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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 12-12-011

Comments from Personal Insurance Federation of CA

In accordance with Rule 14.3(d) of the Rules of Practice and Procedures of the California Public Utilities Commission (the "Commission"), the Personal Insurance Federation of California ("PIFC") hereby submits its reply to comments filed by Consumer Attorneys of California (CAOC) which were submitted to the Commission on August 19, 2013, as well as our reply to comments filed by Sidecar Technologies, Inc. and Side.cr LLC ("Sidecar") which were submitted to the Commission on August 19, 2013.

The Personal Insurance Federation of California consists of seven member companies, including, State Farm, Farmers, Liberty Mutual Insurance, Progressive, Allstate, Mercury and Nationwide. Combined, these companies write the majority of personal lines auto insurance in California.

In response to the comments filed by CAOC, PIFC writes to clarify that personal auto policies do not, and should not, apply in situations involving Transportation Network Companies (TNCs) arranged rides, as such drivers are engaged in a common carrier activity outside of the scope of private passenger auto insurance policies. Page 14 of CAOC's comments recommend that "TNC providers must demand and assure that they are listed as an additional named insured on any Driver's insurance policy." CAOC's recommendation fails, however, to distinguish between commercial and personal lines of auto insurance, even though their comments strongly urge the Commission to declare TNCs common carriers. As made clear in our original comments submitted to the Commission, coverage does not extend under a personal auto policy for these commercial activities.

The industry standard for personal auto insurance policy contracts is to specifically exclude from insurance coverage, claims involving vehicles used for transporting passengers for a charge. To do otherwise, would inappropriately result in providing coverage in a personal policy for commercial

purposes. Personal and commercial lines of insurance involve different risks, thus requiring different underwriting standards and rates. Eroding the line between commercial and personal lines insurance will serve no public purpose, and in fact would negatively impact rates for non-commercial drivers. PIFC urges the Commission to not adopt CAOC's recommendation to have TNCs named as additional insureds on personal auto policies.

In response to the comments file by Sidecar, we believe that Sidecar's comments misinterpret the law to apply to ride sharing situations; in fact, the law was specifically created to address a defined set of circumstances involving vehicle sharing, where drivers use others' vehicles under a "personal vehicle sharing program". Under the code, a personal vehicle sharing program ("PVSP") "means a legal entity qualified to do business in the State of California engaged in the business of facilitating the sharing of private passenger vehicles for noncommercial use by individuals within the state." Personal vehicle sharing "means the use of private passenger motor vehicles by persons other than the vehicle's owner, in connection with a personal vehicle sharing program". This is different from Transportation Network Companies (TNCs), such as Sidecar, which facilitate the sharing of a ride for a fee where the owner of the vehicle is the driver. In other words, it is not a vehicle sharing program as defined by I.C. 11580.24.

Sidecar's comments attempt to blur the line between ride sharing and vehicle sharing to somehow imply that personal auto insurance policies would provide coverage for accidents involving rides obtained through TNCs. As made clear in our original comments submitted to the Commission, the industry standard for personal auto insurance policy contracts is to exclude from insurance coverage claims involving vehicles used for transporting passengers for a charge. In situations where a vehicle is insured as a private vehicle and is used to transport passengers for a fee, no coverage would exist. In such circumstances, a driver would need commercial auto insurance to have coverage. To apply coverage differently would result in everyday drivers paying for commercial activities. Even with respect to I.C. 11580.24, the Legislature, did not intend for a vehicle owner's personal policy to cover accidents occurring under the personal vehicle sharing programs. Rather, the Legislature specifically required the personal vehicle sharing programs to obtain insurance coverage that is no less than three times the minimum insurance requirements for private passenger vehicles (similar to what the Commission has recommended in its proposed decision in requiring TNCs to carry $1million policies for their drivers). Furthermore, the statute states the PVSP shall assume all liability of the owner and shall be considered the owner of the vehicle for all purposes when the vehicle is being used under the program.

In conclusion, PIFC appreciates the opportunity to contribute to these proceedings. We respectfully request the Commission continue to recognize that personal policies should not provide coverage in situations involving TNC enabled rides.

Dated August 23, 2013 at Sacramento, CA.

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