



To: The Honorable Jeff Barker, Chair
The Honorable Greg Barreto, Vice-Chair
House Committee on Business and Labor

From: Mark Sektnan, Vice President

Re: HB 3131 – Motor Vehicle Insurance
APCIA Position: SUPPORT

Date: Wednesday, March 27, 2019
8:00 a.m., Room HR E

Honorable Chair Barker and Members of the Committee:

The American Property Casualty Insurers Association of America (APCIA) **supports HB 3131** which allows for more affordable auto insurance by ensuring that all of the drivers are covered by the auto insurance policy. Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (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.

Current law encourages consumers to not disclose some drivers, particularly young drivers, on the policy because existing law states that a young driver in a household will receive the same liability limits as the named insured parent without being rated or charged on the policy. If there is an accident, the common outcome is the payment of the back premium for the current term of the policy and coverage is granted. The frequency with which this happens means a large portion of an insurers experience with younger drivers is based on those who have accidents. This makes rates for families who disclose their youthful drivers less affordable. Those who play by the rules subsidize those who do not.

HB 3131 allows consumers to determine who is covered under their automobile liability policy in situations where people may share a home and a car or cars, but the policy is only in the name of one of the drivers. This will help prevent all drivers from paying premiums for those who are on the road but not paying for the risk they represent.

HB 3131 retains auto insurance liability coverage for undisclosed and persons to temporarily borrow and drive named insured's covered vehicle if they reside outside of the insured household and do not have regular access to use the vehicle. Persons residing

in the household, including children of the named insured, who have their own policy of liability insurance can also borrow and drive the named insured's covered vehicle if they do not have regular access to use the named insured vehicle.

HB 3131 is all about consumer choice. Consumer choice for the person paying for coverage—the named insured. This may permit a named insured to shape coverage the way they want it. They might be able to remove a driver who would otherwise cause increased risk and, therefore, increase in premium for example. This may permit a named insured to avoid coverage non-renewal or even cancellation should a particular driver become uninsurable. So, it can help keep insurance affordable and available. This also contains important protections such as the written disclosure of the exclusion of a driver and the involvement of the Department of Consumer and Business Services in establishing needs protections and rule makings.

For these reasons, APCIA asks the committee to **support** this bill.