed

PCI opposed HB 1160 and SB 919 which would have exempted TNCs from regulation and oversight that taxicab companies and drivers must adhere to in Maryland.

Regulatory Body: Maryland Insurance Administration

Status: Consumer Alert

Maryland Insurance Commissioner Therese M. Goldsmith issued a consumer advisory encouraging anyone who drives for a transportation network company to contact his or her insurance agent, broker or company to identify potential gaps in coverage.

Regulatory Body: Maryland Public Service Commission

Status: Examining Regulations

The Maryland Public Service Commission ruled that Uber Technologies Inc. is a common carrier and, as a result, is subject to the same regulations as all other passenger-for-hire services. The ruling does not directly impact UberX.

Massachusetts

Regulatory Body: Department of insurance

Status: Issue Under Review

TNCs are operating in Boston and Cambridge and drawing some concerns. The Insurance Commissioner is reviewing the issue

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Michigan

Bill Number: HB 5951

Status: House Energy & Technology Committee

The House Energy & Technology Committee is considering HB 5951 which would create new regulations for TNC ridesharing activities.

Regulatory Body: Michigan Department of Insurance and Financial Services

Status: Consumer Alert

Michigan Department of Insurance and Financial Services (DIFS) issued a consumer alert reminding drivers to double-check their auto insurance policies before signing up as a TNC driver.

Regulatory Body: Ann Arbor

Status: Cease and Desist Order

The city of Ann Arbor issued cease and desist letters to Uber-X and Lyft and after rejecting a proposed city ordinance, an alternative solution is now being considered.

Minnesota

Regulatory Body: Minnesota Department of Commerce

Status: Consumer Alert

The Commerce Department issued consumers tips informing Minnesotans that there may be gaps in auto insurance coverage for both the drivers and passengers using TNCs.

Regulatory Body: City of Minneapolis

Status: City ordinance

The Minneapolis City Council approved an ordinance July 18 that allows TNCs to operate and establishes regulation addressing licensing and inspections. The essential insurance requirement is app on/off, but it does not provide proactive notice or include duty to defend.

Regulatory Body: City of St. Paul

Status: City ordinance

The St. Paul City Council is considering an ordinance based on the one adopted in Minneapolis.

Missouri

Regulatory Body: Cities of Kansas City, St. Louis and Columbia

Status: City Ordinances and Cease and Desist Letters

Columbia city officials have drafted new regulations for TNC ride-sharing services that are expected to be considered by the City Council in December. Earlier in Kansas City, Lyft agreed to temporarily stop operations. Several months ago Kansas City placed a temporary restraining order on Lyft and ticketed drivers. Earlier this year the St. Louis Taxi Commission also issued cease and desist letters.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Nebraska

Legislative Activity: The Transportation and Telecommunications Committee heard testimony from the Nebraska Public Service Commission, the Omaha City Council and Uber, Lyft, taxicab and the insurance industry at its interim study hearing Sept. 11 on alternative transportation options. PCI testified on its key concerns regarding the insurance issues involved in commercial ridesharing. Lawmakers are expected to consider the issue in the next legislative session that begins in January

Regulatory Body: Nebraska Departments of Motor Vehicles and Insurance

Status: Consumer Alert

The Nebraska Departments of Motor Vehicles and Insurance issued a consumer advisory notice to consumers warning on insurance issues.

Regulatory Body: Nebraska Public Service Commission

Status: Cease and Desist Letter

Nebraska Public Service Commission issued cease and desist letters for Lyft and Uber.

Nevada

Regulatory Body: Nevada District Court

Status: Hearing Nov. 14

A Nevada District Court Judge denied the state attorney general's suit to temporarily stop Uber from operating. However, the AG's bid for a preliminary injunction will be heard by the judge on Nov. 14.

Regulatory Body: Department of Insurance

Status: Consumer Alert

The Nevada Division of Insurance has issued a warning to the public that TNCs might put them at financial risk of being underinsured if they are involved in an accident and are injured.

North Carolina

Regulatory Body: City of Charlotte

Status: Ordinance under Review

The Charlotte City Council Community Safety Committee is exploring if and how to regulate TNCs.

Bill Number: HB 272

Status: Signed by Governor

The Revenue Laws Study Committee held a hearing in November to study the registration requirements, fees, and penalties applicable to for-hire passenger vehicles, including for-hire passenger vehicles directed by digital dispatching services. As a result of HB 272, the Committee was charged with conducting the study and shall report its findings, together with any recommended legislation, to the 2015 Regular Session of the 2015 General Assembly upon its convening.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

New Jersey

Bill Number: AB 3401, SB 2274, SB 2307 and AB 3362

Status: In Assembly and Senate

So far four bills have been introduced that would attempt to license and regulate TNC companies. PCI has shared our model legislation with committee staff and key legislators

Regulatory Body: Department of Banking and Insurance

Status: Consumer Alert

New Jersey Department of Banking and Insurance Commissioner Ken Kobylowski alerted consumers to the potential loss of insurance coverage in connection with popular business activities known as car-sharing or Transportation Network Companies (TNC)

New Mexico

Regulatory Body: Public Regulation Commission

Status: Issued Cease and Desist Letter

The Public Regulation Commission (PRC) has instituted the rulemaking process that is expected to continue for several months. The open comment period ends Aug. 29. There will be a hearing on October 1.

Regulatory Body: Office of Superintendent of Insurance

Status: Consumer Alert

Superintendent John G. Franchini issued a consumer alert urging New Mexico residents to use caution before participating in a car ride share programs stating that the services may pose hidden risks if the rider, driver or vehicle does not have specific insurance coverage that covers these activities.

New York

Regulatory Body: Department of Financial Services

Status: Judge allows Lyft to begin operations in NYC

A New York judge is requiring Lyft to meet certain conditions, including providing information regarding its insurance coverage to state officials in order to be allowed to maintain operations upstate in Rochester and Buffalo and begin operations in New York City. If all of the conditions are not met, the judge can issue a temporary restraining order against the company.

Regulatory Body: Buffalo Common Council

Status: Holding Hearings

PCI has prepared written comments for the council regarding our support for responsible innovation that addresses the potential gaps in insurance coverage.

Ohio

Regulatory Body: Department of Insurance

Status: Consumer Alert

The Lieutenant Governor and Ohio Insurance Director issued a consumer alert highlighting potential insurance implications of ride sharing.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Regulatory Body: Cities of Columbus and Cincinnati

Status: Ordinances Approved

The Cincinnati City Council approved regulations for TNCs that require them to carry \$100,000 in liability insurance. In July, Columbus adopted regulations that require TNCs to carry \$1 million liability coverage and \$1 million for uninsured and underinsured motorist coverage, and match whatever comprehensive and collision coverage a driver carries on a personal policy.

Oklahoma

Bill Number: SB 1703

Status: Failed

PCI opposed this bill which failed to close important insurance coverage gaps and would have exempted ride-sharing drivers from commercial operator requirements.

Regulatory Body: City of Oklahoma City and Tulsa

Status: Ordinances Approved

The Oklahoma City council approved a new ordinance that will regulate TNCs in much the same manner as taxis and it will require TNCs provide primary coverage during all periods. Earlier this year Tulsa approved an ordinance that sets regulations on TNCs.

Oregon

Regulatory Body: Department of Insurance

Status: Consumer Alert

The Department of Consumer and Business Services, Insurance Division issued a [news release](#) Sept. 20 advises Oregonians to consider their insurance needs when engaging in new apps and websites that facilitate car rides, vacation rentals, and other services – known as the “sharing economy.”

Pennsylvania

Regulatory Body: Public Utility Commission

Status: Commission Hearings

The Public Utility Commission extension of temporary operating licenses for Uber and Lyft comes on the heels of PUC administrative law judges recommending that the TNCs not be granted a permanent licenses. While granting temporary licenses the PUC is still requiring TNC drivers to notify their insurance companies in writing of their activity.

Legislative Activity: Legislation introduced this session did not advance. However, this issue is expected to be considered in 2015.

Regulatory Body: Department of Insurance

Status: Consumer Alert

Insurance Commissioner Mike Considine issued a [consumer alert](#) noting that participating drivers and riders face insurance risk with new ride-sharing services. He said, “Learning too late of gaps in insurance coverage can have serious financial consequences for participants in these programs.”

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Rhode Island

Bill Number: HB 8298

Status: Passed Legislature

Joint resolution to create an eleven (11) member special legislative commission, which includes PCI, to make a comprehensive study of the Public Motor Vehicle Act and the impact of innovative technologies on the market for transportation services. It would report back to the general assembly no later than March 31, 2015.

South Carolina

Regulatory Body: Office of Regulatory Staff

Status: Consumer Alert and Request of the Public Service Commission to Review

Uber's hearing with the South Carolina Public Service Commission scheduled for this week was canceled after it applied for a certificate to operate as a motor passenger service in the state. The Office of Regulatory Staff had filed a petition to review the legality of TNCs operations in South Carolina with the Public Service Commission to determine if they should be regulated as motor vehicle carriers.

In June the Office of Regulatory Staff (ORS) issued a consumer alert advises of potential safety and insurance issues that could affect both customers and drivers participating in ridesharing services. The ORS recommends consumers and drivers carefully select transportation services that operate in compliance with South Carolina laws and thus have the proper safeguards in place such as commercial insurance, driver background checks, and vehicle safety inspections.

Tennessee

Regulatory Body: Department of Insurance

Status: Consumer Alert and Bulletin

Commerce and Insurance Commissioner Julie Mix McPeak issued a consumer alert warning Tennesseans of potential auto insurance gaps for individuals working as drivers for Transportation Network Companies (TNC), such as Lyft, UberX, and Sidecar. The Commissioner also issued Memorandum 2-24-14 warning about gaps in insurance coverage provided by TNC's and that personal policies likely provided no coverage and urged potential drivers to have discussion with their agent.

Regulatory Body: City of Memphis and Nashville

Status: Proposed Regulations

The Memphis City Council is close to passing regulations for TNC activities and revising its taxi ordinance. The TNC ordinance would require primary insurance coverage of at least \$1 million and uninsured/underinsured motorist coverage of at least \$1 million when transporting passengers. The council could approve the matter at its January 6, 2015 meeting.

The Nashville-Metro Council is advancing regulations that require TNCs to have their drivers licensed by the Metro government, meet insurance requirements and submit their vehicles to a yearly inspection. The Council is expected to consider the proposal again Dec. 2.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Texas

Regulatory Body: Austin, Dallas, Houston and San Antonio City Councils

Status: Austin City Council Considers Ordinance

The Austin City Council TNC approved an interim TNC ordinance Oct. 16 until final rules are drafted. The ordinance requires TNC coverage to be primary from app on to app off. In other Texas cities, Houston's city council approved regulations for TNCs. Discussions are ongoing in Dallas, and San Antonio. Each of the cities have issued a cease-and-desist orders for drivers of ride sharing programs.

Utah

Regulatory Body: Department of Insurance

Status: Consumer Alert

Utah Insurance Commissioner Todd E. Kiser issued a consumer alert to ride share drivers and their passengers. Kiser encourages anyone who drives for a transportation network company to contact your insurance agent or broker, or insurance company to discuss insurance needs when driving for a TNC and identify any potential gaps in coverage. A follow up new release was issued for drivers highlighting the insurance implications of driving for TNCs

Regulatory Body: Salt Lake City

Status: Issuing Fines and working on Regulations

Salt Lake City is issuing fines and warnings to TNC drivers for operating unlicensed taxi services. Additionally, Salt Lake City is exploring regulations that would permit TNC to operate legally.

