

Alaska State Senate

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Senator Mia Costello

MEMORANDUM

Date: Tuesday, March 07, 2017

To: Senator Anna MacKinnon, Co-Chair
Senator Lyman Hoffman, Co-Chair
Senator Click Bishop
Senator Peter Micciche
Senator Mike Dunleavy
Senator Natasha von Imhof
Senator Donny Olson

From: Senator Mia Costello

A handwritten signature in blue ink that reads "Mia Costello".

Re: Response to Senate Finance Committee Members Questions – Senate Bill 14

During the Senate Finance Committee's hearing of Senate Bill 14, the *Let's Ride Alaska Act*, Senators had several questions. Follow-up information is detailed below, and please feel free to contact my office if you have any further questions.

Senator Hoffman

How does this legislation interface with communities that regulate taxi cabs?

Senate Bill 14 does not alter municipalities' authority to regulate taxi cabs. Under this bill, local law enforcement are able to enforce traffic laws on Transportation Network Company (TNC) drivers like any other driver within their city limits.

Senator Bishop

How are zero tolerance alcohol/drug policies implemented by TNCs?

Both Uber and Lyft provide mechanisms to immediately report drivers suspected of being impaired. Their respective apps as well 24-hour emergency lines allow for real-time, situational reporting. Immediate driver deactivation is the first step usually taken when any zero tolerance violation is suspected, followed by an investigation.

Do rideshare companies perform random drug tests of drivers?

No, enforcement of zero tolerance policies occurs primarily through continual feedback mechanisms for riders and follow-up investigations. This identifies unsafe drivers in circumstances whether a controlled substance is involved, or it is simply a sloppy or tired driver.

Senator Micciche

Does the \$1 million dollar insurance coverage in the bill mirror the coverage taxi cabs carry for riders and drivers?

The insurance provisions of Senate Bill 14 exceed the coverage requirements for many Alaskan taxi cabs. While local laws vary, municipal regulation in Anchorage, Fairbanks, and Juneau all require taxi cabs to carry the following coverage:

\$300,000 – aggregate injuries sustained in an accident

\$100,000 – per personal injury

\$50,000 – property damage per occurrence

Please see: Anchorage – *Municipal Code 11.20.100*
Fairbanks – *Chapter 86, Article II, Division 2, Sec. 86-52*
Juneau – *20 CBJAC 40.580*

Do any states require TNC drivers to have commercial driver's licenses?

None that we, or the industry, are aware of.

How does the insurance coverage for TNC drivers in the model language compare to insurance requirements for most cab drivers?

The insurance required in Senate Bill 14 for rideshare drivers to transport passengers exceeds the coverage requirements for most Alaskan taxi cabs.

Senator Dunleavy

Does this bill require TNCs to purchase commercial insurance?

Yes, TNCs provide commercial insurance from the moment a driver turns on their app. to the moment a passenger exits their vehicle.

Does this legislation protect lien holding institutions from damage of loss?

Yes, Section 28.23.060(3) of Senate Bill 14 requires TNCs to notify their drivers that working as a rideshare driver without physical damage insurance coverage may violate their contract with the vehicle's lien holder.

Do TNCs provide the main coverage during operation of the smart phone app. or is their insurance only the stop gap insurance coverage?

TNCs provide primary coverage from the moment the driver has accepted a ride request through the moment the passenger exits their vehicle. A gap in liability coverage is not possible however because TNCs are required to maintain coverage under Sec. 28.23.050(d) of the bill in the event that a driver's insurance has lapsed or does not provide the required coverage.

Cont. Senator Dunleavy

If a driver is involved in a crash while driving for a TNC and there is a lien against their vehicle, how are the lien-holding financial institutions protected?

Two provisions in Senate Bill 14 protect lien-holding financial institutions. Section 28.23.060(3) requires TNCs to notify their drivers that not maintaining physical damage insurance coverage may violate their contract with their vehicle's lien holder. Section 28.23.050(i) provides for how lien-holders are repaid in the event of damage or loss of an automobile.

In addition to this bill and existing contract law, financial institutions employ a variety of risk management tools to address these concerns. These include collateral protection insurance, which covers their exposure from loss during incidental professional use of personal vehicles. This is seen with jobs such as real estate agents, home health care aides, or food delivery.

If a driver is involved in a crash while driving for a TNC, whose insurance coverage kicks-in first?

The order of insurance coverage activation depends on the driver's status in the course of driving for a TNC. The TNC provides primary coverage from the moment the driver has accepted a ride request through the moment the passenger exits their vehicle. Thus, if the accident occurs when the driver has accepted a request ("Period 2") or has a passenger in the car ("Period 3"), the TNC's insurance would respond first. If the accident occurred when the driver has the app. on but has *not* accepted a ride request ("Period 1"), the driver's own insurance would respond first.

In any scenario, a gap in coverage is not possible because TNCs are required to maintain coverage under Sec. 28.23.050(d) in case a driver's insurance has lapsed or does not provide the required coverage.

What classification of individuals are prohibited from serving as rideshare drivers for Lyft or Uber?

Both companies employ accredited local and national background checks to review criteria that may disqualify prospective drivers. Screenings include a social security trace and a review of criminal and driving records across several jurisdiction and levels of government. Disqualifiers include, but are not limited to, driving violations, DUIs, and convictions for violent crimes and sexual assault.

Have Uber's background check standards increased since incidents at Los Angeles International Airport in 2016?

Yes, the company extended look-back periods for violent crimes.

Please explain the definitions in the non-discrimination and accessibility section of the bill and how it compares to other section of state law.

The Finance committee substitute conforms these definitions to current Alaska Statute.

Please explain the difference between Uber Pool and the standard Uber product.

Both Uber and Lyft offer carpooling options that riders can select through the apps. This option allows riders to match with another heading the same direction and share the trip and the cost. It's an optional feature riders can elect to use at their choice.

Senator von Imhof

Do taxis have the authority to increase prices for periods of high demand?

No, not that we are aware of.