



Our mission

To act as the Ohio property and casualty insurance industry's voice on matters affecting or involving the industry.

Ohio Insurance Institute

172 E. State St., Suite 201
Columbus, OH 43215
P: 614.228.1593
F: 614.228.1678
ohioinsurance.org

PROPONENT TESTIMONY

SENATE BILL 161 (Hottinger, Dolan)

Ohio Senate Transportation, Commerce, and Workforce Committee

Michael D. Farley, Esq., VP, Government Affairs and General Counsel

Ohio Insurance Institute

June 13, 2019

Chairman McColley, Vice Chair Uecker, and Ranking Minority Member Antonio, and members of the Senate Transportation, Commerce, and Workforce Committee, thank you for the opportunity to testify as a proponent of SB 161. The Ohio Insurance Institute (“OII”) is a trade and information association of more than 55 Ohio-based property and casualty insurance companies and related affiliate organizations. OII members write approximately 87% of the auto and home insurance in Ohio. And OII members write about two-thirds of the commercial insurance in the state. I am Michael Farley and I have the honor to serve as the Vice President, Government Affairs and General Counsel for the OII.

Insurers are innovators. We constantly strive to find new ways to cover risk to promote emerging commerce and individual security. Insurers are leading investors in research and development. Insurers are safety advocates. Insurers are often leaders in cutting edge business products and strategies.

Today, I come before you to explain the OII's support of SB 161. SB 161 is the result of a robust interested party process in both the Ohio House and the Ohio Senate to address the need for basic regulatory parameters for peer-to-peer car sharing platforms (P2P). The property and casualty insurance industry has been an active participant in the discussions surrounding the codification of the basic regulatory constructs surrounding peer to peer car sharing platforms.

The OII came to the table with basic principles in approaching how to best support the peer-to-peer car sharing industry. First, safety must be at the front of all considerations. In this lane, we have requested that P2P platforms establish "commercially reasonable practices and procedures" to check for safety recalls after the initial registration. It is vitally important that the cars shared on the P2P platforms be as safe as possible. The people driving these vehicles are not as familiar with the vehicles. If the vehicle is subject to a safety recall, this may render the vehicle unsafe. The factors of unfamiliarity and potential for recalls necessitate the need for P2P platforms to have a level of ongoing responsibility for checking for recalls.

Another principle the OII brought forward was that P2Ps should have adequate insurance for this commercial transaction. Some of you will recall a very similar discussion when transportation networking companies (Uber and Lyft) were

involved with the legislative debate around their activities. One of the results was that Uber and Lyft were required to maintain “primary automobile insurance in an amount of at least one million dollars because of bodily injury or death of one or more persons or injury to property of other in any one accident.” (*see* RC 3942.02). SB 161 simply requires the P2P platform to maintain one million dollars of insurance—not an insurance policy—but insurance. This is a flexible requirement that ensures that the P2P is adequately insured to cover their potential liability under this new chapter of the Revised Code.

Several of the P2P platforms publicly claim that they currently make one million dollars of insurance coverage available. SB 161 simply codifies the need for proper insurance in commercial transactions. The P2P platforms can meet this requirement in a variety of methods, including self-insurance. This flexible structure recognizes the variety of methods of risk management and does not lock one specific risk management tool into the Revised Code.

The OII knows that there is no perfect solution where multiple parties are involved in negotiations. Since March, we have all been part of a substantive discussion about the contents of this legislation—in both the Ohio House and the Ohio Senate. The time is now to move forward to provide a basic regulatory framework that does not get in the way of future innovation. Perhaps, more importantly, this bill does not jeopardize public safety or create harm for innocent third parties.

Mr. Chairman, I am happy to answer questions on this legislation. I appreciate the opportunity to come before this Committee to offer our support for this legislation.