Vermont

Regulatory Body: Burlington City Council

Status: Considering Regulations

The Burlington Mayor and City Attorney have informed Uber that they are operating illegally and city may take enforcement action, but officials are open to working on regulations that will allow TNCs to operate legally.

Virginia

Bill Number: HB 908 and SB 531

Status: Carry Over

PCI opposed HB 908 and SB 531. These bills relaxed regulations that would apply to TNCs but failed to address insurance gaps. The bills were carried over until 2015.

Regulatory Body: Department of Motor Vehicles

Status: Cease and Desist Orders and DMV Fines

After months of issuing fines, the Department of Motor Vehicles granted Uber and Lyft Temporary Operating Authority for six months. The insurance provisions in the operating guidelines require TNCs to provide \$1 million in primary coverage from "app match" to passenger drop off and 100/300 UM/UIM coverage and 50/100/25 contingent liability coverage for the period that the driver is logged in to the app but hasn't accepted a ride. This contingent coverage leaves the door open for coverage disputes between insurers and TNCs.

Transportation Network Company (Ride Sharing) Issue Status

11-24-14 Update

Washington

Bill Number: HB 2782

Status: Failed

House Bill 2782 would have directed the Joint Transportation Committee to study TNCs provide a report to the Legislature examining issues such as insurance coverage requirements, safety regulations, and the unique barriers faced by taxicab companies.

Regulatory Body: Seattle City Council

Status: New Agreement

The Seattle City Council passed new rules regulating rideshare companies July 13. Previously, the council repealed an ordinance it passed in March. The new rules address the number taxi licenses insurance other licensing requirements.

Wisconsin

Legislative Activity: PCI and industry partners have briefed state legislators interested in the issue and will work with key stakeholders with the goal of advancing legislation in the 2015 session.

Regulatory Body: Milwaukee

Status: Ordinances Approved

The Milwaukee Common Council approved an ordinance July 22 to completely lift the cap on the number of taxi cabs that are allowed to operate, allows TNCs to operate and be licensed, and establishes basic health and safety requirements such as inspections and minimum insurance coverage.

Regulatory Body: Madison

Status: Proposed Ordinances

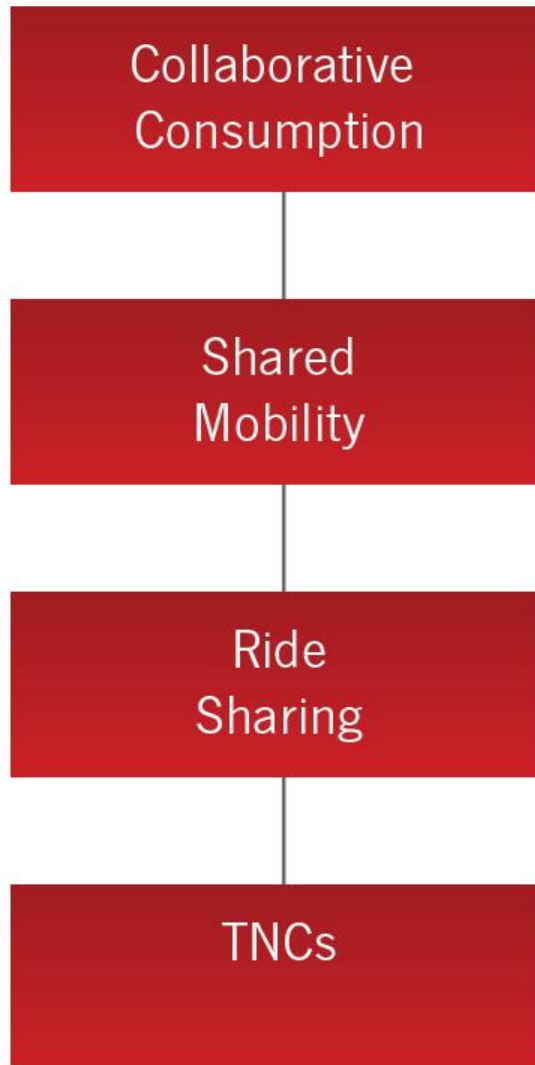
The Madison Common Council is expected to address ordinances regulating TNC activities proposed by Mayor Paul Soglin and Alder Scott Resnick later this fall.

Why are consumers embracing Ride Sharing?

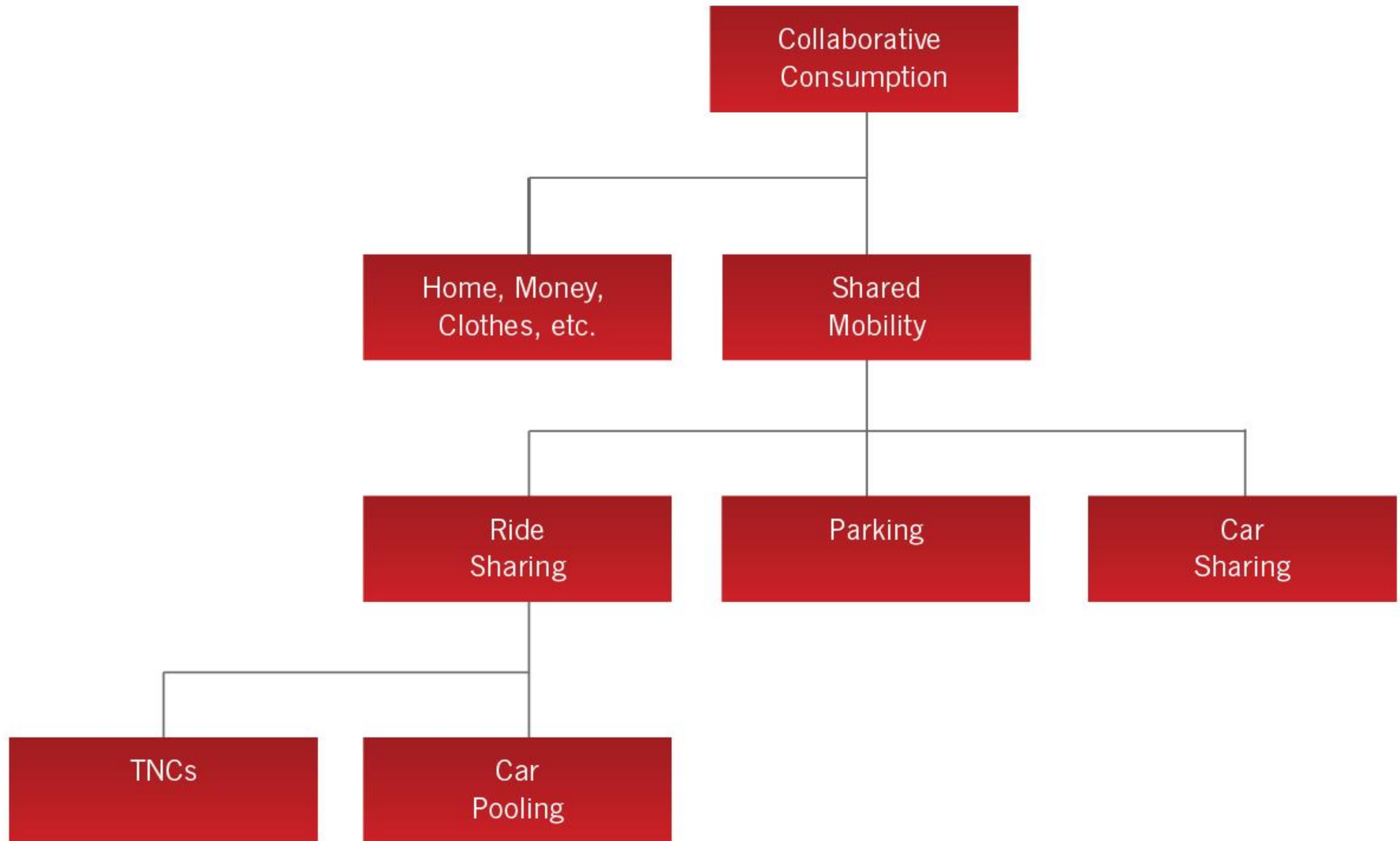
Justin Davis, Innovation Manager



Common Terminology



Collaborative Consumption Overview



Collaborative Consumption

VRBO **AIRBNB**
Feastly Prosper
Zipcar Parking Panda
EatWith **SpotHero**
Uber Lyft Lending Club

Benefits of Collaborative Consumption

- Reduces carbon footprint
- Sharing in costs
- Can generate revenue for owner
- Can stimulate economic growth

Benefits of Shared Mobility

- Access to transportation on as needed basis
- Positive for the environment
 - Reduction in vehicle usage
 - Reduction in fuel
 - Less parking spots needed
- Makes mass transit more appealing
 - First Mile/Last Mile Solution

Benefits of Ride Sharing / TNCs

24/7

On Demand



No Parking
Needed



No Maintenance
Required



Cheaper than taxis



Creates jobs

Transportation Network Companies (TNCs)



U B E R



Sidecar.®

The Disruption of Ride Sharing

- Taxi
 - Cost of Ride
 - Cost of Medallions
- Insurance
 - Creation of policy gaps
 - App On, Dispatch, and Transport Phases

What's Next?

Transportation as a Service

U B E R | Carnegie Mellon

Google



Questions?



Ridesharing testimonial

Devin Taseff and Daniel Liedke

The “Sharing Economy”

- ▶ Ridesharing/Carsharing
- ▶ AirBNB
- ▶ Crowdfunding
- ▶ Efficient, responsive, and innovative alternatives

What is ridesharing?

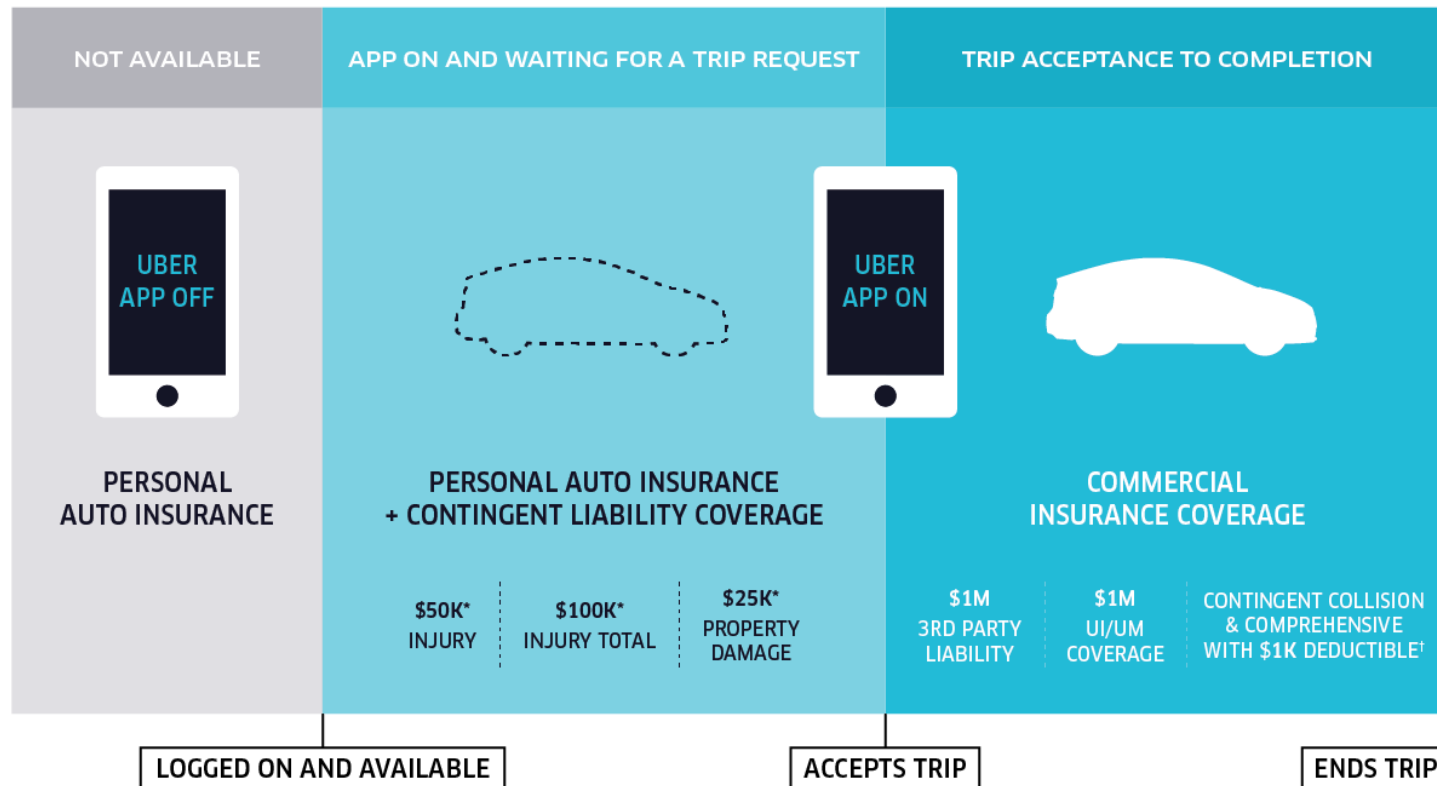
- ▶ “everyone’s personal driver” - Uber
- ▶ Using technology or apps to match drivers with passengers

