

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 2361 (Pacheco) – As Introduced February 19, 2026

SUBJECT: Insurance: personal vehicle sharing

SUMMARY: Caps vicarious liability in the personal vehicle sharing program (PVSP) agreement, in amounts not less than \$15,000 for the death of, or injury to one person in any one accident, \$30,000 for the death of, or injury to more than one person in any one accident, and \$5,000 for damage to property of others in any one accident.

EXISTING LAW:

- 1) Requires a PVSP to assume all liability of the owner and be considered the owner of the vehicle for all purposes. (Insurance (Ins.) Code, Section 11580.24)
- 2) Defines “personal vehicle sharing” as the use of private passenger motor vehicles by a person other than the vehicle’s owner, in connection with a PVSP. (Ins. Code, Section 11580.24)
- 3) Defines “personal vehicle sharing program” as a legal entity qualified to do business in the state of California engaged in the business of facilitating the sharing of private passenger vehicles for noncommercial use of individuals within the state. (Ins. Code, Section 11580.24)
- 4) Requires a “personal vehicle sharing program” to provide insurance coverages for the vehicle and operator at a minimum of forty-five thousand dollars (\$45,000) for bodily injury or death for one person, ninety thousand dollars (\$90,000) for bodily injury or death for all persons, and fifteen thousand dollars (\$15,000) for property damage.
 - a) Requires, on and after January 1, 2031, that the PVSP shall not provide liability coverage less than three times the minimum insurance requirements for private passenger vehicles. (Ins. Code, Section 11580.241)
- 5) Requires most drivers to purchase auto insurance with minimum limits of coverage, of \$30,000 for liability resulting in bodily injury or death of one person, \$60,000 for liability resulting in bodily injury or death to more than one person, and \$15,000 for liability resulting from property damage (known as \$30,000/\$60,000/\$15,000). (Vehicle Code, Section 16500)
- 6) Increases, effective January 1, 2035, the requirements of the Financial Responsibility Limits (FRL) to \$50,000 for bodily injury or death to one person, \$100,000 for bodily injury or death to more than one person, and \$25,000 for liability resulting from property damage. (Vehicle Code, Section 16500)
- 7) Provides that an owner of a vehicle in liability is limited to the amount of fifteen thousand dollars (\$15,000) for the death of or injury to one person in any one accident and, subject to the limit as to one person, is limited to the amount of thirty thousand dollars (\$30,000) for the death of or injury to more than one person in any one accident and is limited to the amount of

five thousand dollars (\$5,000) for damage to property of others in any one accident. (Vehicle Code, Section 17151)

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) *Purpose:* According to the Author, “California is an outlier; no other state applies uncapped vicarious liability for peer-to-peer vehicle sharing platforms. Assembly Bill 2361 ensures continued consumer protection by requiring that minimum insurance coverage always remains available while eliminating California’s unchecked vicarious liability exposure that applies only to PVSPs. By aligning liability with fault while preserving strong insurance protections for injured parties. While keeping car sharing affordable and viable for hosts.”
- 2) *Background:* In 2010, AB 1871 (Jones) created PVSPs, also known as peer-to-peer car sharing. The bill specified that a PVSP is an entity that facilitates personal vehicle sharing, provides liability insurance for private vehicles, and provides disclosures to the vehicle owner about the law and the terms and conditions of the transaction. California was the first state to establish PVSPs. PVSPs allow car owners to make their vehicles available to others to rent for periods of time. Car owners list their vehicles on a platform, then prospective renters can search the platform and select a vehicle to rent.

Every driver in California must show “financial responsibility,” i.e. insurance. Financial responsibility (FR) shows that a driver is financially able to provide monetary protection to those injured or vehicles damaged due to an accident, regardless of fault. Current FR limits for private passenger vehicles stand at \$30,000 for injury/death to one person/\$60,000 for injury/death to more than one person /\$15,000 for damage to property. The FRLs increase in 2035 to \$50,000/\$100,000/\$25,000. PVSPs must provide a minimum of \$45,000/\$90,000/\$15,000. Starting in 2031, PVSPs will have to provide three times the limit.

