

Date of Hearing: August 20, 2025

# ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 371 (Cabaldon) – As Amended July 18, 2025

Policy Committee:	Insurance	Vote:	16 - 0
	Communications and Conveyance		9 - 0

Urgency: No      State Mandated Local Program: No      Reimbursable: No

## SUMMARY:

This bill lowers the uninsured/underinsured motorist (UM/UIM) coverage requirement for transportation network companies (TNCs) and TNC drivers, from \$1 million generally to \$100,000 per person and \$300,000 per incident.

Specifically, this bill:

- 1) Declares the intent of the Legislature to ensure that financial savings realized as a result of reductions in insurance expenditures for TNCs are strategically reinvested to enhance the economic stability and welfare of drivers and riders.
- 2) Requires a TNC to provide UM/UIM coverage in the amount of \$100,000 per person and \$300,000 per incident, instead of \$1 million generally, from the moment a passenger enters a TNC driver's vehicle until the passenger exits the vehicle. The policy must be the obligation of the TNC solely and primary over other applicable UM/UIM coverage.
- 3) Requires the California Public Utilities Commission (CPUC) to include data regarding reported TNC automobile accidents and UM/UIM claims for the years 2022 to 2024, inclusive, in its next annual report due by February 1, 2026.
- 4) Requires, by December 31, 2030, the CPUC and Department of Insurance (CDI) to collaborate on a study of the lowered UM/UIM coverage requirements to assess whether the requirements are appropriate to the risk of TNC services.

## FISCAL EFFECT:

- 1) Costs of up to \$1 million over two years to the CPUC for staff and external consultants to lead the study with CDI to assess the lowered UM/UIM coverage requirements (Public Utilities Commission Utilities Reimbursement Account (PUCURA)). The CPUC notes it is not the right entity to lead or co-lead an insurance adequacy study because it lacks access to insurer claims data and does not have in-house actuarial expertise. Since TNCs do not currently report data regarding UM/UIM claims to the CPUC, the CPUC would also incur costs of an unknown, but potentially significant amount, to collect and report such data by the time of the CPUC's next annual report (PUCURA).
- 2) Costs of approximately \$388 in fiscal year (FY) 2025-26 and \$45,000 in FY 2026-27 to CDI for increased staff workload to review new rate applications submitted by insurance companies (Insurance Fund). CDI notes that a 2017 data call revealed only 16 companies

offering TNC coverage in California, with 13 being admitted personal auto insurers and three being non-admitted commercial auto insurers. Additionally, costs of approximately \$37,000 in FY 2030-31 to CDI to collaborate with the CPUC on the insurance adequacy study (Insurance Fund).

## COMMENTS:

### 1) **Purpose.** According to the author:

After spending time in my district and listening to constituents, it is clear that affordability is their top concern...people are using TNC services more than ever before for everyday transportation – to get to workplaces, doctor’s appointments, airports and more. Likewise, TNC drivers are seeing the high cost of state mandated [UM/UIM] insurance eat into their bottom line and riders are seeing the cost of their rides increasing.

While the overall regulatory scheme for TNCs established in 2014 has worked, it is time to re-evaluate unintended consequences of the law.

### 2) **Background. UM/UIM Coverage.** UM/UIM coverage protects the insured against bodily injury damages arising out of an automobile accident when the at-fault party has lower coverage limits or no insurance at all. UM coverage pays for losses, up to the limit amount, caused by an at-fault uninsured driver. UIM coverage pays for losses, up to the limit amount, caused by an at-fault driver with less coverage than the injured driver, less any contributions by the at-fault driver’s insurer, any other liable person, and other specified sources. Existing law requires an insurer to offer UM/UIM coverage at minimum levels, but does not require a driver or vehicle owner to carry such insurance.

**TNCs.** AB 2293 (Bonilla), Chapter 389, Statutes of 2014, formally established the CPUC’s role as the regulator of TNCs and imposed insurance requirements on TNCs and drivers to resolve ambiguity arising from a driver’s use of a personal vehicle for commercial purposes. At the time, the TNC industry was relatively new and data did not exist to determine what an appropriate UM/UIM limit may be. After many negotiations, AB 2293 set the UM/UIM limit at \$1 million.

CPUC regulations require a TNC to annually report data to the CPUC about each ride taken on a TNC platform, such as trip length, pick-up and drop-off locations, and accidents. However, the CPUC only began releasing trip data, which is heavily redacted, in 2021, following years of legal fights pertaining to balancing the right of the public to obtain such information, the right of TNCs to assert confidentiality to protect their economic interests, and the privacy interests of TNC passengers. As a result, there is little research or analysis published by regulators or independent third-parties about TNC operations.

This bill originally proposed to lower the TNC UM/UIM coverage requirement to \$50,000 per person and \$100,000 per incident. However, according to the Assembly Insurance Committee’s analysis of this bill, “Compelling evidence was not provided to this committee that validated a 95% reduction in TNC UM/UIM limits...One TNC provided data showing that a limit of \$100,000 per person, covered about 70% of claims.” Although this bill was amended to now set the coverage requirement at \$100,000 per person and \$300,000 per

incident, there will likely still be some claims where damages exceed the new lower limits. If an injured passenger in the accident has their own private passenger automobile (PPA) insurance that includes UM/UIM coverage (approximately 90% of PPA policies include such coverage) and damages exceed the limits of the TNC's UM/UIM coverage, the passenger's PPA policy may help fill this gap in coverage. As noted in the Assembly Insurance Committee's analysis of this bill, "An inevitable consequence will be shifting costs that are currently captured by the premiums paid by TNCs to premiums paid by regular drivers through their PPA policies."

- 3) **Support and Opposition.** This bill is supported by individual TNC companies and a coalition of business associations, with Uber arguing:

California requires no other driver to maintain any amount of this insurance, including taxis, limos, buses or personal vehicles. Because it is such an extreme UM/UIM policy, virtually everyone on the road is underinsured by comparison, leading to TNC insurance effectively covering the actions of anyone and everyone driving near a rideshare vehicle.

This bill is opposed by labor organizations and a coalition of consumer groups, led by the Consumer Federation of California, which argues, "Weakening this protection would shift the financial burden of serious accidents from billion-dollar rideshare companies to vulnerable Californians, public healthcare programs, and hospitals."

- 4) **Related Legislation.** AB 1340 (Wicks) establishes the TNC Drivers Labor Relations Act, granting drivers the right to form, join, and participation in collective bargaining. AB 1340 is pending hearing by the Senate Appropriations Committee.

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