



Transportation Network Company Insurance Principles for Legislators and Regulators

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I. INTRODUCTION

Traditional ride-sharing, also known as carpooling, is covered by most personal auto policies (PAPs). But transporting passengers for a fee that exceeds the simple sharing of expenses is excluded in most PAPs. The coverage issues associated with transporting passengers in personal vehicles for a profit are the focus of this discussion of ride-hailing services, also known as transportation network companies (TNCs).

A TNC is an organization that arranges transportation for a fee using a technology platform such as mobile application (app) or website. TNCs create online apps that connect riders and drivers. Drivers use the online apps to sign up to provide rides for a fee. The TNC takes a portion of each fee. In order to open a TNC account, potential passengers first download the app and must provide credit card information for billing purposes and agree to the terms and conditions for use. The TNC terms and conditions generally indicate that the TNC is not the transportation provider and disclaims the safety of the driver among other disclaimers and notices. TNCs typically have driver requirements such as minimum age limits, valid driver's license, current vehicle registration and insurance, at a minimum. Once the account is created, a potential rider simply logs onto the mobile app, enters his or her location and is matched with a driver in the vicinity.

The three most widely used TNCs are UberX (available in 53 countries and more than 140 U.S. cities), Lyft (available in at least 60 locations) and Sidecar (available in Boston; Charlotte, NC; Chicago; Long Beach, Los Angeles, Oakland, Marin and other San Francisco Bay Area cities; San Diego; Seattle; and Washington, DC).

Regulation of TNCs is in its infancy. The first step in regulating TNCs is to determine which state or local entity has authority over TNCs. Regulatory authority varies from state to state.

In California, TNCs are regulated on a statewide level by the California Public Utilities Commission (CPUC), while taxis are regulated by municipalities. The first government agency to impose standards for TNCs was the CPUC. Currently, many questions exist regarding proper regulation of this new service, as well as how to fill any insurance coverage gaps. Regulation of the traditional taxi or limousine service is much more developed. Historically, taxis and limousines are licensed by the state or municipal transportation authority. Taxis and limousines are required to be inspected, and drivers must be properly licensed typically through a commercial driver's license. In addition, taxi operators are required to have commercial insurance in effect 24 hours a day, seven days a week that protects passengers and third parties (i.e., pedestrians or other drivers) in the event of an accident. Required insurance limits for taxis vary substantially by state and jurisdiction. Taxi drivers and their trade associations argue that TNCs are in the same business as taxis because they transport passengers for a fee and should be subject to the same insurance and licensing requirements.

TNCs have gained in popularity in dozens of U.S. cities over the past few years. However, new business ventures often come with new risks. In the case of TNCs, one of the main risks to consumers are coverage gaps such as those effecting the Liu family who were hit by a TNC

driver during Period 1, resulting in the death of 5 year old Sophia Liu and severe injuries to her mother and brother.

The insurance issues associated with TNC activities arise because TNC drivers use personal cars for that commercial activity but do not have commercial auto insurance. Drivers who are often new to the transportation business are transporting people they do not personally know. This activity has traditionally been the realm of commercial taxis. PAPs generally exclude this exposure by what is commonly called a “livery exclusion.” Livery exclusions were written because transporting passengers for a fee adds exposure and creates more risk than was contemplated by existing personal auto insurance rates or coverages. Personal auto insurers are concerned that they are experiencing losses from these additional exposures because their policyholders do not inform them that they drive for TNCs. From the personal auto insurer’s perspective, this activity may translate into increased risk of loss due to: 1) additional miles driven; 2) heightened geographic hazard caused because TNC drivers typically find matches in urban, high-traffic locations; 3) unfamiliar roads; 4) driver distraction caused by TNC apps; 5) more people in the car that can be injured; and 6) the additional risk caused as drivers rush to accept matches and pick up and deliver passengers in a timely manner.

II. COVERAGE ISSUES

Major coverage gaps will exist unless the TNC provides appropriate insurance coverage for TNC drivers during all TNC activities (i.e., from app on to app off), or the driver maintains appropriate coverage. For the driver to maintain coverage, either personal auto insurers would need to amend their livery exclusions, or a commercial coverage would need to be readily available along with a willingness of drivers to move to a commercial product.

Even though the largest TNCs provide commercial coverage, those TNC’s policies may not provide the same uninsured/underinsured motorist (UM/UIM) coverage, medical payments coverage, comprehensive coverage or collision coverage that the drivers had purchased in their personal auto policies. Drivers are often unaware of the extent of the livery exclusions. Other drivers are aware of the livery exclusions and simply hope for the best. The resulting gaps in coverage could affect the driver and his or her personal vehicle, any person suffering damages and also lienholders of vehicles used for TNC services. Auto lenders such as the California/Nevada Credit Union League are concerned that gaps in physical damage coverage could expose lenders to loss of collateral. Senate Bill 294 which is currently pending signature by the Governor in Utah provides that if a TNC vehicle has a lien, the TNC driver must notify the lienholder of their use of the vehicle for TNC services.

The common coverages in a PAP, all of which typically include exclusions for livery or carrying passengers for a fee, are: 1) liability coverage; 2) medical payments coverage; 3) uninsured/underinsured motorist coverage; and 4) physical damage coverages. Coverage gaps for TNC drivers may exist because TNCs do not require drivers to maintain commercial coverage. Instead, TNCs rely on a combination of the driver’s personal auto insurance and the TNC’s commercial insurance to cover the TNC activities. Many TNC drivers’ PAPs do not provide coverage when the driver is using his or her vehicle to transport passengers for a fee. Liability

insurance provides coverage for bodily injury or property damage caused by an auto accident for which the insured is legally responsible. In addition to payment for bodily injury and property damage, PAPs typically provide defense costs such as legal fees. Most PAPs are written on a split-limits basis. Policies written on a split-limits basis are stated with three types of limits: 1) bodily injury per person; 2) bodily injury per accident; and 3) property damage per accident. For example, if the policy limits are stated as 100/300/50, the limit of liability for bodily injury per person is \$100,000, with a cap of \$300,000 for bodily injury due to the accident and a maximum payment for property damages of \$50,000. The alternative is to write policies on a combined single-limit basis, where one limit potentially applies to all bodily injury and property damage per accident.

Medical payment coverage applies regardless of fault and covers bodily injury to the named insured as well as family members and any passengers in the auto at the time of the accident. Personal injury protection provides coverage for basic expenses such as medical costs that an insured and his or her family may incur in a no-fault state. Roughly one-fourth of states in the U.S. have a form of no-fault automobile laws, meaning they allow auto accident victims to collect benefits from their own insurers regardless of who was negligent.

Uninsured motorist coverage provides compensation to the insured and their family members when an uninsured driver causes losses. Underinsured motorist coverage pays the insured or their family members when a driver causes losses that exceed the negligent driver's policy limits.

Physical damage coverages include collision coverage and comprehensive coverage. Both coverages are written with deductibles, typically ranging from \$250 to \$1,000. Collision coverage pays for damages to an insured's own vehicle resulting in an accident with another vehicle or an inanimate object. Comprehensive coverage, also known as other than collision coverage, protects against direct physical damage not caused by a collision.

The largest TNCs have responded to the issue regarding the livery exclusions in PAPs by providing liability, UM/UIIM and comprehensive/collision coverages while the vehicle is being used to transport passengers for a fee. However, an issue remains regarding the point at which the vehicle is being used for a livery service. The issue is compounded by the fact that livery exclusions vary between policies, making it impossible to conclusively state when personal driving stops and commercial driving begins for each driver. Nevada statute takes the position that if a TNC driver does not disclose to their personal auto insurer their occasional use of the vehicle for transportation network services the policy may be canceled or coverage denied at any time during the policy term based on material representation. The question that each TNC driver must answer, based on his or her own PAPs language and state law, is: When does his or her personal auto coverage stop and the TNC's commercial policy begin?