- 3) *Lack of Data:* It is still unclear the frequency/severity of harms and losses (accidents) associated with PVSPs. Currently, the California Department of Insurance (CDI) does not collect this information. When this program was created in 2010, there was also no data to accurately determine limits.
- 4) *Host Vehicle Requirements:* Before determining liability limits, it is important to understand the precautions and requirements before a vehicle is allowed onto a platform. TURO, for example, requires their “hosts” (owner of the vehicle) to get an annual vehicle safety inspection from a qualified mechanic, and the inspection must be submitted to TURO no more than 14 days after the inspection is complete. If a host misses this inspection, TURO will remove the vehicle from the platform. TURO, also, requires vehicle standards which include: vehicles must be equipped with working air conditioning and heating systems; battery should be five years old or newer; batteries more than five years old must be able to pass a 12.1 v test using a multimeter; brake pads must be at least 3 mm thick; no dashboard lights that indicate the vehicle requires immediate attention should be lit; including but not limited to, lights indicating low tire pressure, check engine, or low oil; the vehicle's horn must be in working condition; interior components, such as seat adjusters, window levers, glove compartment, and other control mechanisms and features must be in working order; all adjustable mirrors must be in working order and free of cracks, chips, and scratches; all

seatbelts must be in working order; tires must have a tread depth of at least 4/32” or 3.175mm; tires must show no signs of dry rot; tires must be free of air bubbles, gashes, and other defects; tires must be less than six years old; headlights, tail lights, brake lights and turn indicator lights must be operable and clean; front and back windshield should be free of cracks, chips, or other damage; if otherwise, cracks, chips, or other damage must be smaller than 1” or 25.4mm; windshield wipers must be in working order.

Further, only certain vehicles are eligible to be listed on the platform. Vehicles cannot be more than 12 years old with exceptions made for classic or specialty vehicles and vehicles must have less than 130,000 miles. Once listed, vehicles that reach or exceed 130,000 miles may remain listed if they are in excellent condition and continue to meet all legal, safety and mechanical standards. Vehicles must also have a clean title and can never have been declared a total loss.

Lastly, under existing law, PVSPs are prohibited from facilitating the use of a vehicle with an open manufacturer recall within 48 hours of notification. Hosts cannot list or share recalled vehicles until the vehicle has been repaired, and the federal NHTSA database shows the repair is complete.

- 5) *Different forms of liability*: This measure only touches upon vicarious liability and does not touch on or change any other liability requirements of PVSPs. Vicarious liability is holding one party responsible for another person’s actions.

According to TURO, since 2020, TURO has paid over \$4 million to settle claims related to owner liability. Existing California law, as established in 2010, provides for uncapped vicarious liability which leaves this exposure unpredictable and challenging to account for.

When California created the first PVSPs law this industry was relatively new and unknown. Since then, each state has adopted more likely than not, the National Council of Insurance Legislators (NCOIL Model Act) which did not apply uncapped liability.

Negligent entrustment occurs when a vehicle owner permits an unfit or incompetent driver to use their car, resulting in an accident. The owner is liable if they knew or should have known the driver was reckless, unlicensed, intoxicated, or unfit.

Additionally, California follows the pure comparative negligence rule which means a person can recover damages in cases where someone is partially at fault- the jury assigns a percentage of fault to each party.

This measure has no impact on these liabilities.

