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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on  
Regulations Relating to Passenger Carriers,  
Ridesharing, and New Online-Enabled  
Transportation Services

Rulemaking 12-12-0011

Comments from Personal Insurance Federation of CA

On behalf of the members of the Personal Insurance Federation of California (PIFC), we appreciate the opportunity to offer these written comments to the California Public Utilities Commission (“Commission”) regarding the Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing, and New Online-Enabled Transportation Services.

The PIFC members represent six of the nation’s largest insurance companies (State Farm, Farmers, Liberty Mutual Group, Progressive, Allstate and Mercury) which collectively write a majority of the personal lines auto insurance in California.

In particular, the Commission seeks input from the insurance industry on the insurance aspects of the transportation involving new online-enabled transportations services, where the vehicle transporting passengers for a fee is insured as a private vehicle.

In response to the Commission’s inquiries, we surveyed our members regarding coverage issues in the above described situations. It appears that the industry standard for personal auto insurance policy contracts is to exempt from insurance coverage claims involving vehicles used for transporting passengers for a charge. Thus, in situations where a vehicle is insured as a private vehicle and is used to transport passengers for a fee, no insurance coverage would exist. Tracking if accidents have occurred involving such vehicles is difficult, as the insurer will not always have the knowledge that the passenger paid for transport.

The Commission also inquired about the sufficiency of the minimum liability coverage required under California Insurance Code §1158.1(b). Since there would be no coverage for the type of situations at issue, the minimum amount of coverage would be irrelevant. Finally, with respect to California Insurance Code §11580.24, the legislature encouraged car sharing programs (i.e., renting out one’s personal vehicle to another driver), as long as the owner does not earn more than the annual cost of

R. 12-12-011

owning the vehicle from the car sharing program. In doing so, it shielded private passenger car insurers from any liability by shifting the responsibility for coverage to the private vehicle ridesharing program. The issue before the CPUC is not ridesharing, but instead using a private passenger vehicle in a livery service. This is clearly not covered under a standard policy; if an accident occurs, coverage would not exist.

Dated January 28, 2012, at Sacramento, CA

/s/ KARA CROSS

Kara Cross

General Counsel

Personal Insurance Federation of California

1201 K Street, Suite 950

Sacramento, CA 95814

(916) 442-6646

[kcross@pifc.org](mailto:kcross@pifc.org)