Our experiences

- ▶ Taxi vs. ridesharing
 - ▶ Rate Increases during high demand times
 - ▶ Varying options depending on rideshare service
- ▶ What have we seen?

Whose insurance pays according to Uber?

uberX RIDESHARING INSURANCE COVERAGE

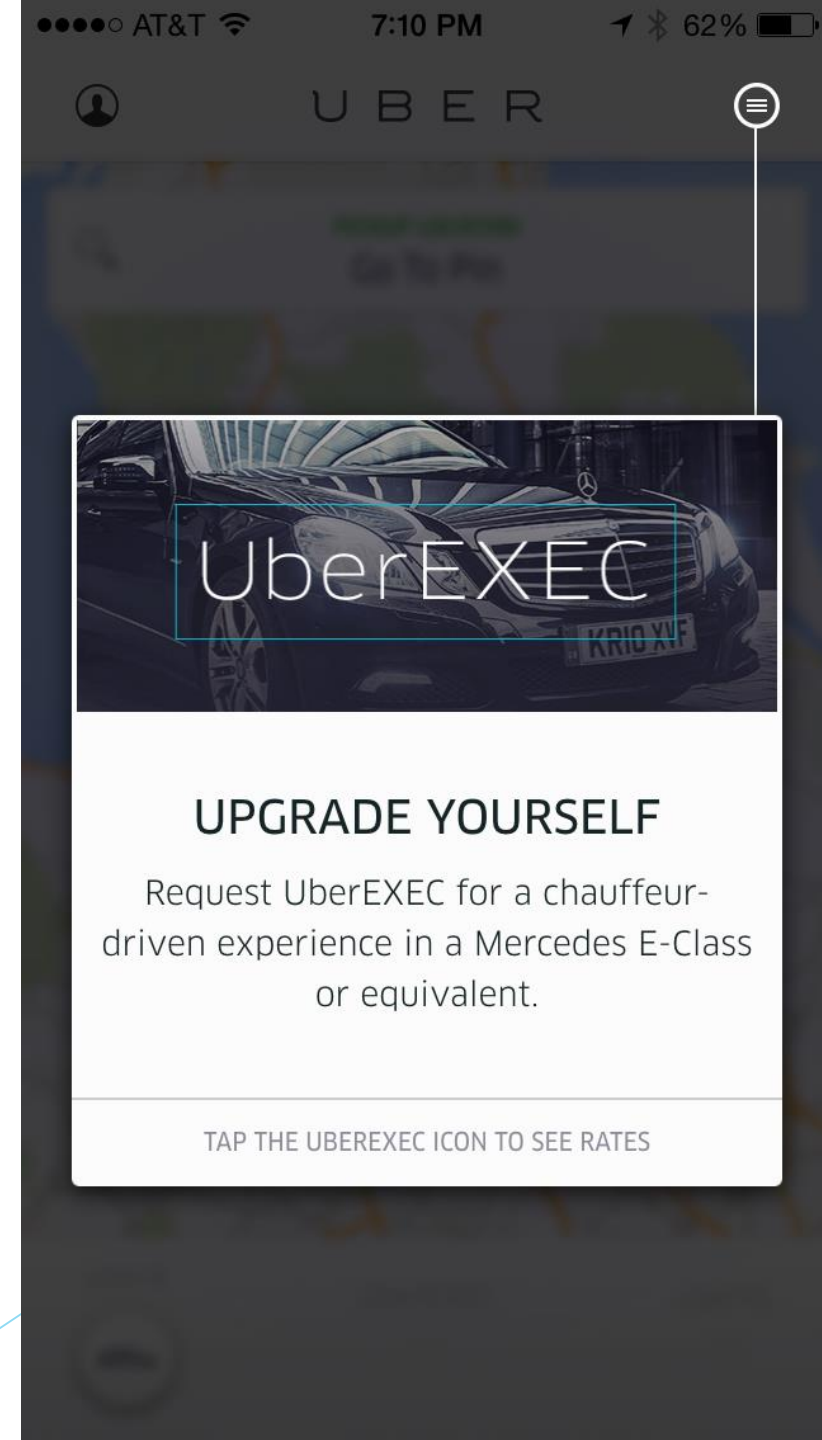


*PROVIDES AUTOMOBILE LIABILITY INSURANCE IF/WHEN THE DRIVER'S PERSONAL AUTO POLICY DOES NOT PROVIDE COVERAGE.

†PROVIDES COVERAGE IF DRIVER'S PERSONAL AUTO INSURANCE INCLUDES COLLISION COVERAGE

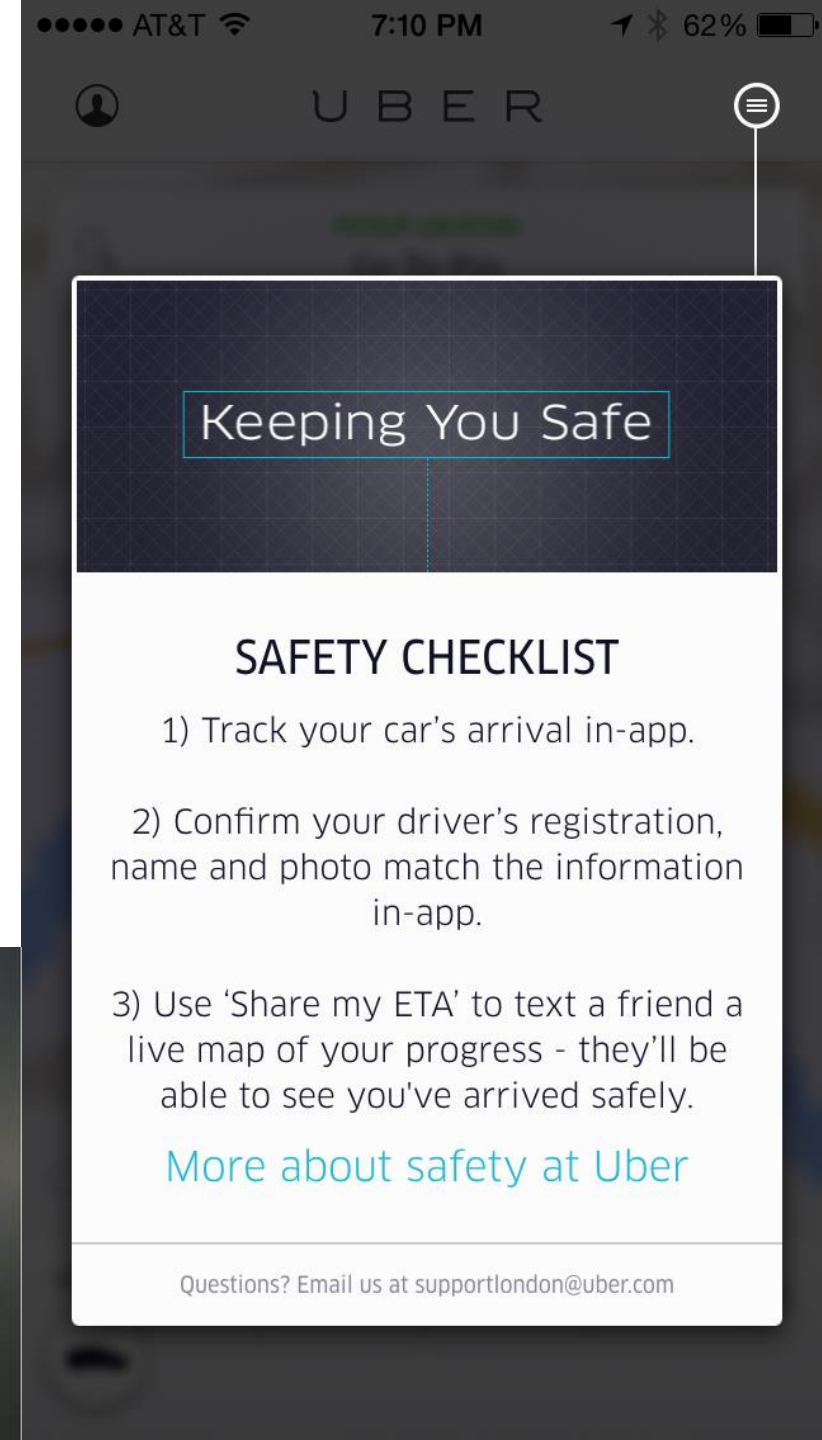
Different Service Options

- ▶ **Uber X**
 - ▶ Everyday cars, can be any type of car
- ▶ **UberBlack**
 - ▶ licensed livery driver and pick you up in a luxury sedan or SUV
- ▶ **UberSUV**
- ▶ **UberTAXI**
- ▶ **UberSelect/UberEXEC**
- ▶ **UberPOOL**
 - ▶ Only in Paris, LA, San Francisco, New York



Uber & safety

- ▶ Insurance offers
- ▶ Uber Safe (Canada)
- ▶ Safety Checklist/Safety initiatives
- ▶ Background checks/Driving history
- ▶ Car Requirements
- ▶ Driver/Rider rating system





“New Building Science Technology Affecting the Insurance Industry”

ISU – CPCU Symposium

April 16, 2015

Julie Rochman, IBHS President & CEO



IBHS Mission:

“To conduct objective, scientific research to identify and promote effective actions that strengthen homes, businesses, and communities against natural disasters and other causes of loss.”



IBHS Priorities are Insurers' Priorities

- Lowering the loss exceedance curve
- Better understanding vulnerabilities and how to reduce them
- More accurately assessing the interaction between weather and the built environment
- Improving catastrophe models
- Providing new claims-related tools
- Reducing contractor fraud

Mitigation Challenges Include...

