FOR IMMEDIATE RELEASE

CONTACT:
Susan Nolan
Candace Thorson
NCOIL National Office
518-687-0178

**LEGISLATORS TAKE CLOSE LOOK AT "SHARING" ECONOMY
RISKS, REGULATION, AND POTENTIAL REWARDS**

San Antonio, Texas, November 15, 2015 — Legislators at a packed NCOIL session here explored insurance, regulatory, and social impacts of the fast-growing "sharing" economy, in which hundreds of technology firms compete to help consumers get around town, find a place to stay, hire people to perform daily tasks, and meet an array of other needs. Experts speaking on *The "Sharing" Economy: How Might It Impact Insurance Regulation?* panel on November 14 represented academic, state insurance regulator, and insurance industry perspectives, laying groundwork for future NCOIL action.

According to Chiara Farronato, Assistant Professor of Business Administration in the Technology & Operations Management Unit at Harvard Business School, there may be significant variation in how different types of "sharing" businesses operate. She said that Airbnb, for instance, gives consumers choice by allowing them to pick the apartments in which they want to stay, while Uber gives passengers no ability to choose a driver. Peer-to-peer (P2P) firms, Ms. Farronato said, may be "skirting regulations" related to zoning restrictions, licensing, employee benefits, and other concerns. Still, she said, these companies "have strong incentive to self-regulate" while avoiding the high up-front costs that may result from traditional oversight.

Speaking on behalf of the National Association of Insurance Commissioners (NAIC), Louisiana Commissioner James Donelon highlighted the challenges that states face in trying to establish rules for transportation network companies (TNCs) and home-sharing businesses. He offered insight into when insurance coverage should come into play and why, and noted that the NAIC completed in March 2015 a white paper on TNC regulation. While the "primary concern" regarding TNC risk is the business use/livery exclusion in most personal auto insurance coverage, Commissioner Donelon said, a case could be made that risks related to home-sharing "have always been underwritten in a standard homeowners policy."

Mark Smith, who serves as Assistant Vice President of National Affairs with Insurance Services Office (ISO), gave an inside look into property-casualty insurers' current and future responses to new "sharing" risks. He said insurers are honing in on what determines when someone is "sharing" his or her home as opposed to having a more casual arrangement in which someone stays for a brief time. He commented that the growth of the "sharing" economy has been remarkable—with Airbnb now enjoying the third highest market share, behind Hilton and Marriott, in the global hospitality industry—and that the new business model has ventured into some very unusual territory, such as bathroom sharing when urban facilities are scarce.

Legislators will further their consideration of "sharing" economy issues—including the possible need for a state regulatory response—in 2016. The November 14 general session, which took place during the

November 12 to 15 NCOIL Annual Meeting, built on NCOIL adoption this July of a model law to regulate Uber, Lyft, and other TNCs.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

For further details, please contact the NCOIL National Office at 518-687-0178 or at cthorson@ncoil.org.

# # #

K:/NCOIL/2015 Docs/2008596.doc