There are three exposure periods in the TNC business model. Period 1 is characterized as the point when the driver logs into the TNC application but is not matched with a passenger. Period 2 is when a match is made and accepted, but the passenger has not yet entered the vehicle. Period 3 is when the passenger has been picked up and is occupying the TNC driver's vehicle. Most livery exclusions do not explicitly address TNCs because the exclusions were written before TNCs came into use. If there is ambiguous language in a policy exclusion, it can cause confusion

regarding which policy, commercial or personal, covers each period and may lead to coverage disputes over claim payments.

TNC Coverage Periods	Definition
Period 1	Pre-match
Period 2	Match accepted -> passenger pick up
Period 3	Passenger occupying the vehicle

The California Department of Insurance held an investigatory hearing March 21, 2014, relating to insurance issues for TNCs. As a result of the hearing, Insurance Commissioner Dave Jones recommended TNCs provide \$1 million in primary liability insurance that begins the moment the driver switches on the app. The final law adopted in California provides for \$1 million primary commercial auto insurance in Periods 2 and 3, but in Period 1 allows the TNC, the driver or a combination of the two to carry 50/100/30, with the TNC providing \$200,000 in excess coverage.

Several TNCs have attempted to resolve coverage issues by purchasing primary liability and UM/UIM coverage for exposure Periods 2 and 3. According to its website, UberX maintains a “commercial insurance policy for ridesharing with \$1 million of coverage per incident.” The website also states that the “policy covers drivers’ liability from the time a driver accepts your trip request through the app until the completion of your trip. This policy is expressly primary to the driver’s PAP. An additional insurance policy covers drivers when they are logged into the UberX app but have not yet accepted a trip request.” UberX also maintains “uninsured/underinsured motorist coverage (UM/UIM) of \$1 million per incident for bodily injury in Period 2 and Period 3, in case another motorist causes an accident and doesn’t carry adequate insurance.”

UberX maintains contingent comprehensive and collision coverage with limits that mirror the drivers’ PAP in Periods 2 and 3. Lyft carries contingent comprehensive and collision coverage with a \$2,500 deductible and a \$50,000 maximum for physical damage to your vehicle.” UberX also maintains contingent coverage for Period 1 but with much lower limits. The chart below shows the insurance coverage provided by UberX, Lyft and Sidecar as described on their websites. Currently, the coverage provided by the largest TNCs during Period 1 is contingent coverage, meaning that it only pays claims if and when the claims are denied by the driver’s personal auto carrier.

There has been debate about the risk of driving (exposure) in Period 1 and whether it is similar to the risk of driving a personal vehicle without a TNC app being turned on. TNCs argue that Period 1 does not include any increased exposure caused by TNC activities. The reasoning behind this argument is that the driver does not yet have a passenger in the vehicle and is driving a known, rated vehicle. The contrary argument of most insurers and consumer groups is that

Period 1 presents an increased exposure because drivers are distracted while looking at the TNC app on their cellphone to find a passenger and may be rushing to locations that show passengers ready for pick-up. Few disagree that Period 2 and Period 3 include increased exposure due to having passengers in the car, loading and unloading passengers, and finding safe areas for pick-up and drop-off and perhaps driving unfamiliar routes. Others may argue that the exposure is increased in all three time periods because drivers-for-hire are more frequently in urban, often highly congested areas. For example, TNCs often provide rides to and from concerts and sporting events with increased congestion. Urban and highly congested areas are known for higher frequency of accidents and, therefore, are associated with higher insurance rates. Several states have identified the insurance coverage concerns and enacted legislation to fill some, but not all, of the coverage gaps.

TNC	Insurer	Period 1	Periods 2 & 3
Raiser LLC/UberX¹	James River	Contingent Liability (\$50,000 per person/\$100,000 per accident/\$25,000 property damage)	<ul style="list-style-type: none"> Commercial auto liability and uninsured motorist/underinsured motorist coverage up to \$1 million per occurrence Contingent collision and comprehensive equal to the amount maintained by the driver in his or her PAP (\$1,000 deductible)
LYFT² (valid in all states except New York)	James River	Contingent Liability (\$50,000 per person/\$100,000 per accident/\$25,000 property damage)	<ul style="list-style-type: none"> Commercial auto liability and uninsured motorist/underinsured motorist coverage up to \$1 million per occurrence Contingent collision and comprehensive up to \$50,000 per accident (\$2,500 deductible)
SIDECAR³ (liability limits differ for the state of Washington and for Chicago)	Nautilus Insurance Company		<ul style="list-style-type: none"> Commercial auto liability and uninsured motorist/underinsured motorist coverage up to \$1 million per occurrence Liability limits (\$50,000 per person/\$100,000 per accident/\$30,000 property damage) Contingent collision \$50,000 per accident (\$500 deductible)

¹ UberX, 2014. "Insurance for UberX with Ridesharing," accessed at <http://blog.uber.com/ridesharinginsurance>.

² Lyft, 2014. "Lyft Referral Program Terms of Service," accessed at <https://www.lyft.com/invite-terms>.

³ Sidecar. "Insurance," accessed at <https://www.side.cr/policies/insurance/>.

III. INSURANCE COVERAGE ISSUES

A. Insurance Company Perspective

The Insurance Services Office (ISO) countrywide PAP currently excludes liability coverage for any “insured,” or “for that insured’s liability arising out of the ownership or operation, of a vehicle while it is being used as a public or livery conveyance.”⁴ The ISO multistate exclusion currently exempts share-the-expense carpooling, meaning that the exclusion does not apply to share the expense of carpools. ISO state-specific endorsements may have additional exceptions to the livery exclusion. Non-ISO policy language may also contain exceptions such as operating an auto as a volunteer service for a nonprofit charitable organization or a governmental agency, or transporting physically or mentally handicapped persons or persons 60 years of age or older.

Other common livery exclusions exclude damages arising out of the ownership, maintenance, or use of a vehicle while it is being used: 1) to carry persons for a charge; 2) for commercial purposes; 3) for compensation; 4) for a fee; or 5) for hire.

Other policies exclude “any auto you are driving while available for hire by the public.” Livery exclusions commonly apply to: medical payments, personal injury protection,⁵ collision and comprehensive (other than collision), as well as UM/UIM coverage. The subtle nuances of the various livery exclusions are called into question as regulators, legislators, insurers and consumers attempt to identify coverage gaps between the personal auto policies owned by TNC drivers and the commercial policies owned by TNCs.

Generally, exclusions are used by insurers because the exposures are thought to be beyond those found in a typical policy for the type of property or activity being insured. Another reason for the exclusion may be that the coverage is associated with a rating plan for coverage of an alternate insurance product. Driving for a TNC fits both of those descriptions as it blurs the lines between personal and commercial risks and is considered extraordinary to the typical PAP. In order to include the risk in PAP, insurers would need to adjust their rating for the commercial exposure to ensure that all insureds were not subsidizing those additional risks for the small percentage of insureds actually driving for TNCs.

The general factors used to determine auto insurance rates are listed in the chart below. It should be noted that not all insurers use every factor and that some state laws prohibit or limit the use of some of the risk classification factors. Some of the reasons a TNC exposure may vary from a typical personal automobile exposure include:

- TNC drivers typically go to urban, congested areas in order to find matches. Urban areas are typically associated with a higher frequency of accidents and, therefore, command higher insurance rates.