- **Purchase/Repair/Retrofit decisions made with incomplete or bad information.**
- **People value what they can see/show.**
- **Objective ways to compare alternatives are needed.**
- **Non-insurance incentives are needed.**
- **Storm-chasing contractors and other bad actors.**

Non-Partisan Public Policy “Hooks”

- Resilience / Adaptation / Sustainability / Mitigation
- Economic growth / continuity
- Smarter pre- and post-disaster \$\$\$
- “Build forward”
- Personal responsibility



The IBHS Research Center: A Unique, Multi-Hazard Facility

WIND



WILDFIRE



HAIL



RAIN



Protection from the Top: *Focus on the Roof*



Re-Roofing = Opportunity for Improvement

- **Roof cover = 1st line of defense vs. many natural hazards**
- **Roof cover = most frequently repaired / replaced part of building**
- **When roof cover is replaced, simple but significant, low-cost improvement = possible**

IBHS and the Roofing Industry

Working to get product performance and installation right!



IBHS Roof Aging Farm

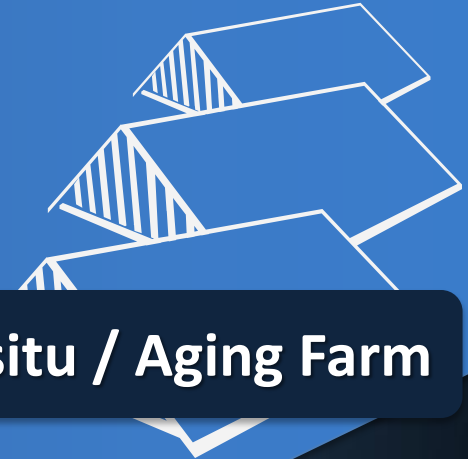


IBHS Asphalt Shingle Wind Research

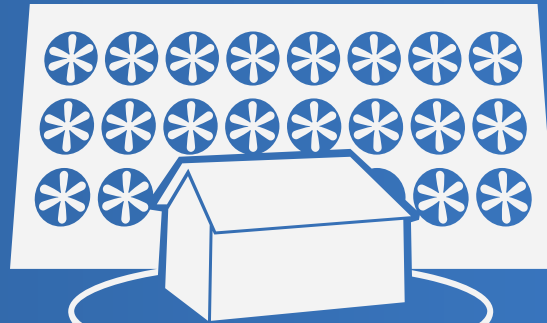


Component Tests

**Post-event
assessments**



In situ / Aging Farm



Whole Roof Tests

Product Performance

**Installation/Maintenance
Repair/Replace**

Sealing Shingles: Observations & Takeaways

- Effects of handling and storage detrimental to sealant
- Difficult to achieve robust seal at 135°F - 140°F
- Even at 155°F - 160°F, = physical obstacles to sealing
- Indication that waiting a week or more to test after high temperature exposure improves seal capacity
- Polymer modified shingles perform well



Possible Real World Solutions

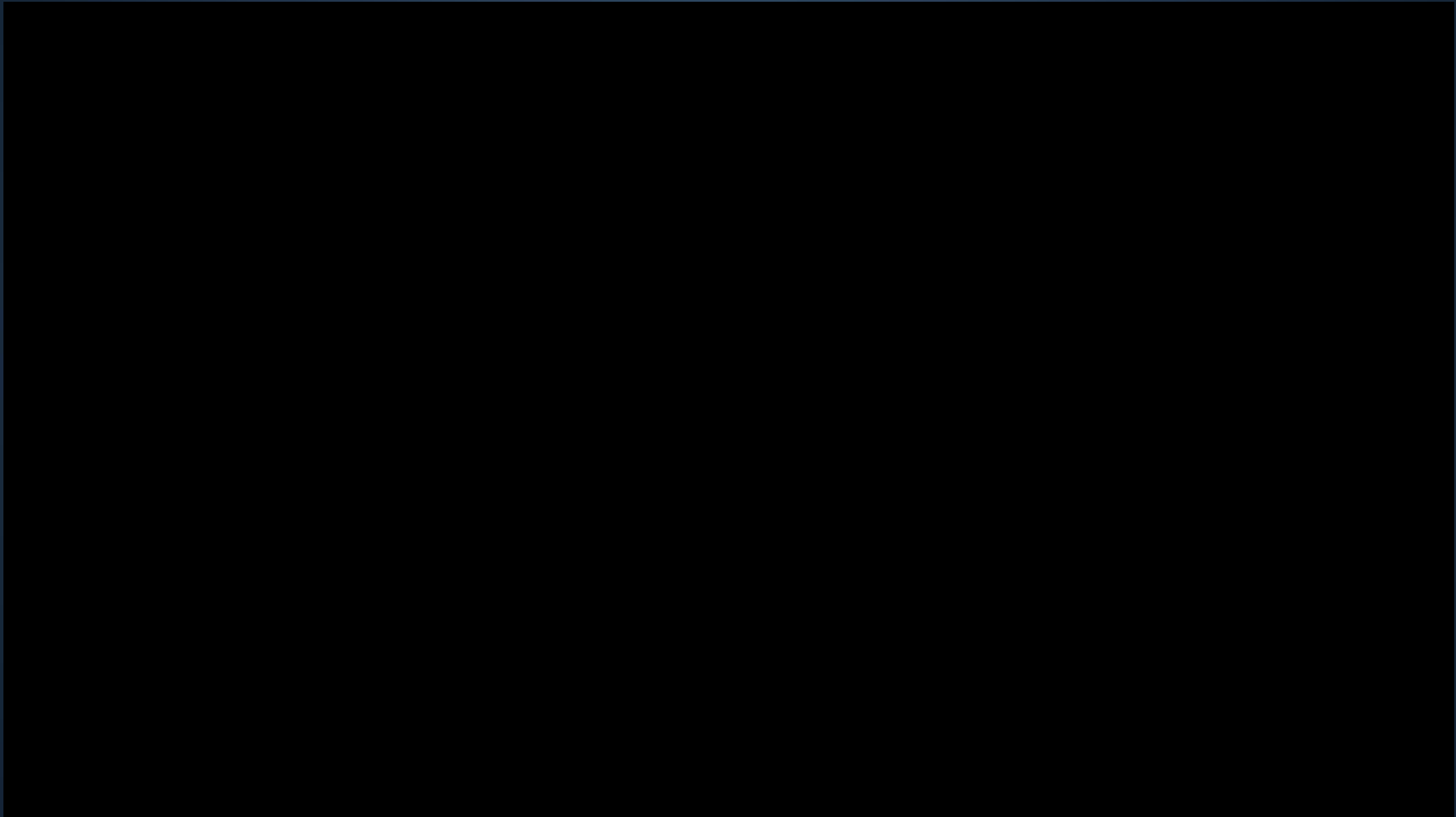
Option 1: validation of seal

Option 2: treat roof *as a system*
(resilient shingles + sealed roof deck)



© Insurance Institute for Business & Home Safety

Wind-Driven Rain



The Difference \$500 Can Make



© Insurance Institute for Business & Home Safety

**Sealed roof deck
damage estimate**

\$5,408^{.59}

**Unsealed roof deck
damage estimate**

\$16,935^{.23}

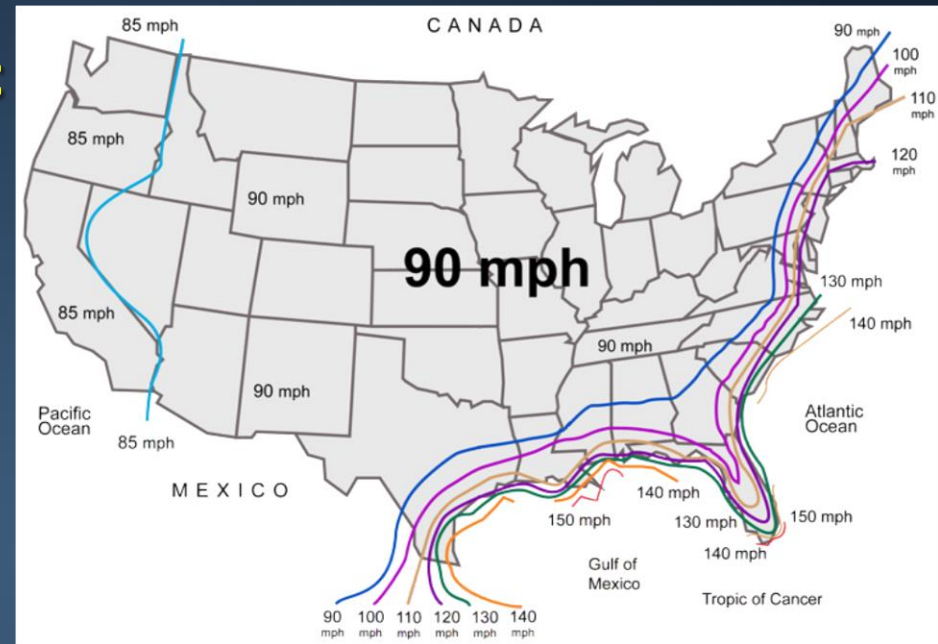
Codes are *Minimum* Standards

“Building code” =

The minimum acceptable standard used to regulate design, construction, and maintenance of buildings for the purpose of protecting the health, safety and general welfare of the building’s users.

How Are Structures Designed?

- Along the Gulf and Atlantic Coasts, hurricane winds govern design standards.
- Thunderstorm winds control climate & design standards across the rest of the country.
- We don't account for hail or tornadoes in “non-engineered” structures (e.g. residential, low-rise commercial, etc.).

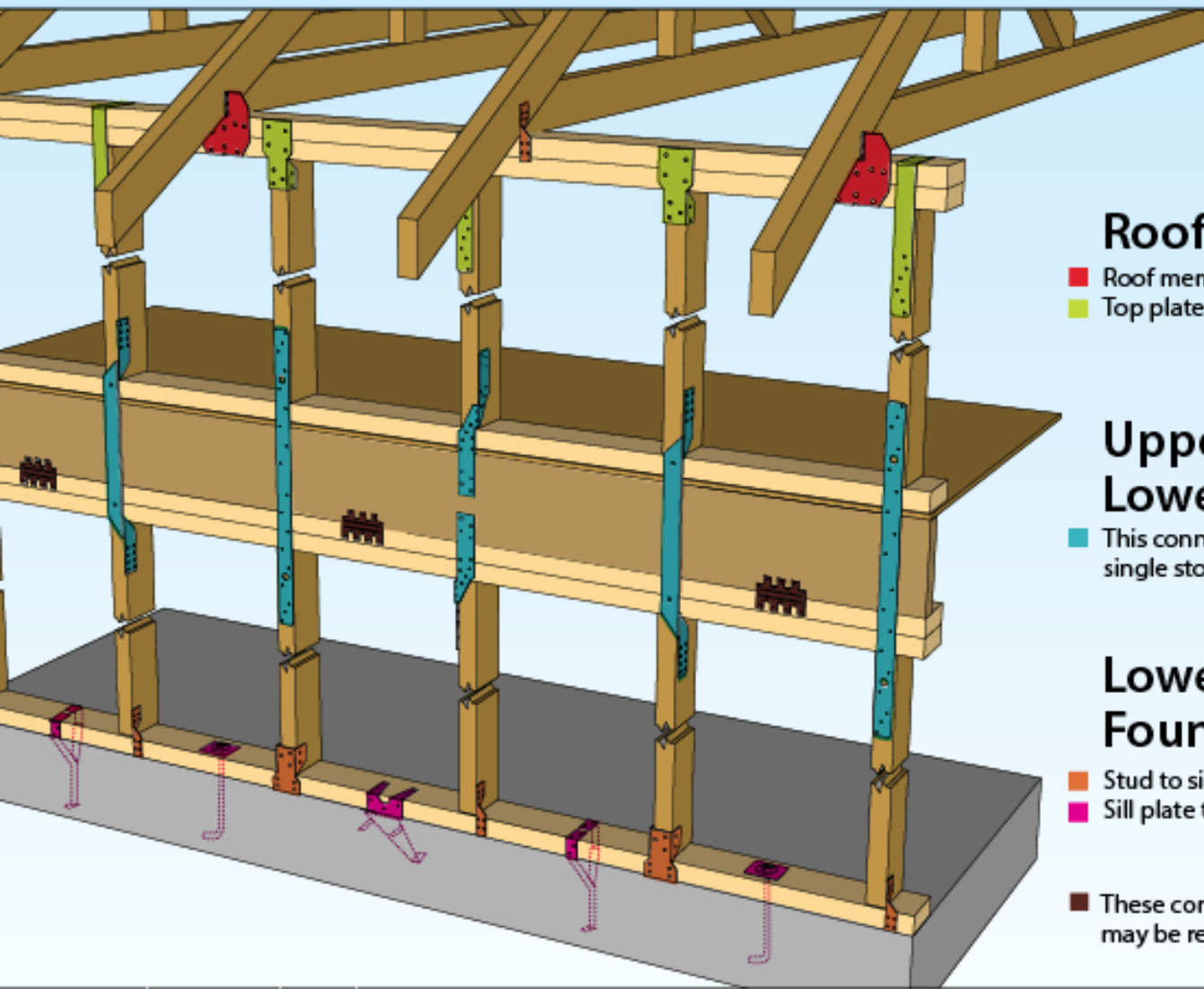


What is FORTIFIED?

