



Testimony on HB2995-2
House Rules Committee
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Submitted by Pam Leavitt, Northwest Credit Union Association

Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, based on the “people helping people” principle. Over 41.7 percent of Oregonians are member-owners of their credit unions, and you will find them in every walk of life—from cattle ranchers in Central Oregon, to mill workers in the Willamette Valley, to fishermen on the Oregon Coast, to high-tech workers around the state. With more than 1.63 million members, Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

Credit Unions and TNC Legislation

Many state legislatures are either considering or have considered bills regulating transportation network companies (TNCs), e.g., UBER and LYFT. As you may be aware, the insurance industry and TNCs recently crafted model state legislation which fails to include comprehensive and collision insurance requirements for personal vehicles that have liens on them. Without comprehensive and collision insurance on these vehicles, credit unions are placed at risk for losses of collateral due to lapses in coverage.

Credit Union Issues

The use of a personal vehicle for commercial purposes (including use for TNCs) often is not covered under a personal insurance policy. This means that if the driver is in accident while driving for the TNC, there is comprehensive or collision insurance that would cover the cost of repairs/replacement. The model legislation does not require TNC drivers to have comprehensive and collision insurance coverage for personal vehicles that have liens on them. On the one hand, the bill creates incentives (or removes roadblocks) for drivers to work with TNCs, but on the other hand, it does not provide any protection for the lienholder on the vehicle.

As we evaluate legislative solutions, there are several key provisions we look for in TNC legislation in an effort to reduce credit union exposure. We hope that legislation would require drivers using personal vehicles with liens on them to:

- Provide proof to lienholders and TNCs of comprehensive and collision insurance that provides coverage during all phases of operation;
- Require a TNC's insurance to cover claims if a driver's insurance lapses and does not meet the required coverage;
- Require TNCs to disclose to drivers that the driver's personal insurance policy may not provide coverage when the driver is logged into the TNC's network and available to receive requests, or is engaged in a prearranged ride.

Unfortunately, the compromise legislation developed between the insurance industry and the TNCs does not address comprehensive and collision insurance coverage. If any legislation to facilitate participation in TNCs is adopted, it should be revised to require either the TNC driver or the TNC, to maintain comprehensive and collision coverage to on any vehicle used by a TNC driver and subject to a lien. The law should not favor TNCs at the expense of the lienholder that financed the vehicles being used to benefit the TNCs.