⁴ The Insurance Services Office, 2014. “Ride-Sharing Arrangements Through Transportation Network Companies.”

⁵ Not all states allow such exclusion under personal injury protection (PIP).

- Normal use such as driving to work or school typically means fewer miles driven and results in lower rates, whereas commercial use such as TNC driving could mean more miles driven and higher frequency of loss.
- TNC drivers may be distracted as they are checking one or more applications on their mobile device for matches or using the GPS tracking to determine delivery routes.
- Additional passengers in the vehicle who may be injured in an accident could result in higher severity of loss.

Factors That Affect Auto Insurance Rates	
Territory	Multi-car policy
Normal use of auto (to work or school)	Years of driving experience
Age	Credit-based insurance score
Gender	Type of auto
Marital status	Deductibles
Driving record	Liability limits
Driver education	Telematics scores
If student – grade point average	Mileage (annual and commuting)

A Pinnacle Actuarial Resources study on ride-hailing, commissioned by the Property and Casualty Insurers Association of America (PCI), found that “rideshare drivers who put in about 1,000 miles a year could expect to pay \$100 to \$200 a year to obtain coverage for Period 1. Full-time drivers in Colorado would pay \$1,000 to about \$1,500, and full-time drivers in San Francisco would pay an additional \$3,000.”⁶

Personal auto carriers are beginning to voice their concerns over ride-hailing services. Many believe that engaging in livery service is a material change to the insurance contract and, therefore, the insurer may legally cancel the policy at any time. Even if the insurer does not cancel the policy initially, it may choose not to renew the policy at the end of the contract term. Insurers are concerned about the increased risks not considered under a typical PAP that should be considered if the vehicle is used to transport passengers for hire.

The driver’s involvement in TNC activities may lead to:

- Confusion regarding which insurer has a duty to defend.
- Delays in the claims handling process.
- Increased legal and administrative costs.

⁶ Casualty Actuarial Society, 2014. “Actuaries Debate Insurance Issues in Ridesharing,” accessed at www.casact.org/press/index.cfm?fa=viewArticle&articleID=2740.

Insurers are also concerned that TNC drivers will not disclose the fact that they drive for a TNC.⁷ The variances in language used for livery exclusions and the determination of which exposure period the accident took place create additional costs for the insurer that are ultimately passed on to all policyholders.

TNC-related claims affect the duty to defend, as well as the duty to indemnify. Under all standard personal auto policies, insurers have a duty to indemnify the insured for covered damages and also have a broader duty to defend. Because the duty to defend is broader than the duty to indemnify, an insurer may have to pay defense costs even if it can ultimately prove that the accident occurred during an excluded time period, such as Period 3. Some insurers argue that if a driver participated in TNC activity, the duty to defend should be placed on the TNC's insurance instead of the driver's PAP.

Regulators and legislators should consider the duty to defend issue and provide clear mandates regarding whether the driver's PAP insurer, the TNC insurer or both have a duty to defend. In California, Assembly Bill 2293, effective in relevant part on July 1, 2015, made it clear that a PAP shall not provide any coverage for TNC activities unless the policy expressly provides for that coverage during the relevant time period. But other provisions of AB2293 are less clear and could require PAP insurers and TNC insurers to share the duty to defend when the PAP expressly provides coverage for a particular period. Colorado's Senate Bill 14-125 did not include a duty to defend provision, but did include a pro-rata sharing provision.

While the duty to indemnify is more straightforward, it is also affected by TNC activities. Claims involving TNC drivers require more analysis to determine which insurer, personal auto or commercial, must indemnify the TNC driver. Insurers must determine the time period during which the accident occurred and in some cases analyze the livery exclusions to determine which insurer has the duty to indemnify. Insurers will need TNCs to provide data in a timely fashion in the event of a claim. Both the California and Colorado laws have provisions requiring TNCs to cooperate in the claims handling process.

Currently, the largest TNCs have obtained coverage through surplus lines producers. Surplus lines insurers are non-admitted companies not regulated to the extent of most personal auto insurers. Surplus lines carriers are not subject to state regulatory approval of their rates and forms nor are they generally covered by state guarantee funds. Surplus lines insurers frequently take on new types of risks or high risk activities because coverage is not available in the admitted market. They are experienced with using flexible rating plans involving large amounts of judgment in setting their pricing and in adapting policy language to more specifically contain the coverage they are willing to provide. Because the insurer is writing coverage for the TNC but covering losses resulting from the TNC drivers using their personal autos, it is important that the insurer's claim process be clearly described to those drivers and passengers, including the process to submit claims.

⁷ SFGate, 2014. "Leaked Transcript Shows Geico's Stance Against Uber, Lyft," accessed at www.sfgate.com/business/article/Leaked-transcript-shows-Geico-s-stance-against-5910113.php.

Personal auto insurers should consider customer outreach to inform policyholders of their stance regarding ride-hailing and any available coverage options. Policyholder education campaigns should identify exposures created by ride-hailing not generally contemplated in standard personal auto policies. Companies should be able to answer policyholder questions regarding policy exclusions, exposure periods created by ride-hailing arrangements, coverage gaps and options for additional coverage. Companies should inform producers about their policies regarding ride-hailing and give them the tools they need to answer policyholder questions.

Education for policyholders and producers regarding ride-hailing could include:

- Definitions of terminology, such as ride-hailing, TNC and coverage periods.
- Court interpretations of common livery exclusions.
- Identification of any legal barriers to canceling policies due to the driver’s involvement in ride-hailing.
- Disclosure of state-mandated coverage for TNCs, including when the coverage begins and ends.
- Listing of the options for insurers to determine if consumers are participating in ride-hailing and whether the response qualifies as a warranty or a misrepresentation affecting possible rescission of the policy.
 - Potential options include listing a question on:
 - Initial application.
 - Survey or questionnaire.
 - Renewal form.

B. Driver Perspective⁸

TNCs have provided drivers with a way to earn extra income in their spare time at the push of a button, but drivers seldom ask questions about potential liability or hidden risk exposures. TNCs attempt to limit their liability through disclaimers. One disclaimer on a TNC’s website states, “You agree that the entire risk arising out of your use of the services, and any third party good or services obtained in connection therewith, remains solely with you, to the maximum extent permitted by applicable law.” The disclaimer goes on to state, “This disclaimer does not alter

⁸ (DRAFTING NOTE: TNC drivers have filed lawsuits in California and other states alleging they are TNC employees instead of independent contractors. The outcome of those lawsuits will have no impact on the amounts or types of coverage that TNCs should be required to provide to protect passengers and the general public.)

your rights as a consumer to the extent not permitted under the law in the jurisdiction of your place of residence.”⁹

The above disclosure reiterates the importance for regulators and legislators at the state and/or municipal level to put measures in place before accidents occur and consumers are left without coverage or recourse for losses.

Roughly 25 state insurance departments have issued bulletins cautioning consumers of the potential limitations of insurance coverage. Additionally, three states have passed legislation setting coverage requirements for TNCs to protect consumers. Several additional states are debating legislation setting clearer insurance coverage rules and standards. States may use NAIC software such as State Based Systems (SBS) to track consumer complaints and investigations concerning TNCs by keyword. The NAIC has published two consumer alerts to explain coverage issues and identify what consumers can do to protect themselves. The NAIC is also in the process of updating its *NAIC Consumer Shopping Tool for Auto Insurance*, as well as *A Consumer’s Guide to Auto Insurance*, to include information regarding the use of TNC services.

