



April 14, 2014

**To:** The Honorable Steven Bradford (Chair)  
The Honorable Jim Patterson (Vice Chair)  
Members, Utilities and Commerce Committee

**From:** American Insurance Association  
Association of California Insurance Companies (ACIC/PCI)  
National Association of Mutual Insurance Companies  
Pacific Association of Domestic Insurance Companies  
Personal Insurance Federation of California

**Subject: AB 2293 (Bonilla) Transportation Network Companies- Insurance Coverage (SUPPORT)**

On behalf of all the property casualty insurance trade organizations listed above, we are in support of AB 2293, which would establish the necessary insurance rules that will help protect drivers, passengers, and the public whenever a transportation network company (TNC) like Uber or Lyft operates in California. While insurers generally support innovation, there are many public policy issues left unresolved with the TNC business model notwithstanding the California Public Utilities Commission's (CPUC) adoption of some TNC rules last year. AB 2293 attempts to resolve these public policy issues by proposing the following:

**Disclose to drivers upfront the insurance coverage or lack of coverage;**

The TNC business model requires drivers to use their personal vehicles for commercial or livery activities. Therefore, the TNC bears the burden of letting their drivers know upfront that they alone may bear the insurance risk because their own personal insurance may not apply when engaging in commercial TNC activities.

**Define TNC activities and clarify that TNC insurance is primary coverage; and**

One of the policy gaps that remain unaddressed is when does a TNC service occurs. A TNC service begins once the TNC driver turns on the "app," which indicates that the driver is "open or available" for TNC services; and a TNC service ceases when the driver turns the "app off." As a matter of sound public policy, TNC insurance should also provide primary insurance coverage whenever the driver has the "app on" because the driver has commenced commercial activity on behalf of the TNC company. It is important to note that the definition of TNC services and the provision for TNCs to provide primary coverage in AB 2293 is similar to what the California Department of Insurance (CDI) recommended to the CPUC.

**Defend TNC drivers while providing TNC services.**

TNC drivers represent TNC companies when they are providing TNC services (e.g., pink mustache logo). Currently, when a TNC driver gets in an accident while providing TNC services it is unclear whether the TNC insurance liability coverage will defend and indemnify the driver. AB 2293 clarifies that TNCs should step up to defend and indemnify their drivers.

*AB 2293 is carefully crafted legislation that attempts to clarify the insurance laws related to TNC activities without stifling business innovation. For these reasons, we urge your "AYE" vote.*