

ASSEMBLY THIRD READING

AB 2361 (Pacheco)

As Amended April 27, 2026

Majority vote

SUMMARY

Reduces a Personal Vehicle Sharing Program (PVSP) from unlimited liability to liability for bodily injury or property damage to injured third parties resulting from personal vehicle sharing in the amounts stated in the PVSP agreement, but no less than limits set forth in existing law: \$45,000 for bodily injury or death for one person, \$90,000 for bodily injury or death for all persons and \$15,000 for property damage (45/90/15), with each value tripling on January 31, 2031.

Major Provisions

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COMMENTS

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.

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 three 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 National Highway Traffic Safety Administration (NHTSA) database shows the repair is complete.

NCOIL (National Council of Insurance Legislators): 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.

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.

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."

Arguments in Opposition

The Consumer Attorneys of California who oppose 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 \$45,000 limit AB 2361 as amended."

FISCAL COMMENTS

According to the Assembly Appropriations Committee, potential costs to the California Department of Insurance (CDI) or an unknown amount, but likely less than \$150,000 (Insurance Fund).

VOTES**ASM INSURANCE: 16-0-1**

YES: Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Bauer-Kahan, Calderon, Caloza, Ellis, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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CONSULTANT: Kathleen O'Malley / INS. / (916) 319-2086

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