

HCS HB 781 -- TRANSPORTATION NETWORK COMPANY INSURANCE COVERAGE

SPONSOR: Gosen

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Property, Casualty, and Life Insurance by a vote of 7 to 4. Voted "Do Pass with HCS" by the Select Committee on Insurance by a vote of 8 to 1.

This bill requires a transportation network company to disclose in writing to participating drivers as part of its agreement with those drivers the insurance coverage and limits of liability the company provides in connection with the transportation of passengers using the driver's personal vehicle. In its main provisions, the bill:

(1) Defines "transportation network company" (TNC) as an entity licensed and operating in Missouri using a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides. A TNC must not be deemed to control, direct, or manage the personal vehicles or drivers using its digital network, unless agreed to by written contract;

(2) Defines "transportation network company driver" or "driver" as any individual who uses a personal vehicle in connection with a TNC's digital network to connect with riders in exchange for payment of a fee to the TNC in return for compensation or a fee that exceeds the driver's cost to provide the transportation;

(3) Requires, beginning April 1, 2016, a driver or TNC to maintain primary automobile insurance that recognizes that the driver is a TNC driver or otherwise uses the vehicle to transport riders for compensation and covers the driver while logged onto the TNC's network or engaged in a prearranged ride;

(4) Requires a TNC driver engaged in a prearranged ride to maintain primary automobile liability insurance in the amount of at least \$1 million for death, bodily injury, and property damage; uninsured motorist coverage as set forth in Section 379.203, RSMo, which is currently \$25,000 for death and bodily injury per person; \$50,000 for death and bodily injury per incident; and \$10,000 for property damage; and collision physical damage coverage and comprehensive physical damage coverage if the driver carries the coverages on his or her personal automobile insurance policy. The coverage requirements may be maintained by the driver or the TNC;

(5) Requires, when the driver is logged on to the TNC's network and is available to receive requests but is not engaged in a

prearranged ride, primary liability insurance in an amount of at least \$50,000 for death and bodily injury per person, \$100,000 for death and bodily injury per incident, and \$25,000 for property damage; uninsured motorist coverage as set forth in Section 379.203; and collision physical damage coverage and comprehensive physical damage coverage if the driver carries the coverages on his or her personal automobile insurance policy. The insurance may be maintained by the driver or the TNC;

(6) Requires if insurance maintained by a driver has lapsed or does not provide the required coverage, the insurance maintained by the TNC must provide the required coverage beginning with the first dollar of a claim and must have the duty to defend the claim;

(7) Prohibits coverage under a company's automobile insurance policy maintained by the TNC from being dependent on a personal automobile insurer first denying a claim or a personal automobile policy be required to first deny a claim;

(8) Requires a driver to carry proof of coverage while using a vehicle in connection with a TNC's digital network. In the event of an accident, the driver must provide the insurance coverage information to all relevant parties and disclose if he or she was logged on to the network or on a prearranged ride at the time of the accident; and

(9) Requires a TNC to disclose in writing to a driver, before being allowed to accept a request for a prearranged ride, the insurance coverage amount provided by the TNC while the driver uses a personal vehicle in connection with the TNC and that the driver's own policy may not provide coverage while the driver is logged on to the network and available to receive requests or is engaged in a prearranged ride depending on the policy's terms.

The bill specifies that insurers that write automobile insurance in Missouri may exclude any and all coverage under a policy issued to an owner or operator of a personal vehicle for any loss or injury that occurs while the driver is logged on to a TNC's digital network, provides a prearranged ride, or a vehicle is being used to transport or carry persons or property for any compensation or suggested donation.

PROPONENTS: Supporters say that the bill will help provide regulation to these types of transportation companies and that it will help clarify when the personal auto insurance covers the vehicle and when the transportation network company insurance covers the vehicle.

Testifying for the bill were Representative Gosen; Property

Casualty Insurers Association of America; Brian Waller, Shelter Insurance; Missouri Credit Union Association; Missouri Bankers Association; Kansas City Missouri; American Family; Missouri Insurance Coalition; and State Farm Insurance Companies.

OPPONENTS: Those who oppose the bill say that insurance companies are already developing policies to handle this market. Keep government out of the insurance market; other industries are not required to have mandatory coverage, and there is no need to change public policy.

Testifying against the bill were Uber Technologies, Inc. and Adam Blinick.