A large, multi-story house on stilts with a wooden staircase leading to the second floor, situated near a body of water. The house is light-colored with a brown roof and has a prominent wooden staircase on the right side. In the background, there are other houses and a utility pole. The foreground shows a body of water and some grass.

FORTIFIED is a suite of systematic, inspection-based, resilience programs developed by IBHS

Continuous Load Path To Resist Uplift Forces



Roof to Wall Connection

- Roof member to top plate connections
- Top plate to stud connections

Upper Wall to Lower Wall Connection

- This connection is not required for a single story home.

Lower Wall to Foundation Connection

- Stud to sill plate connections
- Sill plate to foundation connections
- These connections are not required for uplift but may be required to transfer shear loads.

A continuous load path ties the roof to the foundation and helps keep the roof from blowing off during hurricanes. In the illustration above, a variety of typical connectors used to complete a continuous load path are shown; the actual spacing of the connectors may vary from this example. Newer homes are more likely to have the continuous load path connections. For older homes, it's possible to retrofit and add the connections shown to complete the continuous load path. Every house is different, but in general, it will be easier and less expensive to retrofit the Roof to Wall Connection than the Lower Wall to Foundation Connection. Check with a licensed building professional to determine what is feasible for your home.

Severe Storm Protection Systems

FORTIFIED Home - Hurricane 



Roof and attic ventilation system



Openings, gables and porches



Structure (CLP) and chimney

FORTIFIED Critical Elements

- ✓ **Documentation**
- ✓ **Involvement of licensed (design, construction, inspection) professionals**

Putting FORTIFIED® to the Test

**FORTIFIED® house
in Bloomington, IL**



**Copies being built at
IBHS Research Center**

FORTIFIED vs. Conventional Construction Test Demonstration

**Institute for
Business &
Home Safety**

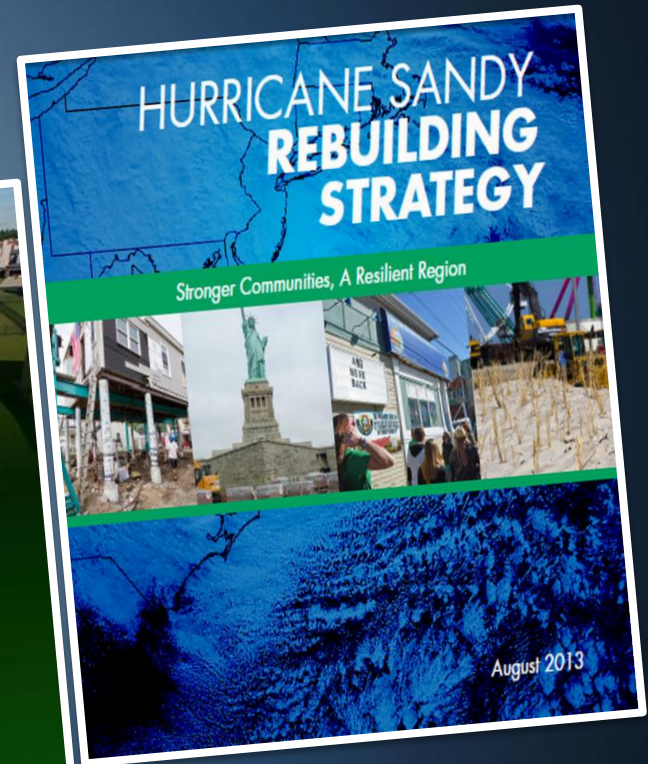
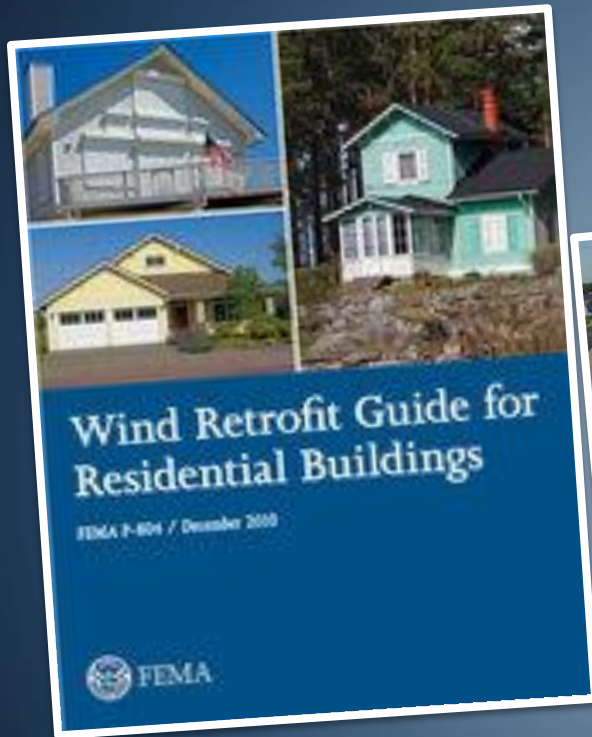
Little Things Make a Big Difference

Cost for the average roof (2,000 sq. ft.):

- ✓ Ring shank nails = \$100 (*doubles the strength*)
- ✓ Sealing roof deck with tape = \$500
- ✓ Strapping roof to top of walls = \$400 to \$600 (*doubles the strength*)



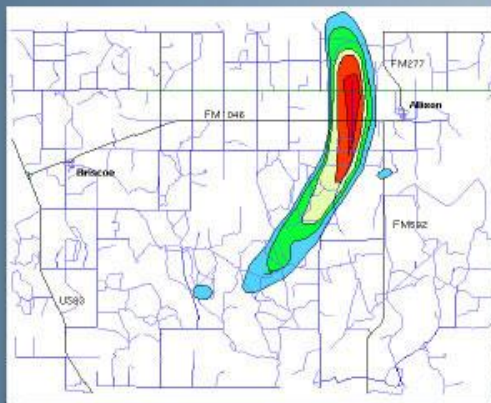
Who is using FORTIFIED?



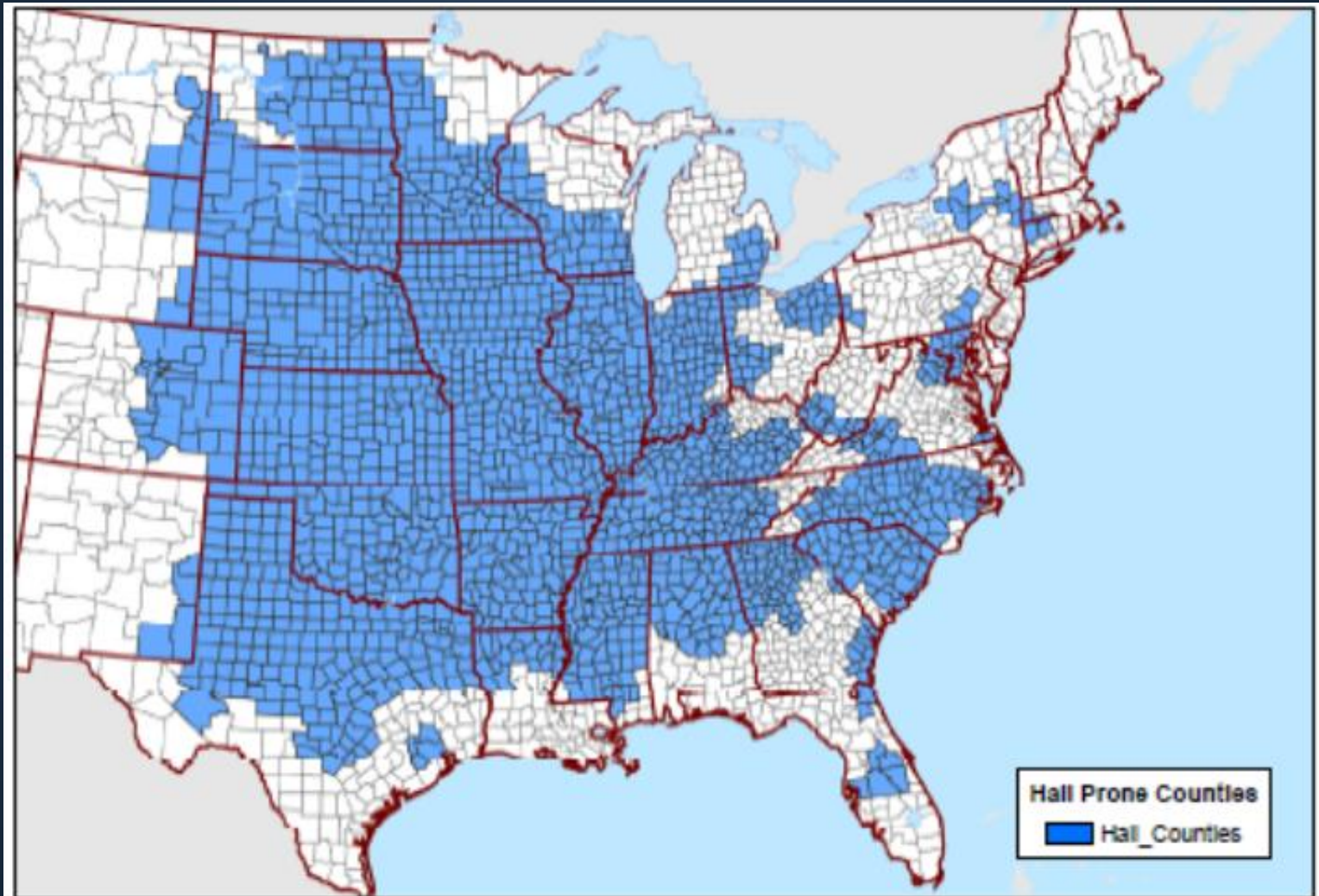
Tornadoes



Narrowing the path of damage



Hail Prone Counties (Inland)