Driver awareness communications could include the following information:

- Standard personal auto policies often include exclusions for transporting passengers for a fee.
 - Drivers should read their PAP to determine if exclusions exist and if so, at what period the exclusion goes into effect.
 - Drivers should contact their insurer or agent to inform them of their decision to participate in ride-hailing arrangements as a driver and discuss the details of their policy to determine coverage options. Some insurers may cancel or non-renew insureds that drive for TNCs. If this happens, the driver will need to find an alternate insurer. It is illegal in all states to drive without proof of financial responsibility. In some states, this may result in fines, suspension of driving privileges or repossession of the vehicle.
- The availability of coverage through the TNC with which they intend to do business.
 - Drivers should read the TNC’s insurance policy to determine the period in which the TNC’s commercial auto policy begins and ends in the livery process.
 - Drivers should also determine the types and amounts of coverage is available through the TNC.
 - Drivers should ask about the liability limits, coverage for medical payments, personal injury protection in no-fault states, comprehensive (otherwise known as other than collision), collision coverage and UM/UIM coverage.

⁹ UberX, 2014. “Legal Terms and Conditions,” accessed at <https://www.uber.com/legal/usa/terms>.

- Drivers should determine if defense costs are included in the TNC’s commercial auto policy or who would cover the cost of legal fees if they were to be sued.
- If coverage gaps exist between when the driver’s PAP ends and the TNC’s commercial auto policy begins, drivers should consider purchasing additional coverage. Additional coverage may be available as an endorsement to the driver’s PAP or as a separate commercial policy.

It is important to note that in some instances, a TNC driver may not be the named insured on the PAP. Standard personal auto policies are designed to provide coverage for the named insured and their family members. A family member is a person related to the named insured by blood, marriage or adoption and who resides in the named insured’s household. A child who lives away for college may also be covered under the standard policy. If the TNC driver is someone other than the named insured, the driver needs to make sure that he or she is covered under a policy that will provide coverage for any claims arising out of TNC activity.

C. TNC Perspective

Some TNCs argue against requiring the TNC to bear the primary insurance burden in Period 1. They argue that requiring the TNC to provide insurance for a driver during Period 1 creates a moral hazard because the driver who is on a personal drive may be tempted to turn on the TNC app for the sole purpose of obtaining insurance during Period 1¹⁰. Some TNCs argue that drivers might drop PPA insurance altogether and turn the app on before any trip. Others argue that if the TNC’s insurance provides higher limits than the driver’s own policy, the driver will have an incentive to file a claim with the TNC’s insurance even if the driver was on a pleasure/commute trip at the time of a collision. Milliman (on behalf of UberX) studied the impact of ride-hailing drivers in Period 1 and determined that “the net result on the personal auto insurance market to all policies was \$0.70/policy.”¹¹

Proponents of ride-hailing believe it will increase road safety due to fewer intoxicated drivers on the roadways and fewer personal vehicles due to the additional options for public transportation. TNCs also argue that many drivers are part-time. They argue that forcing these drivers to buy commercial livery insurance is too high a burden and that future development in on-board navigation and clear laws may turn many motorists into part-time TNC drivers.

TNCs further argue that many personal automobile insurers offer quasi-commercial coverage for purposes like real-estate agents and pizza delivery drivers and that providing coverage for TNC drivers is fairly straightforward.

¹⁰ (DRAFTING NOTE: Insurer representatives point out that TNC’s could quickly shut off drivers who were not accepting rides.)

¹¹ Casualty Actuarial Society, 2014. “Actuaries Debate Insurance Issues in Ridesharing. Accessed at www.casact.org/press/index.cfm?fa=viewArticle&articleID=2740.

TNCs argue that they should not be required to have higher limits than traditional for-hire transportation such as taxis. Regulators and legislators considering this concept should examine whether the limits for traditional for-hire transportation provide sufficient protection for the public in 2015.

D. Other For-Hire Transportation Perspective

Two stakeholders in this process, the R Street Institute and Taxi, Limousine and Paratransit Association (TLPA), argue that the insurance limits should be the same for all for-hire transportation services. The TLPA argues that if TNCs are allowed to have lower insurance limits when the vehicle is being used personally, or before it is matched to a passenger, similar lower insurance limits should also apply to taxis and limousines during the same time periods.

The TLPA also challenges the notion that many or most TNC drivers are part-time. They argue that many TNC drivers are full-time commercial drivers and should be required to have full-time commercial coverage just as taxis are required to do. Regulators and legislators considering this concept might consider drawing a distinction between part-time and full-time TNC drivers for insurance requirement purposes.

E. Passenger/Third-Party Perspective

Passengers see TNCs as a tool for increased mobility, a cutting-edge service that provides a popular alternative to taxi services. Passengers and third parties not involved in TNC transactions can be completely unaware of the hidden dangers but are not immune to damages caused by the increasing use of TNC applications. Seamless liability coverage in appropriate amounts without gaps properly covers passengers, third party drivers and pedestrians injured in a TNC accident caused by a TNC driver. In order to protect passengers, pedestrians and third party drivers, legislators and local regulators should make sure that: 1) the periods of TNC service are clearly defined; 2) there are no coverage gaps; and 3) the types and limits of coverage are appropriate. Liability and UM/UIM coverage are essential to protecting passengers and third parties. Regulators and legislators may also consider requiring medical payments coverage.

Consumer groups and attorneys advocating on behalf of pedestrians injured by TNC drivers during Period 1, including advocates for the Liu family who lost their 5 year old daughter in a Period 1 collision, reason that TNCs and TNC drivers should be required to carry the same liability limits in Period 1 as they do in Period 2 and Period 3. Passengers, pedestrians and other third parties also advocate for UM/UIM to protect them in the event they are in an accident involving a TNC caused by a third party with little or no insurance.

IV. POTENTIAL SOLUTIONS TO COVERAGE ISSUES

A. Review Established Insurance Options

While ride-hailing activities create many coverage issues, there are also a variety of solutions possible. The ideal insurance solution is for ride-hailing drivers to have coverage on a full time

basis available for all ride-hailing activities. To achieve that, the least complex approaches are that either the driver would purchase commercial coverage or the TNC would provide full coverage for all three TNC activity periods.

Commercial auto coverage purchased by the TNC driver does not appear to be a realistic option at this time. Commercial auto insurance for livery exposures typically costs between \$5,000 and \$7,000 per year, which some argue is too expensive for TNC drivers. To date, there has been no evident movement toward creating a commercial policy tailored to the TNC paradigm of part-livery-risk, part-personal auto-risk. If such a product were to be made available, it would require that the TNC driver be committed enough to the livery trade to buy commercial coverage. Also, it would need to be available at a price that is within reason compared to personal auto coverage.

So far, in unregulated environments, TNCs have been successful in explicitly or implicitly transferring some or all of the responsibility for buying insurance onto the driver. Thus, the personal auto insurer is engaged in sorting out which claims are covered and in creating a coverage response of its own.

New laws in California and Colorado impose important coverage mandates but still allow for coverage gaps, at least for UM/UIM and physical damage coverages. Unless the personal auto insurer acts to amend its coverages, coverage gaps will remain despite the new statutory requirements.

Unless TNCs change their business model and agree to provide full commercial coverage for TNC drivers, a more complex hybrid of coverage between the TNC and the PAP will need to be created.

B. Potential for New Products/Coverage Options

Policy endorsements are being developed for PAPs to fill coverage gaps. These endorsements will be a valuable tool to close gaps for TNC drivers willing to purchase them.

These hybrid insurance products, adding some level of coverage for TNC activities onto PAPs, are being developed as this paper is being written. They are being introduced by innovative insurers willing to take on the calculated risk and be the first to gain market share in an evolving and growing space.

Because the products are not being standardized but are being developed by different insurers, they will likely establish coverage via different methods for different time periods. The new products present many concerns for insurance regulators, including, but not limited to, the cost for the new hybrid coverage.

