

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

SB 371 (Cabaldon) – As Amended June 30, 2025

SENATE VOTE: 39-0

SUBJECT: Transportation network companies: insurance coverage

SUMMARY: Reduces the amount of uninsured and underinsured motorist (UM/UIM) coverage a transportation network company shall provide from \$1,000,000 to a maximum of \$50,000 per person and \$100,000 per incident. This bill also requires additional reporting by the California Public Utilities Commission (CPUC).

Specifically, **this bill:**

- 1) Specifies that the policy shall be primary over any other applicable uninsured or underinsured motorist coverage, and shall be solely the obligation of the transportation network company.
- 2) Establishes that the intent of this bill is to ensure that financial savings realized as a result of any reductions in insurance expenditures for a TNC shall be strategically reinvested to enhance the economic stability and welfare of drivers and riders.
- 3) Requires the CPUC to, in its existing annual report to the Legislature, to include certain information about automobile accidents, insurance, and claims. Specifies that the commission shall not provide the information for each TNC separately and that nothing in this bill shall affect the confidentiality of data submitted to the commission by TNCs.
- 4) Specifies that the provisions of this bill are inoperative on February 1, 2030 and repealed as of January 1, 2031.

EXISTING LAW:

FISCAL EFFECT: Unknown. This scope of this bill has expanded significantly since it was considered in the Senate fiscal committee.

COMMENTS:

- 1) *Double referral.* This bill was first referred to the Assembly Insurance committee. Please see that committee analysis for a fuller discussion on the insurance provisions of this bill.

Additionally, due to time constraints, amendments that otherwise would have been considered in the first committee are being passed on to this committee to consider adopting. The Insurance Committee recommended, and the author indicated that he agrees to accept, amendments that would increase the proposed insurance limits to \$100,000 per person and \$300,000 per incident. The amendments would also direct the California Department of Technology and California Public Utilities Commission to collaborate on a study of the impacts of the requirements established for uninsured motorist coverage and underinsured

motorist coverage pursuant to this bill. The report would be provided to the Assembly and Senate Insurance committees by December 31, 2030.

- 2) *TNC Legislative and Regulatory History.* While there has always been a need for services available for personal transportation, a Transportation Network Company (TNCs) is a relatively new class of personal transportation business with roots in the California technology sector based in San Francisco. One of the distinguishing factors of a TNC, compared to other types of transportation services like taxis or chartered vehicles, is the use of personal vehicles and web-based applications to connect riders to drivers. Within the last ten years TNCs have become a significant part of California's transportation landscape, providing millions of trips per year across the state and especially in California's most populous counties. While TNC service is more ubiquitous now than it has ever been in the past, at the turn of the 2010's it was a nascent industry in California that carved a niche for itself within the existing transportation services market.

The first iteration of what we now call TNCs was launched in 2009 by Uber. At the time, the term "transportation network company" had not been formalized in any statute or regulatory decision. The TNC industry asserted it did not fit in the existing regulatory category of a charter party carrier because unlike traditional charter-party carriers, the TNCs claimed they were not providing a transportation service, but are merely providing the platform by which passengers and drivers may connect and pay for the transportation. Initially, the CPUC resisted by sending cease and desist letters to operators and levying fines for violations of the Passenger Charter-Party Carriers Act. Eventually in 2013, following agreements between the CPUC and a lengthy public rulemaking process, the CPUC created a new regulatory category of charter-party carriers and coined the name "transportation network company". As part of that 2013 decision, the CPUC also adopted the first regulatory and data reporting requirement for TNC services. For example, the CPUC required TNCs to obtain a license from the CPUC, for drivers to undergo background checks, implementation of a zero-tolerance policy for drugs and alcohol, insurance requirements, and also the first trip data reporting requirements.

In 2014, following the CPUC's 2013 decision to adopt the first TNC specific regulations under existing law, Legislature passed the first bill addressing transportation network companies. That initial legislation - AB 2293, 2014. (Bonilla) - codified the CPUC's definition of a TNC and imposed insurance requirements on TNC companies and their drivers. AB 2293 redoubled the CPUC's role as the regulator of TNCs, and also clarified insurance requirements to ensure adequate protections for drivers and riders. Prior to that legislation, a TNC driver's use of a personal vehicle created some uncertainty regarding the use of personal or commercial insurance, and when each coverage applied. The insurance requirements established in 2014 have not been revisited in any legislation before this bill.

