

**Testimony of
American Property Casualty Insurance Association
North Dakota Senate – Industry and Business Committee
Hearing on House Bill 1440 – Delivery Network Companies
March 15, 2023**

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA members write 61.6 percent of all auto insurance sold in North Dakota, representing nearly \$430 million dollars in direct written premium. On behalf of our members, we offer this testimony in support of HB 1440 as passed in the House, and in opposition to any amendment that would remove the “Delivery Available Period” from the model.

Within the last decade, Delivery Network Companies (DNC), or platforms have formed to facilitate deliveries of various goods by individuals using their personal cars. These delivery services have become essential services for some consumers and have been an important part of the economy since the onset of the pandemic. While individuals using their personal vehicles to make deliveries is not new, there can be insurance implications.

The National Conference of Insurance Legislators (NCOIL) has developed a model law providing clear insurance requirements for DNC’s and the drivers who use their personal vehicle to make deliveries for companies such as Amazon, Grubhub, Drizly, DoorDash and Uber Eats. The NCOIL Delivery Network Company Model Act provides an effective framework for state legislation that is similar to the framework provided for Transportation Network Companies (TNC), but provides a separate law for DNCs, which is necessary to address the differences in risk between transporting people versus goods. The model was developed and supported by a broad group of stakeholders, including DNCs and insurers who provide auto insurance coverage for the DNC’s.

As passed by the House, House Bill 1440 conforms with the NCOIL model, requiring bodily injury and property damage coverage to third parties with minimums of \$50,000 for one person; \$100,000 for all persons; and \$25,000 for property damage be provided via a policy that either specifically provides coverage for delivery, or does not exclude delivery. The DNC must ensure that primary vehicle liability insurance coverage is in place during the delivery period — either by the company, the driver, or both. If coverage provided by the driver lapses, or does not exist, then the DNC must provide the coverage.

As is the case with the NCOIL TNC model, HB 1440 defines two activity periods:

- “Delivery Available Period” – When the driver is logged on to a digital network; is available to receive requests to provide delivery services from a delivery network company; but is very narrowly crafted to apply only when the driver is actually driving or “operating” a personal vehicle. The way that DNC drivers accept assignments varies by platform, some get requests immediately, and are able to accept them, while on the move, others accept blocks of time as opposed to specific deliveries that could be accepted days or weeks in advance. This definition recognizes that exposure occurs only when a driver accepts assignments while actually driving the vehicle.

- “Delivery Service Period” – As was the case with the “pre-arranged ride” period in the TNC model, the “Delivery Service Period” begins when the driver starts en route to pick up the delivery, or series of deliveries, continues through pick up of the items and ends when the last delivery is completed.

APCIA has a long history of supporting sharing economy innovations and has played a leading role in developing model legislation for TNC’s, Peer-To- Peer(P2P) Car Sharing and now DNC’s. On behalf of our members, we urge the committee to pass HB 1440 as passed in the House and oppose to any amendment that would remove the “Delivery Available Period” from the model.