In California, Metromile, a managing general agent partnered with National General Insurance Company, began selling hybrid TNC/PAP insurance as of Feb. 18, 2015.¹² That filing offers an endorsement to a PAP deleting the livery exclusion, but only during Period 1. With regard to cost, National General Assurance Company, a partner of Metromile, is implementing a vehicle use factor for TNC use. Farmers Insurance filed a TNC endorsement with California in mid-February, and review is pending. MetLife¹³ and GEICO¹⁴ products have also been mentioned in recent articles.

Outside of California, Erie Insurance Company offers an endorsement that makes the TNC driver's PAP excess for TNC activity for any insured with a business classification on his or her personal auto. It covers all three time periods. As of Jan. 1, 2015, it is available only in Illinois and Indiana, but the company expects to eventually offer it in all 12 states in which it sells insurance.¹⁵

According to the *Insurance Journal*, the United Services Automobile Association (USAA) plans to offer auto insurance coverage in Colorado that will protect TNC drivers from the moment their mobile apps are turned on until they are matched with a passenger. "The pilot program, which will begin in February, extends a member's existing auto policy coverages and deductibles, and costs about \$6 to \$8 more per month, or roughly \$40 to \$50 more for a six-month insurance policy, according to the carrier."¹⁶

In developing these new hybrid insurance products, TNCs should share with insurers any statistical information they track regarding driver and passenger characteristics, delivery patterns, hours of operation and any other factors relevant for determining insurance rates. One way to accumulate information on TNC driver behavior may be the use of telematics installed in driver vehicles.

ISO plans to modify its Personal Auto Program in two ways: 1) by amending its public or livery exclusion to explicitly exclude personal auto coverage whenever an insured is logged into the TNC application as a driver; and 2) by offering TNC drivers new endorsements they can add to their PAP that expressly provide coverage, for an additional charge, for TNC activities while no passenger is in the car. Under ISO's new program, TNC drivers may have the option to buy an endorsement that provides coverage during Period 1 or an endorsement that provides coverage

¹² TechCrunch, 2015. "Metromile Launches Uber Car Insurance Where Drivers Only Pay for Personal Miles," accessed at <http://techcrunch.com/2015/01/28/metromile-launches-uber-car-insurance-where-drivers-only-pay-for-personal-miles/>.

¹³ *Insurance Journal*, 2015. "MetLife to Provide 'Complete' Rideshare Insurance for Lyft Drivers in Colorado," accessed at www.insurancejournal.com/news/west/2015/01/29/355881.htm.

¹⁴ *Limousine, Charter & Tour*, 2015. "Geico Sells New Insurance Product for TNC Drivers," accessed at www.lctmag.com/operations/news/293372/geico-sells-new-insurance-product-for-tnc-drivers.

¹⁵ *Insurancenewsnet.com*, 2014. "Erie Insurance Offers Ridesharing Coverage For Drivers," accessed at <http://insurancenewsnet.com/oarticle/2014/11/18/erie-insurance-offers-ridesharing-coverage-for-drivers-a-573996.html>.

¹⁶ *Insurance Journal*, 2015. "USAA to Offer Pilot Ridesharing Coverage in Colorado," accessed at www.insurancejournal.com/news/west/2015/01/07/353293.htm.

during both Periods 1 and 2. ISO currently does not plan to make available an endorsement to cover Period 3 – the time period while the passenger is in the car.

Consumer groups and the Rhode Island Department of Insurance both raised the issue that any absolute exclusion for Period 1 or Period 2 driving could harm drivers who forget to switch off the app. Regulators and legislators may want to consider whether an absolute bar to coverage for any claims that occur while the app is open is appropriate, or whether a driver who is no longer engaged in TNC services (but leaves the app on) should be provided coverage under the PAP or the TNC's insurance. Regulators and legislators as well as TNCs and members of the public should be aware that drivers could sign up for multiple TNCs and be available for hire on several TNC apps at one time. This could be an issue particularly during Period 1 in determining who has a duty to provide coverage if the personal auto insurer has a TNC exclusion during all three periods. Insurance regulators will need to ensure that they devote adequate resources to provide for a timely review process for forms and rates related to these new products.

C. Spreading the Insurance Burden between TNCs and TNC Drivers

Assuming hybrid policies become readily available; regulators and legislators that chose to do so may be able to require TNCs and TNC drivers to share the burden of providing insurance for TNC activities. This can be accomplished in a number of ways. Regulators and legislators can require:

- TNC drivers to maintain coverage in Period 1 and TNCs to maintain coverage in Period 2 and Period 3.
- TNC drivers to maintain primary coverage up to a certain limit (for example, \$100,000) while requiring TNCs to maintain excess coverage that pays for accidents resulting in damages above the primary limit.
- TNC drivers to maintain primary coverage in Period 1 up to a certain limit (for example, \$100,000) while requiring TNCs to maintain excess coverage in Period 1 and primary coverage in Period 2 and Period 3.
- Various combinations of the above.

D. Coverage Amounts and Types

Regulators and legislators must also decide what amounts and types of insurance to require.

1. Coverage Amounts

It is crucial to determine coverage amounts high enough to protect persons and property injured or damaged in a TNC accident. Regulators and legislators can look to other states for guidance on the amounts of coverage to require. A provision in the Colorado legislature, Senate Bill 14-125, enacted June 6, 2014, required the Colorado Commissioner of Insurance to conduct a study regarding the limits of coverage provided during Period 1. The study, published in January 2015, was inconclusive due to a lack of credible loss data. However, it was determined that the liability limits (\$50,000 per person/\$100,000 per accident/\$30,000 property damage) required in

Colorado during Period 1 are sufficient until additional data is developed to warrant a change.¹⁷ California requires \$1 million in TNC insurance while a passenger is in a TNC vehicle (2014 Cal. Legis. Serv. Ch. 389, A.B. 2293). Regulators and legislators may also look at the amounts required for other transportation providers such as taxis and limousines for guidance. If those amounts were set in the distant past, they may need to be adjusted for inflation.

Regulators and legislators may also consider establishing coverage amounts by the defined TNC time period. Some legislation requires lower coverage amounts during Period 1 because there is no passenger in the vehicle at that time. However, this practice results in less coverage for a third party hit during Period 1. The San Francisco car accident in which an Uber-contracted driver struck and killed 6-year-old Sophia Liu and injured her mother and brother occurred during Period 1. Consumer groups argue that injury or death should not be worth less merely because it occurred in one period instead of another.

2. Coverage Types

- *Liability*—Liability coverage must be required to protect passengers and third parties injured by TNC drivers.
- *UM/UIM*—In order to adequately protect consumers, regulators and legislators should consider requiring UM/UIM in the same amount as liability coverage. While TNCs argue that some taxicabs are not required to provide UM/UIM, the better practice is to require TNCs to maintain this coverage. Otherwise, a passenger injured in an accident caused by an uninsured or underinsured motorist may be left without recourse.
- *Comprehensive and collision*—This coverage is necessary to protect the TNC driver’s car. While liability insurance provides coverage for an injured passenger, it does not provide coverage for damage to the driver’s car. Because the livery exclusion applies to comprehensive and collision coverages, drivers currently have no way to obtain comprehensive and collision coverage for TNC activities unless they separately purchase a commercial policy, which is currently cost-prohibitive.
- *Medical payments*—This provides first-party coverage for drivers and passengers, and is used to pay for medical expenses related to an accident, without allocating fault.

¹⁷ Colorado Department of Regulatory Services Division of Insurance. Commissioner Marguerite Salazar. (January, 2015).