- 3) *TNCs Compared to Other Personal Transportation.* While on one hand TNCs are a newer class of personal transportation, the concept of privately contracted or chartered personal transportation is obviously not new. For example, in 1961 the "Passenger Charter-Party Carriers' Act" was signed into law with the intent of regulating personal transportation for compensation by private entities. With limited exemptions, such as for taxis and public transportation, the Passenger Charter-Party Carriers Act applies broadly to every person engaged in the transportation of persons by motor vehicle for compensation over any public street, road, or highway in this state. Existing law and regulations establishes minimum accident liability insurance requirements for charter-party carriers. For example, commercial

balloon operations, river rafting, and skiing must carry at least \$750,000 per accident in liability insurance. Existing law was also recently updated to increase coverage specifically for rail transportation crews to \$5,000,000 in combined single limit coverage for bodily injury and property liability damage, and \$1,000,000 in uninsured and underinsured motorist coverage. While rail transportation crews are required to carry the same level of UM/UIM coverage as TNCs, other classes of charter party carriers are not.

CPUC General Order 115-G¹ establishes the insurance requirements for all charter-party carriers, including TNCs. With few exceptions, such as for TNCs and rail transportation crews, the insurance levels for each class of carrier are set at the discretion of the CPUC and not by statute. Under General Order 115-G charter-party carriers are generally not required to carry any UM/UIM coverage. Additionally, the general liability insurance for charter-party carriers operating a vehicle with less than 7 passengers is \$750,000, whereas for TNCs it is set at \$1,000,000 by statute. The focus of this bill, however, is only on UM/UIM. Therefore, TNCs are currently the most insured type of personal transportation regulated by the CPUC compared to other types of charter-party carriers.

- 4) *Is there a problem?* Supporters of this bill argue that the level of UM/UIM required to be carried by TNCs encourages litigation and insurance payouts, thus raising costs for TNCs and riders. They argue that by reducing UM/UIM insurance requirements, savings can be realized to pass onto riders and reduce operations costs. Whether there is sufficient evidence to support this claim is a topic of debate. Published reports on the topic have conflicting or questionable findings, and TNC trip data reported to the CPUC has generally not been made available to the public. Attempts by the CPUC to disclose TNC trip data to the public has been consistently protested by TNC companies, typically asserting privacy and business concerns.

In 2017, only several years after the insurance requirements were established, the Department of Insurance and the CPUC issued a joint report² analyzing the insurance requirements. The report found that “The average claim for UM/UIM is significantly higher than the claim severity for Death and Personal Injury. This indicates that UM/UIM coverage is an essential component of TNC insurance coverage.” The report also highlighted that the statutory UM/UIM requirements may only apply from the moment a passenger enters the vehicle until the passenger exits the vehicle, and not during the other time periods when a driver is not carrying a passenger, thus leading to potential insurance gaps. The CPUC or CDI have not issued any subsequent reports or analysis on this issue.

However, this year a study was published by an organization called the Berkeley Research Group (BRG) that found that the statutory insurance mandate “may increase costs for riders, spur litigation abuse, and undermine public safety.” According to the report, the BRG was “provided with data containing bodily insurance indemnity claims on UM/UIM policies for Uber and Lyft for California and Illinois. We [the BRG] had independent access to data that Uber and Lyft provided us, and neither Uber or Lyft provided access to data provided by the other company at any time.” Based on that summary, it is not clear whether Uber or Lyft provides similar or identical information to regulators, or to the public. The BRG report does

¹ California Public Utilities Commission. General Order 115-G. Updated May 18, 2022.

² California Department of Insurance and California Public Utilities Commission. “Joint Study on Transportation Network Company (TNC) Insurance Requirements in California”. Published December 31, 2017.

not specify whether BRG independently verified or confirmed any of the data that was provided by the companies. The report also does not appear to describe how the data was aggregated, for example, whether the most severe accidents were grouped together or whether all occurrences were randomized into groups. According to the report, the data was provided in aggregated form quarterly from Quarter 4, 2020 through Quarter 3, 2022. Notably, in the wake of the COVID-19 pandemic, these are generally outlier years for TNC operations and road usage generally. Like many businesses, TNC ridership dropped dramatically during the pandemic. At the same time, research shows that that fatal crashes spiked from expected levels, meaning roads were generally less safe than typical times during those periods³. All these factors raise some legitimate questions about the data underlying the report, and its utility in drawing a conclusion to policy generally.

Those points aside, the report's analysis of that data supports the conclusion that the state's UM/UIM coverage limits raise costs, which is borne in some combination of drivers, riders, and TNCs. The report finds, based on aggregated data that did not analyze individual occurrences: "There is no statistical evidence that drivers or riders utilizing TNCs would be subject to outsize financial exposure in the event of accidents, were the mandated level of UM/UIM coverage reduced to \$50,000 per individual (\$100,000 per accident)."

