California Public Utilities Commission

505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE **PRESS RELEASE**

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov Docket #: R.12-12-011

CPUC STRENGTHENS INSURANCE REQUIREMENTS FOR TRANSPORTATION NETWORK COMPANIES

SAN FRANCISCO, November 20, 2014 - The California Public Utilities Commission (CPUC) today strengthened its insurance requirements for Transportation Network Companies (TNCs) and implemented Assembly Bill 2293, which the Governor signed into law on September 17, 2014.

TNCs such as Lyft, SideCar, and UberX use an online-enabled platform to connect passengers with drivers who use their personal, non-commercial vehicles. In September 2013, the CPUC took action to ensure that public safety is not compromised by the operation of TNCs by establishing 28 rules and regulations, including requiring a minimum of $1 million per-incident coverage for incidents involving TNC vehicles and drivers in transit to or during a TNC trip. Today's decision clarifies the CPUC's existing TNC rules as follows:

- Defines TNC services as having three periods:
  - Period One: App open – waiting for a match
  - Period Two: Match accepted – but passenger not yet picked up (i.e., driver is on his/her way to pick up the passenger)
  - Period Three: Passenger in the vehicle and until the passenger safely exits the vehicle
- Requires a minimum of at least $1 million primary commercial insurance for Periods 2 & 3
- For Period One provide primary insurance in the amount of at least $50,000 for death and personal injury per person, $100,000 for death and personal injury per incident, and $30,000 for property damage. TNCs may satisfy this requirement through: a) TNC insurance maintained by the driver;(b) TNC insurance maintained by the TNC that provides coverage if a driver does not maintain the required TNC insurance, or if the driver's TNC insurance ceases to exist or is cancelled; or c) a combination of A and B. In the event a driver-maintained policy is used to partially fulfill the insurance requirements, a TNC's insurance must provide sole excess coverage to the driver's policy that is specifically written for the purpose of covering TNC services, or a portion thereof. In the event that a driver-maintained policy ceases to exist due to a coverage lapse, denial of claims, or policy cancellation, the

TNC's insurance must provide exclusive coverage and assume all liability and the sole duty to defend, at dollar one. Pursuant to Assembly Bill 2293, for Period One TNCs must also maintain insurance coverage that provides excess coverage insuring the TNC and the driver in the amount of at least $200,000 per occurrence to cover any liability arising from a participating driver using a vehicle in connection with a TNC's online-enabled application or platform.

- Assembly Bill 2293 takes effect July 1, 2015. The CPUC requires all TNCs to carry a minimum of $100,000 commercial insurance for Period One until Assembly Bill 2293 is in effect.

"After the CPUC stepped in to provide a safety net in this nascent industry, our insurance requirements have been interpreted in different ways," said CPUC President Michael R. Peevey, the Commissioner assigned to this proceeding. "Today's decision provides clarity to issues around insurance so that Californians are better protected and continue to have greater choice within the transportation industry."

These clarifying rules join those adopted in September, which include that TNCs must:

- Obtain a license from the CPUC to operate in California;
- Require each driver to undergo a criminal background check;
- Establish a driver training program;
- Implement a zero-tolerance policy on drugs and alcohol;
- Conduct a 19-point car inspection; and,
- Obtain authorization from airports before conducting any operations on airport property or into any airport.

The document voted on is available at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M137/K450/137450386.PDF.

For more information on the CPUC, please visit www.cpuc.ca.gov.

###