V. PUBLIC COMMUNICATION, EDUCATION AND OUTREACH

Legislators and regulators should communicate with TNC drivers and passengers about the insurance issues.

Many regulators have found that media (TV, radio, newspaper and blogs) are very interested in the ride-hailing issue and a good avenue for presenting accurate, unbiased information to the public.

Because this is a new and rapidly changing industry, public education and outreach is critical to ensure that TNC drivers and passengers are aware of potential coverage gaps and limitations.

Public service announcements (PSAs) or consumer alerts can be a great tool in relaying information to both drivers and passengers. Unlike a news story, regulators and legislators can control the message, and provide detailed information.

TNC drivers and passengers, by definition, use smart phones. Information should be easily available, in a mobile-enabled format, on insurance department websites.

State insurance departments should post alerts on their websites informing consumers of potential coverage gaps and how to remedy them. This should include information about any newly available hybrid PAPs that expressly provide coverage for TNC drivers.

Regulators and legislators should require TNCs to:

- Prominently post their insurance policies on their websites along with disclaimers about any potential coverage gaps.
- Disclose to drivers whether damage to the drivers' cars will be covered by the TNC's policy in the event of an accident.
- Provide their drivers with insurance information, including the claims handling process.
- Revise their mobile apps to provide a link to insurance information, including claims handling information for all passengers.
- Electronically notify its mobile app users whenever it changes any coverage types or amounts on its insurance policy.
- Notify the driver's personal auto carrier during the approval process to become a TNC driver.

VI. INDUSTRY ACTIVITY

UberX and multiple insurers worked together to draft a *TNC Insurance Compromise Model Bill* (Model Bill) released to the public March 26. The American Insurance Association (AIA), Farmers Insurance, Liberty Mutual, Lyft, the National Association of Mutual Insurance

Companies (NAMIC), the Property and Casualty Insurance Association of America (PCIAA), State Farm, UberX and USAA publicized their support of the Model Bill. AIA, NAMIC, PCI, UberX and USAA submitted comments on the white paper in February and the paper was revised pursuant to comments received.

The Model Bill outlines a plan to create coordination of coverage between personal coverage carried by TNC drivers and commercial coverage carried by TNCs. The Model Bill expressly permits personal auto policies to exclude coverage for TNC related driving and calls for mandatory primary coverage by the TNC, TNC driver or a combination of the two during Period 1 with liability limits of \$50,000 per person, \$100,000 per occurrence, and \$25,000 or \$30,000 for property damage depending on the state. The Model Bill also requires primary coverage during Period 2 and Period 3 with liability limits of at least \$1 million. It includes reference to existing statutes mandating auto insurance coverage and intentionally excludes additional coverage options such as collision and comprehensive insurance. The Model Bill includes provisions regarding an insurer's right to exclude coverage under an unendorsed PAP, disclosures required of TNCs regarding insurance matters to their drivers and a requirement for TNC drivers to carry proof of TNC insurance coverage. It also mandates cooperation between all parties involved in claim investigations.

The primary difference between the Model Bill and suggested legislation included in the white paper is relative to consumer protections provided through additional coverage options such as: uninsured motorist, underinsured motorist, medical payment, and comprehensive and collision coverage.¹⁸

VII. CONCLUSION

TNCs create a new option for peer-to-peer transportation. New technologies and business ventures often present risks not previously contemplated by state and local laws. Regulators and legislators can resolve risk exposure concerns by putting laws in place that require specific insurance coverage for TNCs and TNC drivers and eliminate coverage gaps. If not clearly defined, shifting coverage between personal auto and commercial coverage could be costly and inefficient, as well as leave gaps in coverage. TNC laws should clearly define the terminology and identify the insurance coverage and limits required during each period. The chart in Appendix A contains a list of local ordinances and state legislation currently in place regarding TNCs.

¹⁸ UberX, 2015. "TNC Insurance Compromise Model Bill."

APPENDIX A – OVERVIEW OF CURRENT LEGISLATION¹

City	Date Passed	Office	Insurance Requirements
Austin, TX	9-14	Austin City Council	<ul style="list-style-type: none"> • Transportation network companies (TNCs) will provide commercial automobile liability insurance with a minimum combined single limit of \$1 million for each occurrence of bodily injury and property damage for accidents involving TNC vehicles in transit, beginning with the time that the TNC driver accepts a trip request on the TNC’s digital network, or during the accepted trip, and ending when the rider departs the vehicle, naming the city of Austin as an additional insured. • The policy shall be accompanied by a commitment from the insurer that such policy will not be cancelled or coverage reduced without at least 30 days’ notice. <p>www.austintexas.gov/edims/document.cfm?id=220985</p>
Baton Rouge, LA	6-14		<ul style="list-style-type: none"> • Transportation network application companies shall mean companies operating in the city of Baton Rouge and parish of East Eaton Rouge that use a digital network or software application to connect a passenger to transportation network services provided by a transportation network operator. • Such companies must maintain a commercial liability insurance policy that: <ul style="list-style-type: none"> ○ Provides coverage of at least \$1 million per incident for accidents involving a transportation network operator from the time the operator accepts a trip request until the completion of a trip, regardless of whether the operator maintains personal insurance adequate to cover any portion of a claim. ○ Provides uninsured/underinsured motorist (UM/UIM) bodily injury coverage of at least \$1 million per incident. ○ During the time that a transportation network operator is available for service but not providing service, provides additional bodily injury coverage of at least \$50,000 per person and at least \$100,000 per accident, and coverage of at least \$25,000 for property damage per accident, in the event that the operator's personal insurance policy does not pay. ○ Provides that written notice shall be given the taxicab control board upon any cancellation or termination of the policy. <p>https://www.municode.com/library/#!/la/baton_rouge_east_baton_rouge_parish/codes/</p>
Birmingham, AL	7-14		<ul style="list-style-type: none"> • TNCs must maintain \$1 million for personal injury, property damage or advertising liability during all coverage periods. <p><i>The ordinance not available online at this time.</i></p>
Chicago, IL	5-14	Chicago City Council	<ul style="list-style-type: none"> • At least the following minimum coverage: <ul style="list-style-type: none"> ○ (1) Commercial general liability insurance with limits of not less than

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City	Date Passed	Office	Insurance Requirements
			<p>\$1,000,000 per occurrence, for bodily injury, personal injury, and property damage.</p> <ul style="list-style-type: none"> ○ (2) (i) Commercial automobile liability insurance with a combined single limit for bodily injury and property damage of \$1 million per occurrence, covering liability resulting from any occurrence arising out of or caused by the operation of a transportation network vehicle (including owned, hired and non-owned vehicles) while the applicant's transportation network driver has accepted a ride until the completion of the ride; and (ii) automobile liability insurance with limits for bodily injury and property damage not less than the minimum amount required under Section 7-601 of the Illinois Vehicle Code, codified at 625 ILCS 5/7-601(20k/40k/15k), per occurrence, covering liability resulting from any occurrence arising out of or caused by the operation of a transportation network vehicle (including owned, hired and non-owned vehicles) while the applicant's transportation network driver is logged onto the transportation network provider's Internet-enabled application or digital platform showing that the driver is available to pick up passengers until such driver accepts a ride. <p>Chapter 9-115 : www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates\$fn=default.htm\$3.0\$vid=amlegal:chicago_il</p>
Cincinnati, OH	11-14	City of Cincinnati	<ul style="list-style-type: none"> • TNCs are required to carry at least \$1 million in combined single limit liability third-party coverage per occurrence for death, bodily injury and property during Period 2 and Period 3. • The policy shall provide UM/UIM coverage per occurrence for death or bodily injury in an amount at least equal to requirements for other public vehicles as required in Sec. 407-30 of the municipal code. • The policy shall act as primary coverage for the driver, driver's vehicle and the passengers of the driver's vehicle during Period 2 and Period 3. • A transportation network's driver's personal insurance may satisfy the requirements of this section as primary coverage where the policy grants such TNC coverage or where there is an insurance rider or endorsement of the driver's personal automobile insurance policy that meets state and local minimums (state min. limits = \$12,500/\$25,000/\$7,500) and that is specifically written to cover a transportation network vehicle.

