
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Josh Becker, Chair
2025 - 2026 Regular**

Bill No:	SB 371	Hearing Date:	4/21/2025
Author:	Cabaldon		
Version:	3/26/2025 Amended		
Urgency:	No	Fiscal:	No
Consultant:	Sarah Smith		

SUBJECT: Transportation network companies: insurance coverage

DIGEST: This bill clarifies that existing under and uninsured motorist insurance requirements for transportation network companies (TNCs) may be met through a policy maintained by the TNC, unless a participating driver voluntarily chooses to carry the policy.

ANALYSIS:

Existing law:

- 1) Authorizes the California Public Utilities Commission (CPUC) to supervise and regulate every charter-party carrier of passengers. (Public Utilities Code §5381)
- 2) 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 in this state. A charter-party carrier of passengers 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. (Public Utilities Code §5360)
- 3) Requires each charter party carrier of passengers to demonstrate its ability and financial capacity to provide transportation services before the CPUC can issue or renew a license to operate. Existing law prohibits the CPUC from issuing a license to any entity that fails to demonstrate that it meets licensure requirements. Existing law also specifies various criteria companies must meet prior to licensure, including, but not limited to, providing proof of insurance as required by the CPUC. (Public Utilities Code §5372)
- 4) 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. (Public Utilities Code § 5391 et. seq.)

- 5) 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 prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle. (Public Utilities Code §5431)
- 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. Existing law 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. (Public Utilities Code §5432)
- 7) Requires a TNC and any participating driver to maintain TNC insurance as specified. Existing law specifically 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:
 - \$1 million for death, personal injury, and property damage.
 - \$1 million in underinsured and uninsured motorist coverage.

Existing law 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. Existing law specifies a process for verifying that insurance requirements are met when those requirements rely on an insurance policy held by a participating driver. (Public Utilities Code §5433)

This bill:

- 1) Clarifies that the \$1 million under and uninsured motorist insurance requirement shall be met through a policy maintained by a TNC, unless a participating TNC driver voluntarily chooses to maintain such a policy.
- 2) States that it is this bill's intent to ensure that financial savings from any insurance cost reductions for TNCs will be reinvested to support the welfare and economic stability of TNC drivers and riders.

Background

TNC insurance requirements are unique. TNCs are a form of charter-party carrier regulated by the CPUC. The CPUC permits a variety of transportation service providers, and TNCs generally receive a Class “P” Certificate from the CPUC. Each permit type may include different permitting rules and insurance requirements. The CPUC’s General Order (GO) 115-G identifies the insurance requirements for all charter-party carriers certified by the CPUC. Under GO 115-G, TNCs are the only charter-party carrier required to carry \$1 million in under and uninsured motorist coverage in addition to a separate \$1 million policy for bodily injury and property damage and a commercial car insurance policy for injury and property liability coverage. These three policies are separate from an occupational accident insurance policy that TNC companies maintain for TNC drivers that are injured or killed as a result of an accident while driving for the TNC. While other charter-party carriers may have to maintain higher insurance amounts, those carriers generally specialize in carrying larger groups in specialty vehicles such as buses and limousines. While companies providing railroad crew transportation services must obtain a \$5 million policy for bodily injury and property damage, GO 115-G does not require these companies to carry a separate policy for under and uninsured motorist coverage.

Uninsured Motorist and Under Insured Motorist (UM/UIM) Coverage. Generally, UM/UIM policies are a form of insurance intended to cover circumstances in which an accident is caused by a third-party who lacks car insurance or who has a policy with limits that do not adequately cover damages. For example, in the event that an uninsured driver injures a TNC passenger in an accident with a TNC during a ride, the UM/UIM policy may cover damages associated with the TNC passenger’s injury because the party that caused the accident does not have insurance that can cover those costs. UM/UIM policies differ from liability policies because the individual holding the UM/UIM coverage is not the party at-fault for the accident.

Transparency into insurance costs and TNC accidents remains elusive. TNCs have indicated that a cottage industry has developed around UM/UIM claims that exploit the fact that TNCs are the only passenger carrier required to carry a \$1 million UM/UIM policy. Certain TNCs have said that their UM/UIM claims are 10-12 times more expensive than average UM/UIM claims against personal policies, despite those TNCs having lower vehicle crash fatality rates than the national average. However, obtaining data regarding the rate and amounts of UM/UIM claims across the TNC sector remains challenging. While existing CPUC rules require TNCs to report information regarding accidents to the CPUC, data on accidents, claims, and costs are not publicly accessible.