- 6) *NCOIL*: In 2019, NCOIL adopted a PVSP Model Act. This act, so far, has been adopted in 30 other states. This Model Act provided, as it relates to AB 2361:

“Insurance Coverage During Car Sharing Period Sec. 1. (a) A peer-to-peer car sharing program shall assume liability, except as provided in subsection (b) of this chapter, of a shared vehicle owner for bodily injury or property damage to third parties or uninsured and underinsured motorist or personal injury protection losses during the car sharing period in an amount stated in the peer-to-peer car sharing program agreement which amount may not be less than those set forth in (State’s financial responsibility law). (b) Notwithstanding the

definition of “car sharing termination time” as set forth in Chapter 3 or 4 of this Act, the assumption of liability under subsection (a) of this subsection does not apply to any shared vehicle owner when: (1) A shared vehicle owner makes an intentional or fraudulent material misrepresentation or omission to the peer-to-peer car sharing program before the car sharing period in which the loss occurred, or (2) Acting in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the terms of car sharing program agreement.”

FRLs vary state to state; Maine with the highest limits stands at 50/100/25. California just recently increased the FRLs to 30/60/15 on January 1, 2025, and will increase to 50/100/25. PVSPs FRLs are currently at 45/90/15 and will increase to three times that amount on January 1, 2031.

- 7) *Graves Amendment*: The Graves Amendment (49 U.S. Code § 30106) established by the federal government in 2005, was introduced to limit the liability of rental car companies for damages caused by drivers who rent vehicles.

“An owner of a motor vehicle that rents or leases the vehicle to a person (or an affiliate of the owner) shall not be liable under the law of any State or political subdivision thereof, by reason of being the owner of the vehicle (or an affiliate of the owner), for harm to persons or property that results or arises out of the use, operation, or possession of the vehicle during the period of the rental or lease, if—(1) the owner (or an affiliate of the owner) is engaged in the trade or business of renting or leasing motor vehicles; and (2) there is no negligence or criminal wrongdoing on the part of the owner (or an affiliate of the owner).”

Before the Graves Amendment, rental car companies could be held vicariously liable for the actions of their renters, meaning they could be sued simply because they owned the vehicle involved in an accident. The law specifically states that rental car companies cannot be held liable for harm caused by their renters if the company has no direct negligence.

The Graves Amendment does not apply to PVSPs, but it is worth noting the differences between a rental car and a PSVP.

- 8) *Previous Legislation*: AB 2743 (Pacheco) (Chapter 244, Statutes of 2024) This bill updated the insurance coverage limits for a PVSP when the vehicle is engaged in personal vehicle sharing.

AB 1095 (Low) 2023 Legislative Session, would have deleted the insurance coverage requirement for a personal vehicle-sharing program and instead requires a personal vehicle-sharing program, when a vehicle is engaged in personal vehicle sharing to provide liability insurance coverage of the same minimum coverage that applies to an owner or operator of a motor vehicle. Died in the Assembly Insurance Committee.

SB 1107 (Dodd) (Chapter 717, Statutes of 2022) This bill (1) increased, effective January 1, 2025, the requirements of the FRL, which requires most drivers purchase auto insurance with certain minimum limits of coverage, to \$30,000 for liability resulting in bodily injury or death of one person, \$60,000 for liability resulting in bodily injury or death to more than one person, and \$15,000 for liability resulting from property damage (known as \$30,000/\$60,000/\$15,000), up from the previous requirements of \$15,000, \$30,000, and \$5,000 respectively; (2) adjusts further, on January 1, 2035, the FRL requirements upward by \$20,000, \$40,000, and \$10,000, respectively, so that on January 1, 2035, the minimum limits

will become \$50,000 for bodily injury or death to one person, \$100,000 for bodily injury or death to more than one person, and \$25,000 for liability resulting from property damage; (3) requires the Insurance Commissioner to solicit rate applications in advance of each change to the FRL that would go into effect with the change in the FRL; and, (4) adjusts the bonding and deposit requirements for drivers that do not purchase auto insurance to match the FRL requirements as they change.

AB 3041 (Low) 2020 Legislative Session, would have made changes to PVSPs insurance coverage requirement. Never Heard in Assembly Privacy and Consumer Protection Committee.

AB 1871 (Jones) (Chapter 454, Statutes of 2010) This bill authorizes private passenger motor vehicle owners to make their vehicle available for use by a personal vehicle sharing program without impacting the owners' private passenger automobile insurance policy.

