
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2025 - 2026 Regular

Bill No:	SB 371	Hearing Date:	September 9, 2025
Author:	Cabaldon		
Version:	September 2, 2025	Amended:	
Urgency:	No	Fiscal:	Yes
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SUBJECT: Transportation network companies: insurance coverage

DIGEST: This bill lowers uninsured/underinsured motorist (UM/UIM) coverage requirements for transportation network companies (TNCs) from \$1 million to \$60,000 per person and \$300,000 per incident from the moment a passenger enters the vehicle of a participating TNC driver until the passenger exits the vehicle.

ANALYSIS:

Existing law:

- 1) Defines a TNC as an organization, including, but not limited to, a corporation, limited-liability company, partnership, sole proprietor, or any other entity, operating in California that provides pre-arranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle.
- 2) Requires a TNC and any participating driver to maintain TNC insurance as specified. Existing law requires TNC insurance to serve as the primary insurance for the duration of a TNC ride and requires this insurance to provide the following coverage amounts:
 - a) \$1 million for death, personal injury, and property damage.
 - b) \$1 million in uninsured and underinsured motorist coverage.
- 3) Specifies TNC insurance requirements may be met through a policy maintained by the TNC, a participating TNC driver, or a combination of both the company and the driver.
- 4) Defines a charter-party carrier of passengers as every person engaged in the transportation of persons by motor vehicle for compensation over any public highway. This includes any person, corporation, or other entity engaged in the provision of a hired driver service when a rented motor vehicle is being operated by a hired driver. The CPUC supervises and regulates every charter-party carrier of passengers.
- 5) Establishes minimum accident liability insurance requirements for charter-party carriers and specifies that this insurance must provide adequate protection against liability for property damage, bodily injury, and death resulting from an accident.

- 6) Requires TNCs to disclose the insurance coverage and liability limits that the TNC supplies in writing to participating drivers as part of its agreements with those drivers. Further requires the TNC to advise participating drivers in writing that the driver's personal car insurance policy will not provide coverage because the driver uses the vehicle for TNC services.
- 7) States under the requirements of the Financial Responsibility Law (FRL), drivers must purchase auto insurance with certain minimum limits of coverage: \$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.

This bill:

- 1) Reduces TNC coverage requirements for UM/UIM to \$60,000 per person and \$300,000 per incident. This policy will be primary over any other applicable UM/UIM coverage and solely the obligation of the TNC.
- 2) States the intent of the Legislature that financial savings realized as a result of any reductions in insurance expenditures for TNCs will be strategically reinvested to enhance the economic stability and welfare of drivers and riders.
- 3) Requires the CPUC and CDI to study of the impacts of these new UM/UIM coverage requirements to assess whether those requirements are appropriate to the risk of TNC services, and to report the findings to the Legislature on or before December 31, 2030.
- 4) Clarifies that the \$1 million coverage for death, personal injury, or property damage requirement shall be met through a policy maintained by a TNC, unless a participating TNC driver voluntarily chooses to maintain such a policy.
- 5) Requires the CPUC to provide the following information as part of its annual report submitted on or before February 1, 2026 to the Legislature:
 - a) The average annual number of automobile accidents reported to the CPUC for 2022 through 2024, inclusive, by TNCs
 - b) The average annual percentage of those accidents resulting in uninsured motorist or underinsured motorist claims, or both, for 2022 through 2024, inclusive
 - c) The average annual percentage of those accidents resulting in uninsured motorist or underinsured motorist claims, or both, over \$100,000 for 2022 through 2024, inclusive
- 6) States that the CPUC's annual report submitted on or before February 1, 2027, must specify the average TNC rider fare, excluding tips, tolls, and taxes, paid during three time periods: July 1, 2025 to December 31, 2025; January 1, 2026 to June 30, 2026; and July 1, 2026 to December 31, 2026.

- 7) Stipulates that the bill will become operative only if AB 1340 (Wicks and Berman) of this session is enacted and becomes effective on or before January 1, 2026.

Background

UM/UIM Coverage: This is coverage for insured drivers in accidents when the other driver is at fault and does not have insurance, or does not have enough insurance. California law requires insurers to offer UM/UIM coverage at minimum levels, but does not require a driver or vehicle owner to carry it.