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City	Date Passed	Office	Insurance Requirements
			https://www.municode.com/library/#!/oh/cincinnati/codes/code_of_ordinances?searchRequest=%7B%22searchText%22:%22transportation%20network%22,%22pageNum%22:1,%22resultsPerPage%22:25,%22booleanSearch%22:false,%22stemming%22:true,%22fuzzy%22:false,%22synonym%22:false,%22contentType%22:%5B%22CODES%22%5D,%22productIds%22:%5B%5D%7D&nodeId=TITIVPUUT_CH407PUVE_S407-4-ATRNECORE
Columbus, OH	7-14	Columbus City Council	<ul style="list-style-type: none"> • TNCs are required to provide at least \$1 million of commercial liability coverage, as well as uninsured and underinsured motorist coverage. • TNCs must also match the driver’s personal auto coverage for collision and comprehensive (other than collision). • No vehicle for hire owner's license shall be issued or renewed by the director without evidence of liability protection. It shall be unlawful to operate or permit the operation of any vehicle for hire until the owner of the vehicle has deposited and maintained on deposit with the director, evidence of liability protection. The liability protection limit shall not be less than the amount listed below for the specific vehicle for hire to be licensed for liability imposed by law for damages on account of bodily injuries, death or property damages (other than injuries, death or property damages of the owner or vehicle for hire driver) in any one accident resulting from the ownership, maintenance or use of each such vehicle for hire: <ul style="list-style-type: none"> ○ \$300,000 for taxicabs. ○ \$300,000 for pedicabs. ○ \$500,000 for livery vehicles. ○ \$300,000 for horse carriages.
Dallas, TX	12-14	Dallas City Council	<p>https://www.municode.com/library/#!/oh/columbus/codes/</p> <ul style="list-style-type: none"> • From the time a driver indicates that the vehicle is available to accept a ride request, but before the driver has accepted a ride request, the vehicle and driver must be covered by contingent primary liability coverage for injury and property damage arising out of or caused by the operation of the vehicle in the amount of \$50,000 per person; \$100,000 per occurrence for bodily injury; and \$25,000 in property damage. • From the time a driver accepts a ride request, either by being physically hailed or dispatched, to the time the passenger exits the vehicle, the vehicle and driver must be covered by primary commercial automobile liability coverage with a combined single limit of liability for injury and property damage arising out of or caused by the operation of the vehicle in the following amounts: <ul style="list-style-type: none"> ○ For vehicles with a manufacturer’s rated seating capacity of one to eight

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City	Date Passed	Office	Insurance Requirements
			<ul style="list-style-type: none"> passengers: \$500,000. ○ For vehicles with a manufacturer’s rated seating capacity of nine or more passengers: \$1 million. <p>www.ci.dallas.tx.us/cso/resolutions/2014/12-10-14/14-2203.pdf</p>
Dayton, OH	12-14		<ul style="list-style-type: none"> • The ordinance does not address insurance requirements for TNCs. Taxicab operators must carry \$1 million for bodily injury and property damage. <p><i>The ordinance is not available online at this time.</i></p>
Houston, TX			<ul style="list-style-type: none"> • \$1 million commercial automobile liability insurance is required with a combined single limit for bodily injury and property damage during Period 2 and Period 3. • Commercial automobile liability insurance coverage no less than the minimum coverage amounts specified in the Texas Motor Vehicle Safety Responsibility Act (\$30,000/\$60,000/\$25,000) during Period 1 is required.. • The insurance policy required must be available to cover claims regardless of whether a driver maintains insurance adequate to cover any portion of the claim, be disclosed on the permittee’s Internet-enabled application and website, and maintained in force all times that the TNC offers or provides TNC service. <p>https://www.houstontx.gov/ara/2014-754.pdf</p>
Little Rock, AR	11-14		<ul style="list-style-type: none"> • A commercial auto liability policy must be maintained in force at all relevant times with the following limits: \$250,000 bodily injury per person/\$500,000 bodily injury per occurrence/\$50,000 property damage. <p>http://web.littlerock.state.ar.us/WebLink8/0/doc/103249/Page1.aspx</p>
Milwaukee, WI	7-14	Milwaukee Common Council	<ul style="list-style-type: none"> • Minimum required policy limits are \$50,000/\$100,000/\$10,000 during all periods. • Uninsured motorist coverage with limits comparable to the respective liability limits for the vehicle are also required during all periods. <p>https://milwaukee.legistar.com/</p>
Minneapolis, MN	7-14	Minneapolis City Council	<ul style="list-style-type: none"> • TNCs are required to maintain at least \$1 million of commercial liability coverage per occurrence, covering vehicles while they are "active." • TNCs or drivers maintain minimum liability limits of \$50,000/\$100,000/\$30,000 while drivers are logged into a TNC’s digital network but not engaged in a prearranged ride. <p>https://www.municode.com/library/#!/mn/minneapolis/codes/</p>

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City	Date Passed	Office	Insurance Requirements
Oklahoma City, OK	10-14	Oklahoma City Council	<ul style="list-style-type: none"> • Single limit coverage required for each accident or occurrence during Period 2 and Period 3: <ul style="list-style-type: none"> ○ \$100,000 involving six or fewer seating capacity. ○ \$750,000 involving seven to nine seating capacity. ○ \$1,000,000 for seating capacity for 10. • During Period 2 and Period 3, the TNC is required to provide coverage with minimum limits of (\$50,000/\$100,000/\$25,000). <p>https://www.municode.com/library/#!/ok/oklahoma_city/codes/ Amended by Ordinance 25,002.</p>
San Antonio, TX	12-14	San Antonio City Council	<ul style="list-style-type: none"> • TNCs are required to carry minimum liability limits during Period 1 of \$50,000/\$100,000/\$25,000 and excess coverage of \$200,000. Liability coverage must be primary. • \$1 million is required for liability and UM/UIM coverage in Period 2 and Period 3. <p>https://sanantonio.legistar.com/LegislationDetail.aspx?ID=2078222&GUID=3C6BCD99-4274-427D-ACB2-836095B87E66 #3. Ordinance 2014-12-11-1002</p>
Salt Lake City, UT	7-14	Salt Lake City Council	<ul style="list-style-type: none"> • TNCs are required to carry the same liability insurance limits as other ground transportation companies (taxis and limousines). There is some debate remaining about when this coverage should begin and end. • Insurance coverage levels are set by determining the highest limits set by the Federal Motor Carrier Safety Administration, Utah Department of Transportation or U.S. Department of Transportation. • The required limits at the time ordinance was passed was \$1.5 million per occurrence. <p>http://slcdocs.com/council/agendas/2014agendas/November/Nov25/112514A7D3.pdf</p>
Seattle, WA	7-14	Seattle City Council	<ul style="list-style-type: none"> • TNCs are required to maintain no less than \$100,000 per person and \$300,000 per accident of liability coverage, as well as uninsured motorist coverage with the same minimums. Coverages are required when the for-hire vehicle is "operating," which includes when there is a passenger in the vehicle, the office dispatch records show that the vehicle had been dispatched or the for-hire driver has offered transportation services to a passenger. <p>http://clerk.seattle.gov/~archives/Ordinances/Ord_124524.pdf</p>