Severe Storm Protection Systems

Hurricane



FORTIFY Roof and Attic Ventilation System



FORTIFY openings, gables and porches



FORTIFY structure (CLP) and chimney

High Wind and Hail



FORTIFY Roof

FORTIFY Gables, Porches, Carports and Chimneys

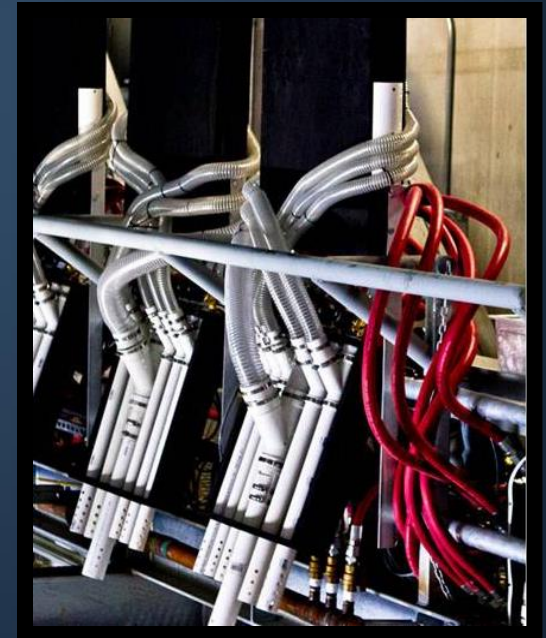
FORTIFY Garage Doors and Structure (CLP)

IBHS Hail Research: Pushing the Boundaries of Building Science

- Small roof / panel impact testing
- Field work to validate lab findings & improve forecasting / radar hail detection
- Full-scale hailstorm simulations



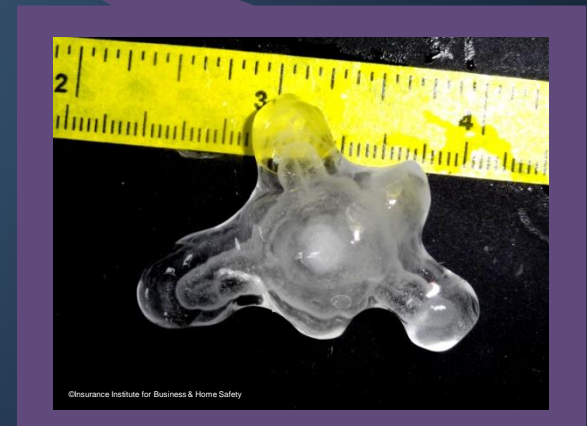
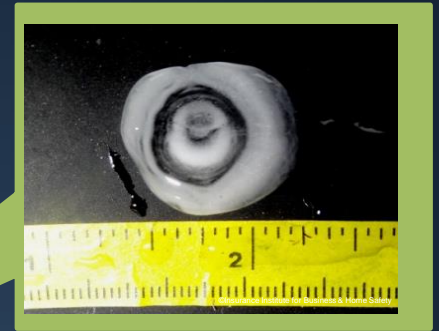
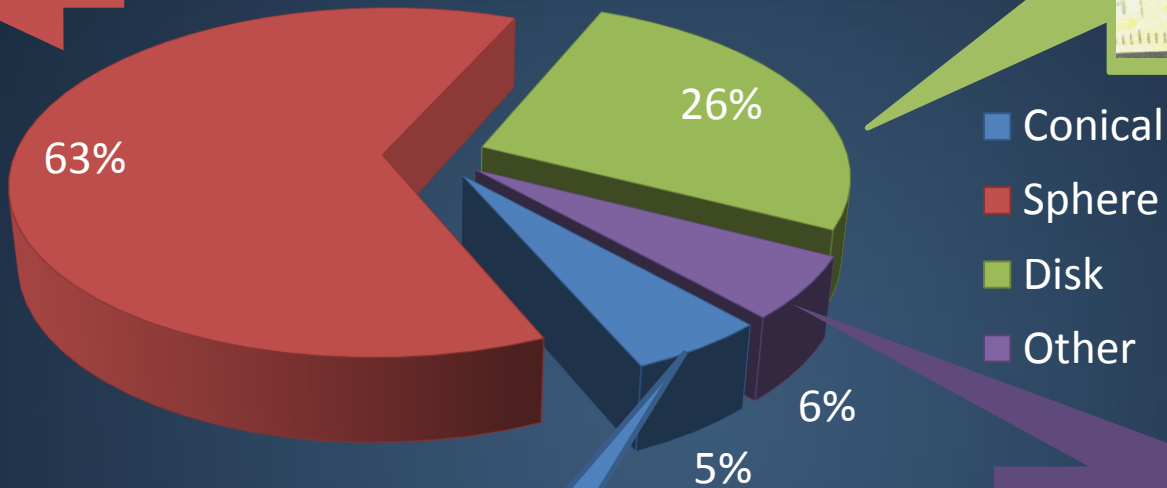
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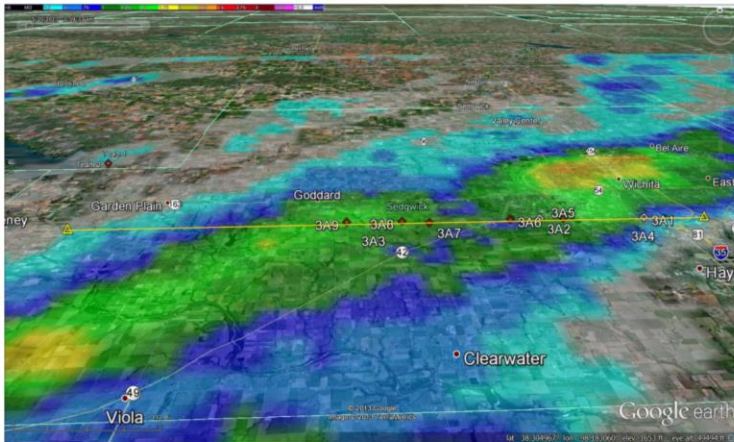
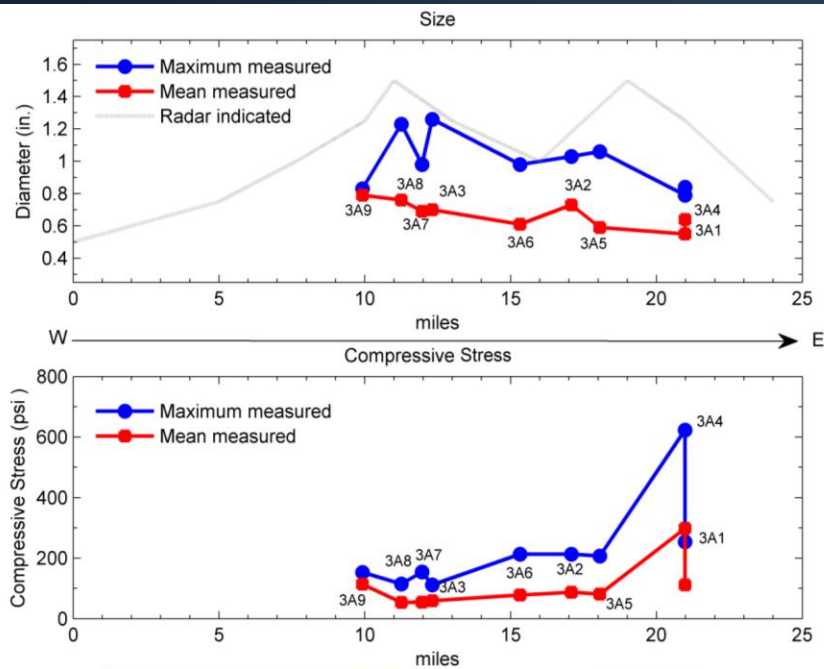
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Observed Hail Shapes 2012-2013

20 different parent thunderstorms



Hailstone Characteristics Field Project



Loss Reduction:

- Accurately delineate hail swath using improved radar data
- Predict which hailstorms = damaging
- Reduce “neighboritis” and claims at fringe of swath

The First-Ever Indoor Hailstorm



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IBHS Allies



National Institute of
BUILDING SCIENCES



FEMA



AIA



Asphalt Roofing
Manufacturers Association



DisasterSafety.org

Thank you.

The Sharing Economy and Transportation Network Companies

**2015 Katie School/CPCU Spring
Symposium**

April 16, 2015

Marriott Hotel, Normal, IL

OVERVIEW

- What is the “Sharing Economy”?
- Transportation Network Companies
- Car Sharing
- Short Term Rentals
- What else is out there?

What is the “Sharing Economy”?

- Is it really ‘sharing’?
- Formalizing what was informal
- Blurred lines?

Lots of Sharing Going On

A Day in the Life of the Collaborative Economy

Version 1.1

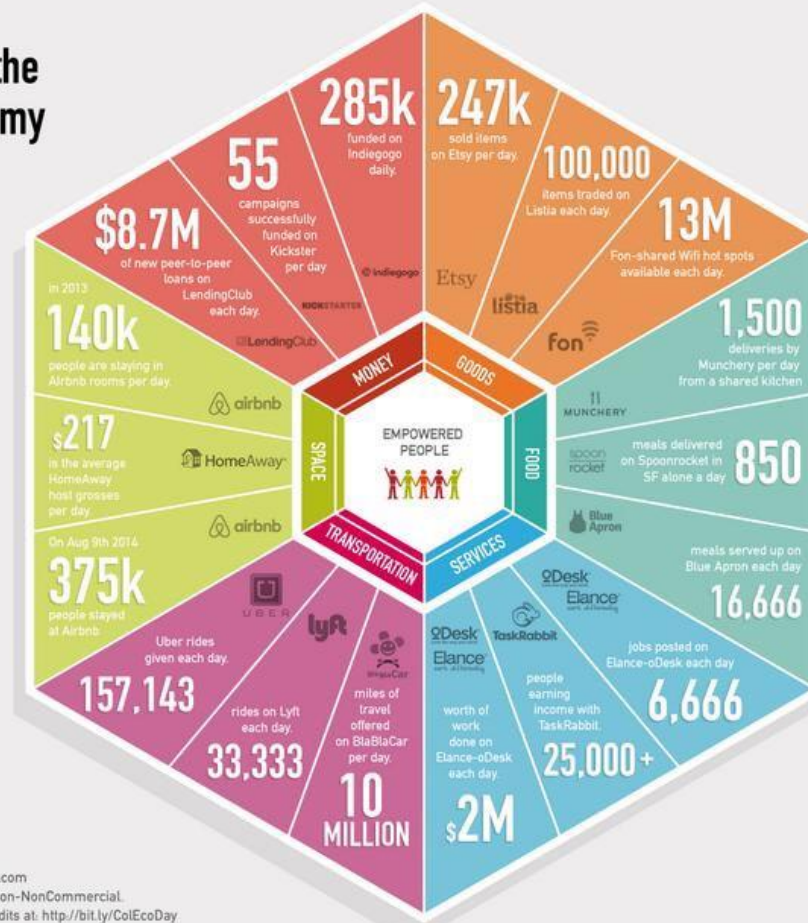
The growing Collaborative Economy is a peer-based movement that empowers individuals to get what they need from each other.

From crowd-funding new projects, to peer-based money lending, to people sharing physical goods, the collaborative movement stretches across many aspects of our lives and businesses.

We can see it activating all around us. But, is it having a broader impact beyond the limits of our own horizons? This illustration reveals the current, possible daily impact of the Collaborative Economy, making it easy to see the scope and impact of the entire evolving economy in one, single graphic.