Related/Prior Legislation

AB 2293 (Bonilla, Chapter 389, Statutes of 2014): Established liability insurance coverage requirements for TNCs, including the stipulation that TNCs provide \$1 million in UM/UIM coverage from the moment a passenger enters the vehicle of a participating driver until the passenger exits the vehicle.

SB 1107 (Dodd, Chapter 717, Statutes of 2022): As of January 1, 2025, increased the minimum allowable motor vehicle financial responsibility limits from \$15,000 to \$30,000 to cover costs related to the bodily injury or death of one person in any one accident, from \$30,000 to \$60,000 to cover costs related to the bodily injury or death of two or more persons in any one accident, and from \$5,000 to \$15,000 to cover costs related to the destruction of property in any one accident. Further increases these limits to \$50,000/\$100,000/\$25,000, respectively, effective January 1, 2035.

ARGUMENTS IN SUPPORT:

According to Uber Technologies, Inc. and Lyft, Inc.:

“Currently in California, during the period when a driver is actively engaged in a ride with a passenger in the vehicle, TNCs are mandated to hold a \$1 million auto liability insurance policy and \$1 million in UM/UIM coverage. The UM/UIM requirement is an example of a coverage that is well in excess of minimum requirements for other industries including taxis and limousines. The confluence of UM/UIM policy, widespread litigation abuse, and rapid inflation is leading to record-breaking costs here in California, and riders are paying more than they need to. In Los Angeles, for example, 45% of a typical ride fare on average in May 2025 goes to pay for government-mandated insurance requirements. Lyft has calculated that an average \$6 per ride is allocated to insurance in California, a figure that is double the national average. And while drivers’ earnings have actually been increasing, they are receiving smaller shares of the overall fare riders are paying, leading to confusion and frustration about what is behind the increased costs and where the money is going.

Things have changed since 2014 when these regulations were created, and it's time for the regulations to be corrected to benefit riders and drivers. First, rideshare is no longer a new and unknown innovative technology, but rather a way of life for many Californians. Second, there is additional insurance for drivers today, implemented by Prop 22, that overlaps directly with UM/UIM benefits. TNCs now maintain Occupational Accident Insurance for all drivers in California that provides \$1M in coverage for medical expenses, earnings replacement, and survivor benefits for drivers injured while on app. Proper insurance coverage is important to ensure accountability within our service, but

it's imperative that we strike the right balance to maintain the primary benefits that bring riders and drivers to the platform in the first place. With SB 371 we hope to start a common sense, data driven dialogue to figure out how to mitigate the rising costs of insurance and work to make rideshare more affordable."

ARGUMENTS IN OPPOSITION:

A coalition of consumer groups in opposition to a previous version of this bill state:

"The above signed consumer protection organizations strongly oppose SB 371, as amended on June 30th to reduce the current \$1 million in uninsured and underinsured motorist (UM/UIM) coverage currently required for Uber and Lyft rides down to \$50,000 per person and \$100,000 per incident.

Current coverage ensures that passengers and drivers are not left without compensation when struck by uninsured or underinsured drivers. Weakening this protection would shift the financial burden of serious accidents from billion-dollar rideshare companies to vulnerable Californians, public healthcare programs, and hospitals. Uber drivers operate in high-risk environments, often under time pressure and without professional licensing or mandatory training. Compared to taxi drivers—who undergo fingerprint-based background checks, safety training, and operate under strict regulations—Uber drivers face minimal oversight. Lowering this coverage would leave countless passengers and drivers without sufficient recovery."

SUPPORT:

Bay Area Council
California Asian Pacific Chamber of Commerce
California Black Chamber of Commerce
California Hispanic Chamber 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
Downtown Sacramento Partnership
Greater Los Angeles African American Chamber of Commerce
Los Angeles Area Chamber of Commerce
Lyft, INC.
MTM Health
National Action Network – Sacramento Chapter
Peace Officers' Research Association of California
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 Teamsters Public Affairs Council
Coalition of Concerned Rideshare Drivers
Consumer Attorneys of California
Consumer Federation of America
Consumer Federation of California
Consumer Watchdog
Consumers for Auto Reliability & Safety
Transport Workers Union of America, California State Conference
United Policyholders

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