

Alaska State Legislature
Senate Committee on Labor and Commerce

March 15, 2026

Submitted electronically

RE: SB 35, Delivery Network Companies - NAMIC's Written Testimony in Opposition

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to the Senate Committee on Labor and Commerce on SB 35, Delivery Network Companies.

The National Association of Mutual Insurance Companies (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies - including local and regional insurers as well as some of the nation's largest carriers - NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

Over a decade ago, state policymakers first debated the issue of what legal liability exposure and insurance coverage responsibilities should be placed upon Transportation Network Companies (TNC) to protect their drivers, customers and the general public. Since *private* passenger auto insurance has historically excluded coverage for *commercial* activities, because of the inherently different liability exposure associated with commercial transportation versus the run-of-the-mill private passenger transportation use, state policymakers have consistently determined that it makes sense to require TNCs to be responsible for the reasonable liability exposure associated with their business model. Private passenger auto insurers had well-established "livery exclusion" provisions in their auto insurance policies to restrict coverage to only private passenger use. This exclusion was created to provide clarity and predictability in underwriting and coverage for private passenger auto insurance consumers, and to prevent upward cost-pressures to the consumer that would result from insurers having to pay for commercial transportation claims as part of a private passenger auto policy.

When the TNC business model was unveiled, there was a lot of debate over how to differentiate between when a driver for a TNC business was engaged in *private use activity* of his/her vehicle and covered by the private passenger auto insurance policy and when the driver was now engaged in a *commercial use activity* where the TNC would be required to address the legal liability exposure for the business endeavor. After extensive debate in a number of state legislatures and at the National Conference of Insurance Legislators (NCOIL) which adopted (in 2015) a national model to promote uniformity and consistency in insurance liability protection for TNC drivers and the general public, a comprehensive, bright-line standard was adopted and agreed to by all interested stakeholders. In 2015, the National Association of Insurance Commissioners (NAIC) drafted a white paper on the topic titled, "Transportation Network Company Insurance Principles for

Legislators and Regulators.” These comprehensive pronouncements have been followed and formally adopted by regulators and state legislators across the nation so as to create a clear, consistent and unambiguous standard for TNC insurance liability requirements. This decade-plus standard was designed and intended to reflect the common-sense and common-experience demarcation between private auto use and commercial auto use. The “logging on” to the TNC application which forwards business to the driver was a clear, reliable and reasonably definitive trigger for determining when the driver was now engaged in a commercial endeavor where the TNC’s business model should reasonably be responsible for addressing the legal liability exposure foreseeably associated with their commercial transportation business model.

NAMIC is concerned that the CS Version of SB 35 would undue well-established legal doctrine and create new legal liability ambiguity for TNC drivers, consumers and the general public. The proposed removal from the current law of the bright-line, readily evaluated and demonstrated standard of being “logged onto the digital network” as a determinant for being engaged in the TNC commercial transportation activity would be a serious step-backwards from the public policy objective of requiring commercial entities to be responsible for the liability risks connected to their business endeavor. Changing the current law would create unnecessary legal ambiguity that could have an adverse impact upon the private passenger auto insurance marketplace.

Although NAMIC appreciates the fact that TNC companies and the related TNC delivery businesses would like to reduce their liability exposure and insurance coverage requirements, NAMIC does not see a sound public policy rationale for shifting this legal liability “insurance coverage gap” (time when driver “logs onto the TNC app” and starts the business activity, and the time the driver “provides the prearranged ride”) onto the private passenger auto insurance consumer. This “insurance coverage gap” will likely become an insurance rate cost-driver for private passenger auto insurance consumers, who do not participate in or receive the financial benefits of the TNC business endeavor. NAMIC does not see a reason for Alaska to deviate from the well-established national trend of providing clear coverage requirements for TNCs that promote bright-line consumer protection for TNC drivers, customers and the general public.

Consequently, we respectfully request that this committee maintain the current pro-consumer protection, pro-business legal liability responsibility TNC insurance coverage standard, and **vote no on the proposed CS amendment.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.

Respectfully,



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