Bill clarifies existing TNC practices. This bill clarifies that the UM/UIM coverage requirements for TNCs may be met with policies held by the TNC rather than each driver. While nothing in this bill or existing law prevents a driver from obtaining an UM/UIM policy, this bill's clarification reflects existing practices as a \$1million UM/UIM policy is likely too expensive for many TNC drivers to obtain. Under existing law, costs associated with TNC insurance policies are passed to TNC riders. While some TNCs note the cost of insurance in their waybills, other TNCs do not disaggregate these costs from other service fees assessed on passengers. Depending on the length and cost of the TNC ride, fees associated with TNC insurance costs may comprise a substantial part of a TNC customer's final bill.

Need for amendments. As currently written, this bill may not require changes to the CPUC's existing general orders regarding insurance obligations for charter-party carriers. However, the bill raises concerns about the extent to which existing TNC UM/UIM insurance policies are creating unnecessary consumer costs. Under this bill and existing law, the Legislature may lack sufficient publicly accessible data to determine the extent to which changes to UM/UIM policies can be adequately balanced with the need to protect TNC riders. *As a result, the author and committee may wish to amend this bill to require the CPUC to provide the following information regarding TNCs on a company-basis in the CPUC's next annual report to the Legislature:*

- *The average annual number accidents reported to the CPUC by TNCs.*
- *The average annual percentage of those accidents resulting in UM/UIM claims.*
- *The average annual percentage of accidents resulting UM/UIM claims over \$100,000.*

Dual Referral. Should this bill be approved by this committee, it will be re-referred to the Senate Rules Committee.

Prior/Related Legislation

SB 757 (Archuleta, Chapter 411, Statutes of 2023) clarified licensing requirements for rail crew transportation providers, prohibits certain subcontracting for these services, and increased minimum insurance requirements for rail crew transportation operators. Specifically, the bill required crew transportation operators to provide proof of coverage for \$5 million in specified bodily injury and property damage liability coverage and proof of coverage for \$1 million in uninsured and underinsured motorist coverage.

AB 2293 (Bonilla, Chapter 389, Statutes of 2014) modified the Charter-Party Carriers' Act to establish insurance requirements for TNCs and codify the

definition of a TNC in the Act. The bill established the \$1 million under and uninsured motorist insurance coverage requirement.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT:

Action Network – Sacramento
Bay Area Council
California Asian Pacific Chamber of Commerce
California Black Chamber of Commerce
California Hispanic Chambers of Commerce
California Nightlife Association
California-Hawaii State Conference of the NAACP
Central City Association of Los Angeles
Chamber of Progress
Downtown Sacramento Partnership
Greater Los Angeles African American Chamber of Commerce
Los Angeles Chamber of Commerce
Lyft, INC.
MTM Health
Peace Officers Research Association of California
San Francisco Chamber of Commerce
Silicon Valley Leadership Group
TechNet
Uber Technologies, INC.
Valley Industry & Commerce Association

OPPOSITION:

Consumer Attorneys of California
Consumer Federation of California
Consumer Watchdog
Consumers for Auto Reliability and Safety
United Policyholders

ARGUMENTS IN SUPPORT: According to the author:

After spending time in my district and listening to constituents, it is clear that affordability is their top concern. This tracks with Californians across the state who are struggling with increased inflation, the cost of groceries, and increased housing and transportation costs. At the same time, 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 uninsured/underinsured motorist insurance eat into their bottom line.

While the overall regulatory scheme established in 2014 has worked, it is time to re-evaluate unintended consequences of the law. Current law requires TNC drivers or the TNC companies to satisfy the UM/UIM coverage requirements. In practice, the TNC companies provide this coverage and the drivers should not be concerned with shouldering the burden of obtaining this costly coverage. While there are other portions of the law that would further address the cost of rides and the impacts on riders and drivers, such as the excessive \$1 million UM/UIM coverage, SB 371 removes the burden for drivers and instead put the sole burden on the TNC to obtain the coverage.

ARGUMENTS IN OPPOSITION: In opposition, the Consumer Attorneys of California state:

SB 371 is anticipated to be amended to weaken California's decade long statutory requirement that transportation network companies (TNCs) maintain \$1 million in uninsured and underinsured motorist (UM/UIM) coverage. California enacted the \$1 million UM/UIM requirement in 2015 to ensure that injured rideshare passengers and drivers would not be left without compensation when hit by uninsured or underinsured motorists. The law reflects a clear policy choice: when the public uses ride share vehicles, they should not bear the financial burden of another driver's failure to carry adequate insurance. Weakening this requirement would shift costs from billion-dollar tech companies onto vulnerable individuals and public systems.

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