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City	Date Passed	Office	Insurance Requirements
Tulsa, OK	8-14	Tulsa City Council	<ul style="list-style-type: none"> The driver of the Transportation Network Vehicle (TNV) must maintain minimum liability limits of \$25,000/\$50,000/\$25,000. TNCs must have a \$1 million per incident excess policy, as well as step in to pay losses not covered by the driver’s personal auto coverage. <p>https://library.municode.com/index.aspx?clientID=14783&stateID=36&statename=Oklahoma Ordinance No. 23189</p>

State/Territory ⁱ	Enacted Date	Office	Insurance Requirements
California	9-14	California Public Utilities Commission	<ul style="list-style-type: none"> All TNC coverage amounts must be primary, and the TNC insurer maintains the duty to defend and indemnify in Period 2 and Period 3. TNC insurance shall maintain coverage in the amount of \$1 million for death, personal injury and property damage. TNCs must also maintain \$1 million UM/UIM coverage from the moment the passenger enters the vehicle until they exit. TNCs shall maintain primary liability coverage of at least \$50,000 per person/\$100,000 per incident/\$30,000 property damage. TNCs shall maintain excess coverage for TNCs and drivers of at least \$200,000 during Period 2 and Period 3. Coverage may be maintained by drivers or TNCs or any combination of the two. Drivers’ personal auto insurer is not required to defend or indemnify the insured while the driver is logged on to the TNC’s online-enabled application unless coverage is provided through an amendment or endorsement to their policy providing for such coverage. <p>www.naic.org/documents/committees_c_sharing_econ_wg_2014_cal_legis_serv_ch_389.pdf</p>
Colorado	6-14	Colorado Public Utilities Commission	<ul style="list-style-type: none"> TNCs or drivers must maintain primary liability insurance coverage for drivers for incidents involving drivers during a prearranged ride in the amount of at least \$1 million per occurrence. While drivers are logged into a TNC’s digital network but are not engaged in a prearranged ride (Period 1): <ul style="list-style-type: none"> TNCs or drivers shall maintain primary liability limit equal to at least the state minimum (\$50,000 per person/\$100,000 per accident/\$30,000 property

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State/Territory ¹	Enacted Date	Office	Insurance Requirements
			<p>damage).</p> <ul style="list-style-type: none"> ○ Coverage can be full-time commercial, a personal auto policy rider or endorsement or a corporate liability insurance policy purchased by TNCs. <p>www.naic.org/documents/committees_c_sharing_econ_wg_related_co_senate_bill_14_125.pdf</p>
District of Columbia	12-14	Council of the District of Columbia	<ul style="list-style-type: none"> • TNCs must maintain a commercial liability policy with at least \$1 million per incident coverage from the time operators (drivers) accept a trip request until completion of the trip. • TNCs must provide at least \$1 million per incident of UM/UIM coverage. • TNCs must provide contingent comprehensive and collision coverage of at least \$50,000. • Drivers or TNCs must provide primary liability coverage of at least \$50,000 per person/\$100,000 per accident/\$25,000 property damage while operators (drivers) are available for service but not providing service in the event that operators’ personal auto insurance policy does not pay. <p>www.naic.org/documents/committees_c_sharing_econ_wg_dc_act_20_489.pdf</p>
Illinois	1-15	Illinois General Assembly	<ul style="list-style-type: none"> • From the moment TNC drivers log onto the app until they either accept a ride request or they log off the app/digital network: <ul style="list-style-type: none"> ○ Auto liability insurance must be maintained for at least \$50,000/\$100,000/\$25,000. ○ TNCs must maintain contingent liability insurance in the event a participating TNC driver’s own auto liability policy excludes coverage according to its policy terms or does not provide at least the limits stated above. • From the moment drivers accept a ride request until they complete the transaction or ride is complete: <ul style="list-style-type: none"> ○ The TNCs, drivers or any combination of the two must maintain \$1 million primary auto liability insurance for death, personal injury and property damage. ○ The insurer has the duty to indemnify and defend the insured. ○ Coverage is not contingent upon denial of claim by personal auto insurer. TNCs must provide coverage beginning with first dollar of a claim if TNC drivers do not maintain coverage or there is a lapse in coverage. • From the moment a passenger enters the vehicle until the passenger exits the vehicle: <ul style="list-style-type: none"> ○ \$50,000 of UM/UIM coverage is required

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State/Territory ¹	Enacted Date	Office	Insurance Requirements
			<ul style="list-style-type: none"> • TNCs must disclose to TNC drivers in writing the insurance coverage and liability limits provided by the TNC and that the drivers’ personal auto policy may exclude coverage while the driver is logged on to the application. • The insurance policy may be placed with an admitted Illinois insurer or authorized surplus lines insurer. <p>www.naic.org/documents/committees_c_sharing_econ_wg_150305_il_public_act_098-1173.pdf</p>
Virginia	2-15	Virginia General Assembly	<p>During Period 2 and 3:</p> <ul style="list-style-type: none"> • TNC required to maintain primary coverage with \$1 million limit. • TNC must provide uninsured and underinsured coverage with \$1 million limit. • Requirements may be satisfied by TNC maintained insurance, TNC partner insurance or any combination of the two. If the policy is maintained by TNC partner, it must be verified by the TNC. • TNC Insurers have exclusive duty to defend and indemnify unless TNC partners insurance expressly provides otherwise. • Coverage under TNC insurance policy shall not be dependent on a personal auto insurer first denying a claim. Nor is the personal auto insurer required to deny claim for TNC insurance to provide coverage. • Personal auto insurers are not required to provide primary or excess coverage unless the policy expressly provides for that coverage including by amendment or endorsement. • If the app fails en route to pick-up or drop-off of a passenger TNC insurance coverage is presumed to remain in force. <p>During Period 1:</p> <ul style="list-style-type: none"> • Until 1-1-2016: TNC insurance shall provide secondary liability coverage of at least \$125,000 per person, \$250,000 per incident, and \$50,000 property damage. • After 1-1-2016: TNC insurance shall provide secondary liability coverage of at least \$50,000 per person, \$100,000 per incident, and \$25,000 property damage. • Requirements may be satisfied by TNC maintained insurance, TNC partner insurance or any combination of the two. If the policy is maintained by TNC partner, it must be verified by the TNC. • Requirements may be satisfied by TNC partner insurance, contingent TNC insurance or any combination of the two. If the policy is maintained by TNC partner, it must be

APPENDIX A – OVERVIEW OF CURRENT LEGISLATION¹

State/Territory ⁱ	Enacted Date	Office	Insurance Requirements
			<p>verified by the TNC.</p> <ul style="list-style-type: none"> • Until 1-1-2016: If the TNC partner vehicle is insured under a personal auto insurance policy that does not exclude coverage then such policy shall provide primary coverage and an insurance policy maintained by the TNC shall provide excess coverage for up to at least \$1 million. • If TNC partner insurance ceases for any reason, TNC must provide primary coverage. <p>For all Periods:</p> <ul style="list-style-type: none"> • TNC must agree to disclose within 30 days of request receipt to any party involved in a TNC related incident, TNC partner’s use of app in claims investigation. • Insurance coverage maintained by TNC may be placed with admitted insurer or surplus lines company specified in state statutes. • TNC must file proof of insurance with State Department of Insurance. • TNC must comply with alternative insurers in claims investigations regarding TNC partners. <p>http://lis.virginia.gov/cgi-bin/legp604.exe?151+sum+HB1662</p>

ⁱ American Insurance Association, 2014. “Personal Car Sharing and Transportation Network Company Laws and Legislation.”