



**VIA Email: [HouseCorporations@rilegislature.gov](mailto:HouseCorporations@rilegislature.gov)**

July 1, 2021

Representative Joseph J. Solomon, Jr.  
Chair, House Committee On Corporations  
Rhode Island State House  
Providence, RI 02903

Re: House 6429 – An Act Relating To Insurance – Peer To Peer Car Sharing Program

Dear Chairman Solomon:

This statement in support of H.6429 is submitted by the American Property Casualty Insurance Association (APCIA).<sup>1</sup>

House 6429 is based upon the National Council of Insurance Legislators (NCOIL) “Peer To Peer Car Sharing Program Model Act”. Like the model, H.6429 addresses insurance and operational issues for Peer to Peer (P2P) Car Sharing.

APCIA worked closely with NCOIL in the multi-month process that led to the development of the model bill this proposal is based upon. Like the Transportation Network Company (TNC) legislation in 2016, this P2P bill represents the emergence and maturation of another product in the growing sharing economy space.<sup>2</sup>

The bill provides for comprehensive oversight of P2P activities and does not just deal with insurance issues. In the insurance context, the bill does the following:

- Defines key terms, most significantly defining the “Car Sharing Period” which triggers the insurance rules.
  - The definition of “Car Sharing Termination” time is key and is predicated on the return of the vehicle and the expiration of the time period as established by the vehicle owner and the driver.

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<sup>1</sup> Representing nearly 60% of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe. Several APCIA members are located in Rhode Island and many more do business here. Together, APCIA members write almost 67% of auto insurance sold in the state.

<sup>2</sup> See Chapter 39-14.2. This law extensively oversees TNCs and was also based on a NCOIL Model. APCIA worked closely with both NCOIL on the model and the General Assembly on its TNC bill.

- There are also provisions for ending the car sharing period if the vehicle is returned to the owner, or a location or person designated by the owner.
- Requires the P2P to assume the liability of the vehicle owner and ensure that there is primary insurance policy that specifically recognizes the vehicle is being shared (in the case of the vehicle owner), or does not exclude coverage (in the case of the driver) during the car sharing period.
  - The policy must provide those coverages and limits at least equal to the state's requirements. It also cannot be dependent on another auto insurer first denying a claim.
  - The P2P specific coverage can be provided by a shared vehicle owners policy, a shared vehicle driver, the P2P Company, or a combination thereof. However, P2P must assume primary liability for if the coverage provided by the shared vehicle owner, or shared vehicle driver has lapsed, doesn't exist or there is a dispute regarding who was in control of the shared vehicle at the time of the accident.
  - The bill provides auto insurers with the ability to exclude any and all coverage as well as the duty to defend, or provide coverage for peer to peer car sharing of they choose to do so and does not impose any restrictions on auto insurers related to P2P car sharing.

There is an exception that applies if the shared vehicle owner intentionally makes a material misrepresentation or conspires with a shared vehicle owner not to return the vehicle. However, coverage would still be available for the claims of innocent third parties up to the amounts required in the state.

- The model also requires specific disclosures to shared vehicle owners and drivers by the P2P about insurance coverage, the ability of the P2P to pursue owners and drivers for material misrepresentations, and that there may not be any coverage under the shared vehicle owner's policy for peer to peer car sharing.
- It also sets forth requirements for driver's license verification, record keeping, the P2P's responsibility for any equipment it provides participants, and auto safety recall requirements of the P2P.
- The bill also provides for an effective date of April 1, 2022. The model provides, and experience has shown, that at least 9 months after enactment is needed to allow for proper implementation.

26 states have passed P2P laws. 23 of those states contain some or all of the provisions of the NCOIL Model.<sup>3</sup> Three states (CA, OR, and WA) acted before there was a model and their laws are different. All of the P2P legislation passed in recent years, especially in 2021, conforms to the NCOIL Model.

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<sup>3</sup> AK, AR, AZ, CO, CT, FL, HI, IN, KS, KY, MD, ME, MN, MS, MT, NE, NM, NV, NY, OH, OK, OR, TX, UT, UT, and WA. MA has legislation pending and VT is likely to consider a bill in 2022.

Finally, from a technical/statutory drafting point of view, the bill proposes to add a new Chapter to Title 27. This title deals with insurance issues and is overseen by the Department of Business Regulation.

Since this bill deals with more than just insurance issues, the committee may wish to consider adding this language to Title 39. We note that TNCs are regulated under 39-14.2 and since P2P operation are a first cousin to TNCs, it may be advisable to add a new Section 39-14.3 for P2Ps in the Public Utilities and Carriers chapter.

Thank you for your consideration of these comments.

Very truly yours,

A handwritten signature in black ink that reads "Francis C. O'Brien". The signature is written in a cursive style with a large initial 'F' and a distinct 'O'Brien'.

Francis C. O'Brien  
Vice President, State Gov't. Relations

CC Members of the House Corporations Committee