Compiled by
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Founder of Crowd Companies

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PARTICIPATION IN THE COLLABORATIVE ECONOMY: RECENT AND PROJECTED



Data from recent report *Sharing is the new Buying* with Vision Critical and Crowd Companies, 2014



www.crowdcompanies.com

Transportation Network Companies



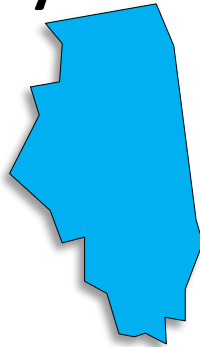
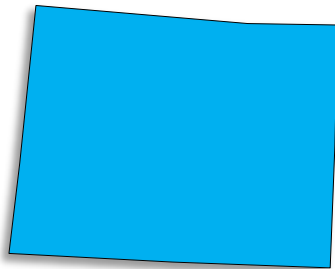
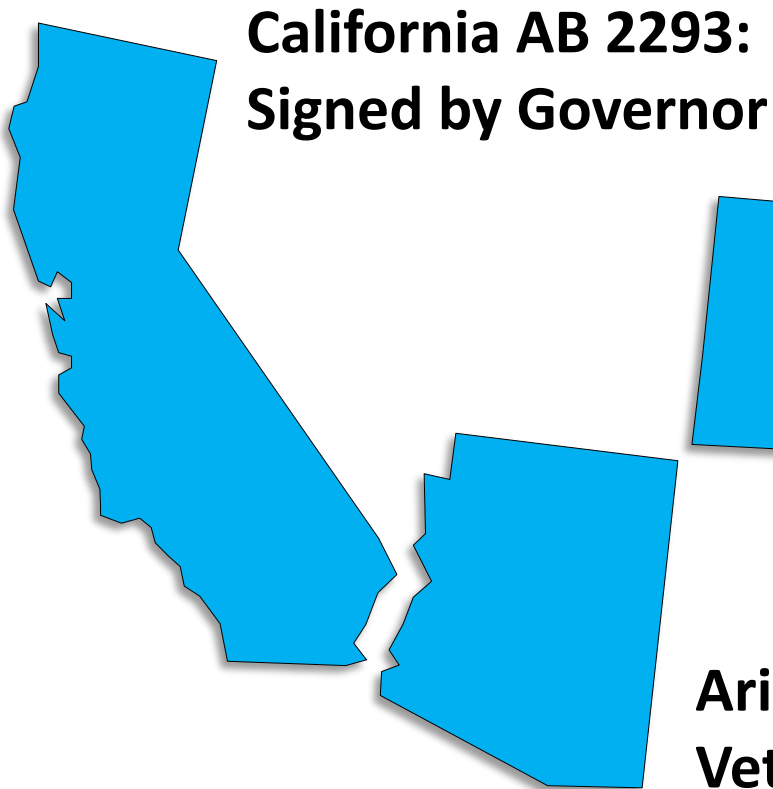
Insurance Challenges

- What do we call this?
 - Not “sharing”, not car pooling
- Nature of Risk
 - Different policies for different types of risks
- Policy Language
 - “Livery” and Business Use
- Duty to Defend
 - Broader than duty to indemnify
- Subsidization

TNC Essential Elements

- Support Innovation
 - Flexibility: Commercial, personal and surplus lines
- Insurance Product Certainty
 - Policy language
 - Rating and underwriting for risk
 - Fill coverage gaps
- Disclosures
 - Drivers know coverage provided by TNC
 - Drivers know their PPA unlikely to provide coverage
- Disputes
 - Duty to defend
 - Access to records and data

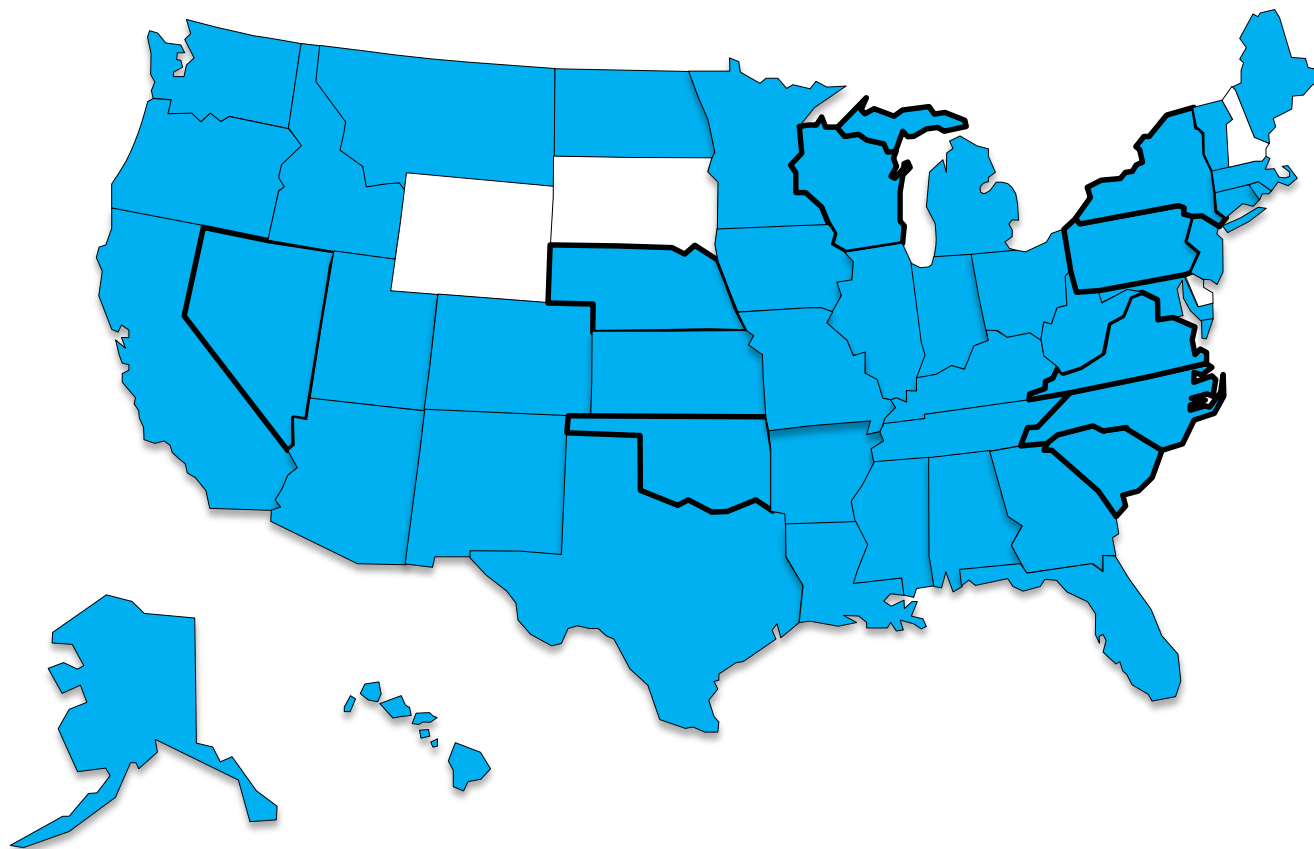
2014 State Legislative Activity



Other 2014 Activity

- Insurance Regulators
- Public Utility Commissions
 - CA Regulations (2013)
 - PA, NM (2014)
 - Cease and desist orders
- Cities
 - Seattle, Chicago, Columbus, Milwaukee
- RICO, other lawsuits

2015 TNC ACTIVITY



2015 TNC ACTIVITY

- 2015 Activity
 - Industry Toolkit Model
 - Implements essential elements
 - Uber’s model legislation
 - Requires personal auto policy to deny based on “valid exclusion”
 - Requires personal auto insurer to “disclose” TNC exclusion
 - Uber’s global regulatory challenges
 - Challenges from regulators, taxis and limos on 6 continents
 - Bans in Spain, Thailand, Netherlands, Belgium, France
 - 2015 legislation enacted
 - District of Columbia
 - Illinois
 - Virginia

TNC Compromise Model

TNC Compromise Model

- Requires that all TNCs and their drivers have auto insurance policies that recognize that the driver is driving for a TNC.
- Expressly permits personal auto policies to exclude coverage for TNC related driving and states that insurers that exclude coverage will have no duty to indemnify or defend.
- No restriction's on underwriting or rating of personal auto policies
- Allowing a personal auto insurer to offer TNC coverage via an endorsement or separate policy.

TNC Compromise Model

- Period 1: Driver is logged in as available, but has not yet accepted a ride request;
 - Primary liability coverage of 50/100/25
 - State mandated coverages (e.g., UM or PIP).
 - Does not include comprehensive or collision.
- Period 2: Driver has accepted a ride request and/or while the fare paying passenger is in the vehicle, defined as “Prearranged Ride”
 - Primary liability insurance of \$1 million
 - State mandated coverages (e.g., UM or PIP).
 - Does not include comprehensive or collision.

TNC Compromise Model

- Purchased by the TNC driver, by the TNC itself, or a combination of both.
- The primary TNC coverage shall not be dependent upon a personal auto policy denying a claim before coverage is triggered.
- TNC drivers will be required to carry proof of TNC insurance coverage and, after an accident, TNC drivers must disclose whether they were logged into the TNC system.
- TNCs must disclose to their drivers that their current personal auto policy may not provide any coverage for TNC related driving.
- TNCs and insurers will be compelled to cooperate in coverage investigations.
- Insurers will have a statutory right to subrogate against TNCs for claims insurers may have erroneously paid.

The Tip of the Iceberg

Collaborative Economy Honeycomb Version 1.0

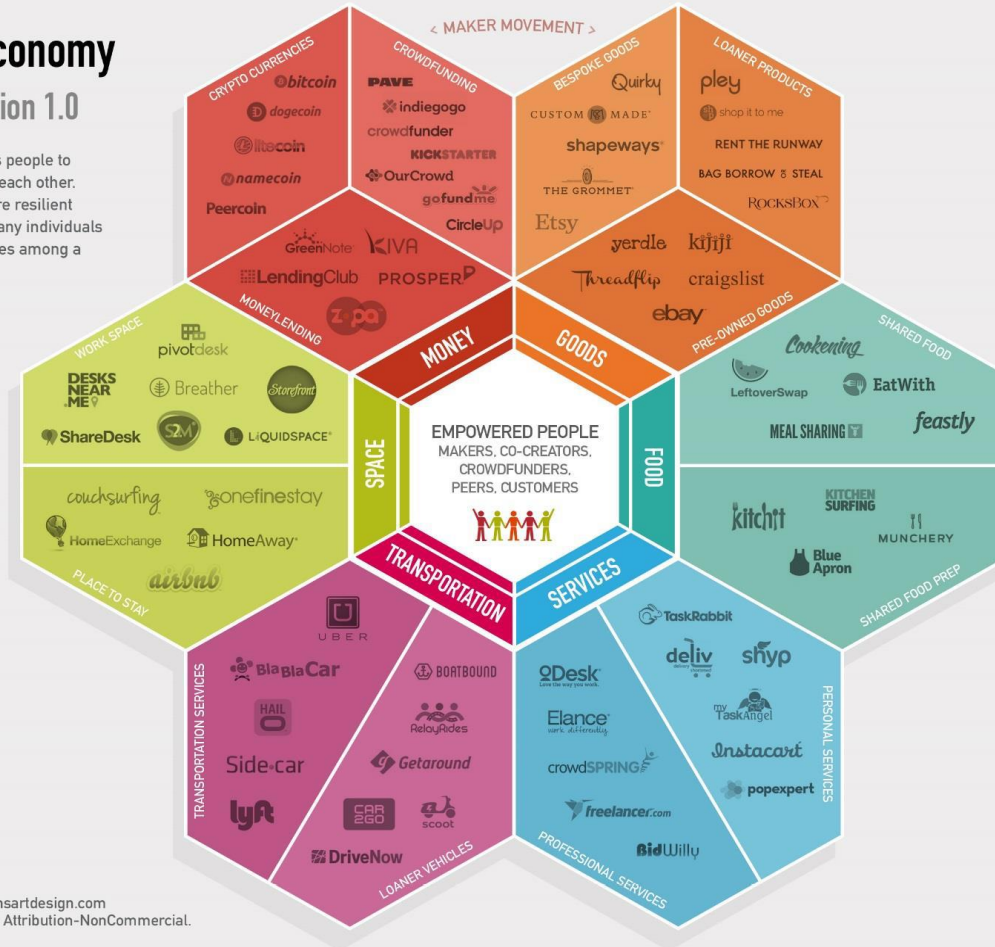
The Collaborative Economy enables people to efficiently get what they need from each other. Similarly, in nature, honeycombs are resilient structures that efficiently enable many individuals to access, share, and grow resources among a common group.