- 9) *Arguments in Support:* According to the sponsor of the measure, TURO, “Today, no other state applies uncapped vicarious liability to PVSPs. This bill maintains strong consumer protections by requiring that minimum insurance coverage always remains available – including access to additional coverage – while eliminating California’s unchecked vicarious liability exposure that only applies to car-sharing platforms. Under current law, PVSPs are subject to a distinct and more expansive form of vicarious liability. Pursuant to Insurance Code Section 11580.24(d), a car-sharing platform must assume the vehicle owner’s legal responsibility for any claims that arise while a car is being shared. Unlike individual vehicle owners, whose liability is capped under Vehicle Code Section 17151, a platform’s liability is unlimited. As a result, a PVSP can face unlimited financial exposure even when it followed the law, acted in good faith, and had no ability to prevent an incident. AB 2361 addresses this imbalance by applying the same state liability limits to PVSPs that already apply to individual vehicle owners, helping to keep operating costs predictable without weakening consumer protections.”
- 10) *Arguments in Opposition:* The Consumer Attorneys of California who oppose unless amended state, “Peer-to-peer car-sharing platforms such as Turo operate a commercial marketplace that allows privately owned vehicles to be rented to the public for profit. These companies facilitate, market, and profit from each transaction, while structuring their business model to shift responsibility for vehicle safety and financial accountability to individual vehicle owners—many of whom are undercapitalized and unable to provide any aid to an injured individual in the event of catastrophic injury. Under current law, Turo appropriately steps into the shoes of the vehicle owner when serious injuries arise from negligent entrustment or unsafe vehicle maintenance. These claims are uncommon and difficult to prove, but when they do arise, they typically involve death or catastrophic injury where damages far exceed minimum financial responsibility limits – like the \$15,000 limit proposed in AB 2361.”
- 11) *Recommended Amendments:*

The committee recommends removing the reference to the Vehicle Code in AB 2361, which carries limits of 15/30/5, and instead referencing PVSPs own FRLs. Therefore, the amendments would increase the 15/30/5 to 45/90/15 and would then increase the limit again on January 31, 2031, to three times that amount. Due to the lack of data and after reviewing

the NCOIL Model Law combined with other state action, this would be the best approach should this bill move forward.

(d) (1) Notwithstanding any other law or any provision in a private passenger motor vehicle owner's automobile insurance policy, in the event of a loss or injury that occurs during any time period when the vehicle is under the operation and control of a person, other than the vehicle owner, pursuant to a personal vehicle sharing program, or otherwise under the control of a personal vehicle sharing program, the personal vehicle sharing program shall assume ~~all liability of the owner and shall be considered the owner of the vehicle for all purposes.~~ *liability of the owner for bodily injury or property damage to injured third parties resulting from personal vehicle sharing in the amounts stated in the personal vehicle sharing program agreement, which amounts shall not be less than those limits set forth in Section 11580.241 17151 of the Vehicle Code.* Nothing in this section limits the liability of the personal vehicle sharing program for its acts or omissions that result in injury to any persons as a result of the use or operation of a personal vehicle sharing program.

(2) The provisions of subsection 1 do not apply if a vehicle owner:

(A) Makes an intentional or fraudulent material misrepresentation or omission to the personal vehicle sharing program before the car sharing period in which the loss occurred; or

(B) Acts in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the terms of the personal vehicle sharing program agreement.

REGISTERED SUPPORT / OPPOSITION:

Support

Bright Inspect
 Civil Justice Association of California (CJAC)
 Florence Firestone Merchants Association (FFMA)
 Nissan North America
 Streets for All
 Tint Technologies, INC.
 Tunua Thrash-ntuk, Councilwoman, Eighth District, City of Long Beach
 Turo
 Turo Employees [42 - Based in California]
 1,132 Individual Californians in Support of AB 2361

Oppose Unless Amended

Consumer Attorneys of California

Analysis Prepared by: Kathleen O'Malley / INS. / (916) 319-2086