- 5) *TNC Data Confidentiality*. Pursuant to the CPUC regulations adopted in 2014, TNCs are required to report annually on every ride taken on a TNC platform. The data covers a myriad of information such as the driver names & IDs, accidents & incidents, the length of the trip in miles, the location of pick-up and drop-off, among other fields of data. Until 2021, the CPUC considered all of the TNC's annual trip data to be confidential which left little public insight into how these companies affected the public right-of-way or the safety of the platforms. While some stakeholders have requested the CPUC regularly disclose trip and other data with the public, the companies have continued to assert their confidentiality rights. The CPUC has for years continued to wrestle with the legal issues pertaining to balancing the right of the public to obtain public information, the right of the companies to assert confidentiality to protect their economic interests, and also the interests of TNC riders to their privacy. The public has only gained access to trip data from the year 2021 and that data is heavily redacted. As a result, there is little research or analysis that has been published by researchers or regulators on TNC operations. Last month, this committee convened an information hearing on TNC operations, where some of the witnesses spoke to the value of gaining access to this information. The TNCs in attendance also discussed the privacy implications of doing so.

While the current annual reporting requirements are subject to requirements set by the CPUC, this bill would require the CPUC to include in its general annual report to the Legislature specified information about TNC trips, accidents, and insurance claims. The reporting would only cover the years 2022-2024. It is not clear if the CPUC currently collects any of the specified information in the bill, or whether the CPUC currently considers any of that information subject to public disclosure. Under this bill, the information included in the report could not be reported by individual company, therefore it would be reported on an aggregated basis. Given the limited scope of the required reporting under this bill that only includes the years 2022-2024, it raises a question whether the previous year's trip data is

³ AAA Foundation for Traffic Safety. "The Pandemic's Tenacious Grip on Traffic Safety". Published July 2024. <https://aaafoundation.org/wp-content/uploads/2024/07/202407-AAAFTS-Impact-of-COVID.pdf>

irrelevant, or serves any value to the public of the company. Given that the CPUC has continued to wrestle with whether to release prior year data, particularly for the years 2014-2020, perhaps this bill also could have directly clarified the Legislature's direction as to the public disclosure and value of trip data prior to 2022.

- 6) *Intent language.* This bill includes intent language that specifies the intent that the savings from this bill be strategically reinvested in to enhance the economic stability and welfare of drivers and riders. While a TNC may choose to pass any future savings onto riders or drivers, this bill proposes no specific mechanism to do that. Accordingly, it is not reasonable to codify intent language. Instead, the committee may wish to amend this bill to move this language to findings and declarations

7) *Related/similar legislation.*

- a. SB 757 (Archuleta, Statutes of 2024). The bill established specific insurance requirements for a rail transportation crews, a class of charter party carriers.
- b. AB 2293 (Bonilla, Statutes of 2014). The bill codified the definition of a transportation network company and established insurance requirements for TNCs.

8) *Committee amendments.*

- a. Recast intent language in Section 3 of the bill instead as findings and declarations.
- b. Increase UM/UIM insurance limits to \$100,000 per person and \$300,000 per incident, per recommendation from Assembly Insurance Committee.
- c. Require a joint study from the California Department of Insurance and the California Public Utilities Commission on the UM/UIM impacts of this bill, per recommendation from the Assembly Insurance Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Council
 CA Black Chamber of Commerce
 CalAsian Chamber of Commerce
 California Asian Pacific Chamber of Commerce
 California Black Chamber of Commerce
 California Hispanic Chamber of Commerce
 California Hispanic Chambers of Commerce
 California Nightlife Association
 California-Hawaii State Conference of the National Association for the Advancement of Colored People (NAACP)
 Central City Association of Los Angeles
 Chamber of Progress
 Greater Los Angeles African American Chamber of Commerce
 Los Angeles Area Chamber of Commerce
 Lyft, INC.

MTM Health
National Action Network - Sacramento Chapter
San Francisco Chamber of Commerce
Silicon Valley Leadership Group
Technet
Uber Technologies, INC.
Valley Industry & Commerce Association

Opposition

California Conference Board of the Amalgamated Transit Union
California School Employees Association
Coalition of Concerned Rideshare Drivers
Consumer Federation of America
California Federation of Labor Unions, AFL-CIO
California State Legislative Board of the Smart - Transportation Division
California Teamsters Public Affairs Council
Consumer Attorneys of California

Consumer Watchdog
Consumers for Auto Reliability & Safety
Transport Union of America, California State Conference
Transport Workers Union of America, AFL-CIO
United Policyholders

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