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September 7, 2023

Improving AB-395/SB-386's Insurance Requirements

AB-395/SB-386 creates unnecessary confusion regarding the adequacy, applicability, and primacy of the liability insurance coverage required under the bill. Moreover, the bill allows insurance coverage to be cancelled based on the actions of the vehicle owner that have nothing to do with third parties, leaving third parties potentially responsible for damages and injuries caused by a shared vehicle driver.

The bill should be amended to provide adequate, modern levels of insurance coverage and more clarity over whose insurance is responsible in the event of a crash.

AB-395/SB-386 Does Not Require Adequate Insurance Coverage. This bill only requires the peer-to-peer (P2P) company to assume liability to the state minimum limits under Wis. Stat. § 344.33 (2). Wisconsin's current insurance limits, set in 1982, do not provide nearly enough coverage to cover medical bills and property damage stemming from crashes involving shared cars. Given that these cars are more likely to be driven by unfamiliar and infrequent drivers, more coverage should be required as a matter of sound public policy. Several states have either required the P2P company to assume all liability whereas others have imposed greater minimum coverage requirements. We encourage committee members to consider higher limits.

The Bill Departs from Successful Model in use for Transportation Network Companies (Uber, Lyft, et al.). Rideshare vehicles that feature a driver like Uber and Lyft are required by law to have insurance that provides \$1 million in coverage for death, bodily injury, and property damage. We encourage this committee to amend the bill to adopt this structure as applied to P2P car sharing.

AB-395/SB-386 Creates Unnecessarily Complex Series of Choices Over the Primary Insurance Policy. The bill should make clear who is responsible for providing insurance. Right now, the bill creates a series of complex choices making it unclear when and whose insurance applies.

The Bill Could Terminate Insurance Coverage to Injured Third Parties. This bill potentially allows insurance coverage to be dropped if a vehicle owner makes a misrepresentation to the peer-to-peer company. The terms are not well defined but also an alleged misrepresentation by a vehicle owner also means that a P2P carrier is not required to assume liability. In a situation like this, it is also likely that there will be disputes over the coverage, meaning that injured third parties, including pedestrians and other drivers, may be left holding the bag.

P2P Companies Should Be Responsible for Ensuring Unsafe Vehicles are Not on Platform. P2P companies are the party most likely to be able to monitor vehicle safety notices and recalls. The bill should require that the company remove vehicles with open recall notices from its platforms until necessary repairs are made. The responsibility should not be on the vehicle owner.