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The Honorable Gabrielle LeDoux
Co-Chair, House Labor & Commerce Committee

The Honorable Adam Wool
Co-Chair, House Labor & Commerce Committee

re: HB 102, Relating to Motor Vehicles
Hearing Date: Wednesday, April 3, 2019

Representative LeDoux, Representative Wool, and members of the House Labor & Commerce Committee, thank you for the opportunity to provide comments on HB 102.

Drift, a subsidiary of Allstate, is a startup peer-to-peer car sharing company. Currently Drift is not doing business in Alaska. In fact, it only has an initial location in Denver. Drift is looking to expand operations though and it will make decisions on locations based on demand and regulatory climate.

As currently drafted, we do not believe HB 102 is the correct approach to car sharing.

The rise of the sharing economy shows that consumers want more choice, more innovation, and more sustainability in the products and services they use every day. Drift is engaged in national conversations with insurers, other car sharers, rental car companies and other stakeholders about key issues in car sharing regulation to develop model legislation that Alaska could consider as they seek to protect consumers in the most viable and efficient way. Drift is committed to working with legislators and regulators to keep the industry open for innovation while balancing the need for responsible regulation. Bills being advocated by rental car companies seeking to exclude car sharing companies from the market are being proposed across the country. To date, legislatures have rejected this type of legislation and are seeking to develop solutions that work for consumers.

When it comes to car sharing, legislators can ensure that consumers benefit while keeping consumers safe by following these principles:

- Define car sharing programs separately from rental car companies. Regulating car sharing in the same manner as rental companies that are based on a different model would lead to legal issues and results that do not meet the needs of all consumers.

- Recognize that car sharing creates an entirely new business model that seeks to address limitations in the current mobility market. Recognizing these differences will help car owners and drivers access the solutions they want. Unnecessary overregulation would limit Alaska consumers' ability to realize the economic potential of these new services.
- Tax car sharing in a fair manner.
- Help owners ensure cars are safe by keeping cars with warning lights or issues out of service and communicating to car owners about safety recalls.
- Require car sharing companies to have appropriate minimum liability coverage during the car sharing period. Consumers, car sharing platforms, and insurers should have the flexibility to provide and purchase the right type of coverage for them—much like ride-sharing companies and their drivers do. It is important to structure any insurance and liability provisions correctly so the insurance coverage requirements are not problematic for all insurers, whether or not they would like to provide coverage in the car sharing market.

There are complicated and difficult issues in car sharing. Notably, several of these issues are not addressed in HB 102. These are issues currently under discussion between car sharers, insurers and other stakeholders who are working to develop language to address these issues in a uniform manner.

There is an analogous situation with legislation regarding Transportation Network Companies. The first Legislature to adopt TNC legislation was Colorado in 2014. The language did not work well for TNCs or insurers. Uber and Lyft had different proposals regarding insurance. Insurers and insurance regulators had issues with the TNC proposals. As those stakeholders began to talk about a uniform solution to the issues, Legislatures began passing bills in early 2015. As spring of 2015 rolled on, model principles were agreed to by stakeholders and then model language was developed and refined. Early adopting legislatures ended up with language that didn't address important concepts or didn't work well. By late spring of 2015, the insurance language was agreed to by stakeholders and was reviewed and approved of by insurance regulators. That language is the basis for the insurance component of TNC regulation that has been adopted across the country and that was adopted in Alaska. Early adopters had passed language that was less effective and, in some cases, require additional legislation to fix.

HB 102 uses language that is problematic and, if passed, would likely have to be changed in future legislation which would also probably include some key issues that are not covered in HB 102. The National Conference of Insurance Legislators (NCOIL) recently met and discussed various sharing economy issues. They noted that a national model and approach is the optimal way to address peer to peer car sharing. They likened the situation to the previously mentioned TNC debates and noted how much better the outcomes were when a national model was developed by stakeholders and that model was available for review by insurance regulators and adoption by legislatures.

We agree that is the best method to address some of these key issues. The stakeholders are currently reviewing key pieces and developing language. When that model language is developed, the insurance pieces should be available to the Alaska Department of Insurance for their review. The Legislature can then take up that model language to ensure that it is the best fit for Alaskans in terms of consumer protection and appropriate regulation. This can avoid proposals that may be a barrier that preclude car sharing companies from entering or continuing in the Alaska market.

Drift would be happy to participate in conversations to help develop comprehensive solutions that work for everyone.

Thank you for your consideration,

Jon Hedegard