In this visual representation, this economy is organized into discrete families, sub-classes, and example companies. To access the full directory of 9000+ companies visit the Mesh Index, at meshing.it/companies managed by Mesh Labs.

By Jeremiah Owyang
@Jowyang

With input from:
Neal Gorenflo (@gorenflo),
Lisa Gansky (@instigating),
Shervin Pishavar (@sherpa),
Mike Walsh (@mwalsch),
Brian Solis (@briansolis),
Alexandra Samuel (@awsamuel),
and Vision Critical (@visioncritical).

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Car Sharing



- PCI Auto Committee Model
 - Based on CA, OR and WA laws
 - Similar concepts to TNC, but includes cancellation and non renewal restrictions
 - NY Car Sharing Bill – Insurers reluctant to accept restrictions, Car Sharing companies want “mini fleets”

Property Sharing



- Short Term Rental programs such as AirBnb and HomeAway gaining popularity
 - AirBnb provides \$1million “host guarantee”
 - Standard property policies cover “occasional” rental of premises
 - Legislation in Florida, expected in California

What Else Is Out There?

- Places to work
 - Share Desk
- Money
 - Kickstarter, Lending Club, Bitcoin
- Goods
 - Etsy, Bag, Borrow and Steal, Craigslist
- Food
 - Feastly, Kitchen Surfing
- Services
 - Freelancer.com, Task Rabbit

Questions?



Katie School of Insurance UAV/Drone Research Project

- ▶ The Risk Management
Implications of UAVs/Drones

Team Members

Project Inception

- Began spring of 2014
- Started to address concerns
- Help the developing world
- Evolved over time

Purpose and progress as of Spring 2015

- ✦ Risk Management Research in the Operation of UAVs/Drone
 - ▶ Presentations
 - ▶ Conferences
 - ▶ Networking/Shared learning

Why UAV Integration

- Between 2015-2025, \$89-120 Billion in worldwide spending on UAV market
- 90% of the Potential Markets for UAV will be in public safety and precision agriculture
 - Recently insurance markets

Agricultural

Overall

- Unmanned Aerial Vehicles give **farmers and insurance companies** a more **accurate and timely estimate of crop and live stock losses** while enabling farmers to implement best management practices.



Agricultural uses

- Weather Damage
- Pest and Weed Inhabitation
- Water resource management/sustainability

Conclusion

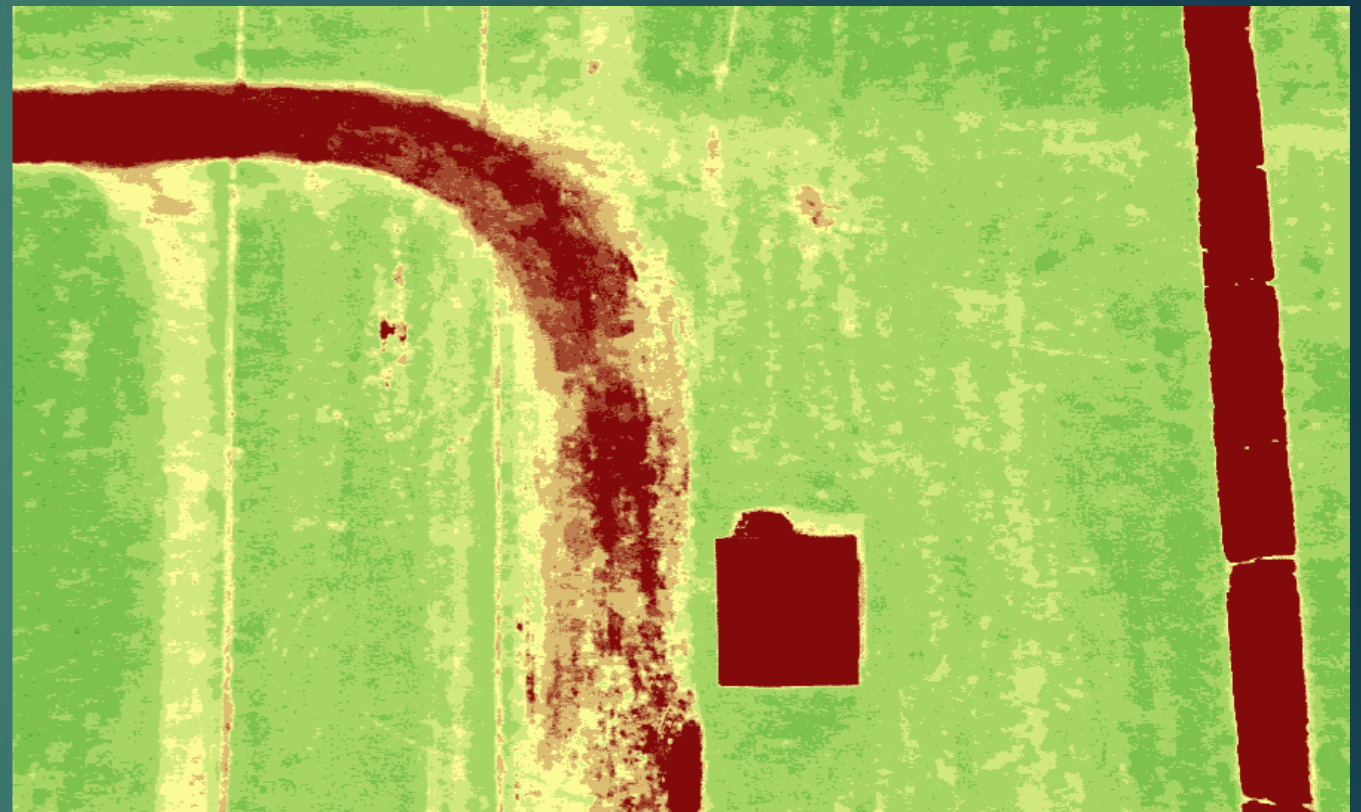
- Improvement of management practices
- Environmental Sustainability
- Reducing cost
- Increasing yield

NDVI



What is it?

- Normalized Difference Vegetation Index
- Plant Stress
- Early Indication of Pest or Diseases



Commercial Applications

- Public Safety, Law Enforcement, and Security
 - Ex: [firefighting](#)
- Logistics/Utilities
- Film/Photography
- Risk assessment/damage evaluation

Why use UAVs?

- Lower Cost/Investment
- Mitigates hazards
- No Time Schedule
- More Precise



Information Technology

Problems with UAV's

- Security
- Transmission Issues
- Software/Hardware Bugs

Software Engineering

- ★ Great concurrency
- ★ Great error handling
- ★ Encourages good practice
- ★ Easy to deploy
- ★ Fast

Encryption

- Mathematically provably secure
- Would take longer than age of universe/more power than sun will ever put out to break
- Easy to plug and go
- Computationally cheap

Network Reliability

- Resistant to packet loss
- But not too resistant
- Flexible

Client/Server Model

- Server is trusted and secure.
- Client is untrusted.
- Where to store data?

Possible Development Opportunities

- Collision Avoidance
- Computer Vision
- Autonomy
- <https://www.youtube.com/watch?v=GnuQzP3gty4&feature=youtu.be&t=50>

Legal Framework and Regulation

Tech Outpacing Regulatory Powers

- “Technology has advanced more in the last thirty years than in the previous two thousand. The exponential increase in advancement will only continue.
 - Neils Bohr, 20th Century Physicist

Positive FAA Response

- Certificate of Authorization process for public and civil UAV operations
 - Heavily influenced by European Union
 - Systems are legally defined as “aircraft”
Huerta v. Pirker (2014)
- Model Aircraft: Operators exempt from FAA authority if they comply with § 366 of the FAA Modernization and Reform Act
 - Cannot be used to generate revenue
 - <400 ft, <55 pounds, visual line of sight

Civil: 2 Tiers of Operations

- § 333 Exemption: “Blanket” approval for commercial operations anywhere in the country except major cities and restricted areas, 137 granted thus far
 - <200 ft, <55 pounds, Visual Line of Sight
 - Must comply with all preexisting aviation code
- Special Airworthiness Certificate: Permits R&D outside § 333 limitations
 - Recently granted to Amazon, Bell Helicopter, numerous defense and private military firms

Public (Governmental)

- Certificate of Authorization: 60 day online approval process for public institutions
 - Active for 2 years
 - Permits preapproved operations within designation area, highly flexible
 - 79 approved, including universities, police departments, and numerous federal agencies

Right to Privacy

- California v. Ciraolo (1985): Activity visible from public airspace can be surveyed by the state without a warrant
- Kyllo v. United States (2000): Warrant required for surveying activity not in “plain view” of public airspace
 - Application to Private Sphere: Prior consent of surveyed parties is strongly encouraged to avoid privacy lawsuits

Privacy Policy

- Insure only in FAA licensed operators who have a fully monitored and internally controlled privacy policy
 - Nationwide Commercial Use is Fast Approaching
 - Early Adopters/Investors Will Benefit Most

Risk Management

Insurance Considerations

- Potential underwriting assessments
 - Size, function and intent
 - Technology capabilities
 - Areas of Operation
 - Federal Aviation Administration approvals
- ISO released rules and guidelines

Specific Exposures

- Physical damage, Ground damage and Air to Air collision
- Privacy and Nuisance
- Cyber Liability
- Commercial vs Personal Use

Physical, Ground and Air to Air Collision

- Damage to UAV
- Ground Damage and falling objects
- Carrying Contents – Pollution
 - This is one of the higher exposures
 - ISO CGL Exclusions (Pollution, Aircraft, Model Aircraft)
- Air to Air collision
 - Collision Avoidance (mitigate exposure)

Privacy and Nuisance Liability

- Imaging Technology
- Loss of Use and Enjoyment (Nuisance)

Cyber Liability

- Hijacking
- Data Loss
- Data Hacking
 - Storage and disposal of data is essential for exposure mitigation

Commercial vs. Personal

- ▶ Restrictions mostly apply to Commercial
- ▶ Potential fraud/Negligence by insureds
- ▶ Potential loophole
 - ▶ Depends on companies policy language

ISO Guidelines

- ▶ “Unmanned Aircraft”
- ▶ Policy sections “Unmanned Aircraft” and “Aircraft (other than unmanned), Auto, or watercraft”
- ▶ Exclusions for Unmanned Aircraft Coverage A & B
- ▶ Scheduling form for UAVs/Drones (limited coverage)
 - ▶ Descriptions required
 - ▶ Aggregate Limit

Distribution Avenues



- Agricultural Insurers
- Commercial Insurers
- Excess & Surplus
- Specialty markets

Potential Benefits for Insurers

- ▶ Loss Control/Claims assessments
- ▶ Risk evaluation
 - ▶ Could lead to less losses
- ▶ Faster claims handling
- ▶ 3D mapping of claim area

UAV Demonstration & Questions?