



1 "Transportation network company" means a corporation,  
2 partnership, sole proprietorship, or other entity that is  
3 licensed in this State that uses a digital network to connect  
4 transportation network company riders to transportation network  
5 company drivers who provide prearranged rides. A transportation  
6 network company shall not be deemed to control, direct, or  
7 manage the personal vehicles or transportation network company  
8 drivers that connect to its digital network, except where agreed  
9 by written contract.

10 "Transportation network company driver" or "driver" means  
11 an individual who:

12 (1) Receives connections to potential riders and related  
13 services from a transportation network company in  
14 exchange for payment of a fee to the transportation  
15 network company; and

16 (2) Uses a personal vehicle to offer or provide a  
17 prearranged ride to transportation network company  
18 riders upon connection through a digital network  
19 controlled by a transportation network company and in  
20 exchange for compensation or payment of a fee.



1 "Transportation network company rider" or "rider" means a  
2 person who uses a transportation network company's digital  
3 network to connect with a transportation network driver who  
4 provides prearranged rides to the rider in the driver's personal  
5 vehicle between points chosen by the rider.

6 "Prearranged ride" means the provision of transportation by  
7 a transportation network company driver to a transportation  
8 network company rider:

- 9 (1) Beginning when a transportation network company driver  
10 accepts a transportation network company rider's  
11 request for a ride through a digital network  
12 controlled by a transportation network company;  
13 (2) Continuing while the transportation network company  
14 driver transports the requesting transportation  
15 network company rider; and  
16 (3) Ending when the requesting transportation network  
17 company rider departs from the personal vehicle.

18 The term "prearranged ride" does not include transportation  
19 provided through:

- 20 (1) Shared expense carpool or vanpool arrangements;



1           (2) The use of a taxicab, limousine, or other hire  
2           vehicle; or

3           (3) A regional transportation.

4           §    -2 **Transportation network companies.** (a) No

5 transportation network company shall operate within the State  
6 without a permit issued by the public utilities commission. The  
7 permit shall be valid for one year after the date of issuance;  
8 provided that the permit shall not entitle its holder to present  
9 itself as:

10           (1) A common carrier;

11           (2) A contract carrier; or

12           (3) A motor carrier.

13           (b) The department shall issue a permit to a

14 transportation network company that:

15           (1) Establishes a zero tolerance policy for drug and  
16           alcohol;

17           (2) Requires its drivers to comply with applicable vehicle  
18           requirements;

19           (3) Adopts nondiscrimination and accessibility policies;  
20           and

21           (4) Establishes record maintenance guidelines.



1 (c) Before a transportation network company allows an  
2 individual to act as a transportation network company driver on  
3 the transportation network company's digital network, the  
4 transportation network company shall:

5 (1) Require the individual to submit to the transportation  
6 network company an application that includes:

7 (A) The individual's name, address, and age;

8 (B) The individual's driver's license number;

9 (C) The registration number for the personal vehicle  
10 that the individual will use to provide  
11 prearranged rides;

12 (D) Proof of financial responsibility for the  
13 personal vehicle of a type and in the amounts  
14 required by the transportation network company;  
15 and

16 (E) Any other information required by the  
17 transportation network company;

18 (2) With respect to the individual:

19 (A) Conduct a state and national criminal background  
20 check; and



- 1 (B) Search the state and national sex offender
- 2 registries; and
- 3 (C) Obtain a copy of the individual's driving record.
- 4 (d) No transportation network company shall knowingly
- 5 allow a person to act as a transportation network company driver
- 6 on the transportation network company's digital network:
- 7 (1) Who has been convicted of:
- 8 (A) More than three moving violations in the
- 9 preceding three years; or
- 10 (B) At least one moving violation involving reckless
- 11 driving or driving on a suspended or revoked
- 12 license in the preceding three years; or
- 13 (2) Who has been convicted in the preceding seven years of
- 14 any of the following offenses:
- 15 (A) Felony; or
- 16 (B) Misdemeanor involving:
- 17 (i) Resisting law enforcement;
- 18 (ii) Dishonesty;
- 19 (iii) Injury to a person;
- 20 (iv) Operating while intoxicated;



- 1 (v) Operating a vehicle in a manner that
- 2 endangers a person; or
- 3 (vi) Operating a vehicle with a suspended or
- 4 revoked license; or
- 5 (vii) Damage to the property of another person; or
- 6 (3) Who is a match in the state or national sex offender
- 7 registry;
- 8 (4) Who is unable to provide information required under
- 9 subsection (c) (2).
- 10 (e) A transportation network company shall establish and
- 11 enforce a zero tolerance policy for drug and alcohol use by
- 12 transportation network company drivers during any period when a
- 13 transportation network company driver is engaged in, or is
- 14 logged into, the transportation network company's digital
- 15 network, but is not engaged in a prearranged ride. The policy
- 16 shall include provisions for:
  - 17 (1) Investigations of alleged policy violations; and
  - 18 (2) Suspensions of transportation network company drivers
  - 19 under investigation.
- 20 (f) A transportation network company shall require that a
- 21 personal vehicle used to provide prearranged rides shall comply



1 with all applicable laws and regulations concerning vehicle  
2 equipment.

3       **§ -3 Financial responsibility of transportation network**

4 **companies.** (a) A transportation network company driver or  
5 transportation network company on the driver's behalf shall  
6 maintain primary motor vehicle insurance that recognizes that  
7 the driver is a transportation network company driver or  
8 otherwise uses a vehicle to transport riders for compensation  
9 and covers the driver:

10       (1) While the driver is logged on to the transportation  
11 network company's digital network; or

12       (2) While the driver is engaged in a prearranged ride.

13       (b) The following motor vehicle insurance requirements  
14 shall apply while a participating transportation network company  
15 driver is logged on to the transportation network company's  
16 digital network and is available to receive transportation  
17 requests, but is not engaged in a prearranged ride:

18       (1) Primary motor vehicle liability insurance in the  
19 amount of at least:

20       (A) \$50,000 for death and bodily injury per person;





- 1 (B) \$100,000 for death and bodily injury per  
2 incident; and  
3 (C) \$25,000 for property damage; and  
4 (2) The coverage requirements of this subsection may be  
5 satisfied by any of the following:  
6 (A) Motor vehicle insurance maintained by the  
7 transportation network company driver;  
8 (B) Motor vehicle insurance maintained by the  
9 transportation network company; or  
10 (C) Any combination of subparagraphs (A) and (B).  
11 (c) The following automobile insurance requirements shall  
12 apply while a transportation network company driver is engaged  
13 in a prearranged ride:  
14 (1) Primary motor vehicle liability insurance that  
15 provides at least \$1,000,000 for death, bodily injury,  
16 and property damage;  
17 (2) The coverage requirements of this subsection may be  
18 satisfied by any of the following:  
19 (A) Automobile insurance maintained by the  
20 transportation network company driver;



1 (B) Motor vehicle insurance maintained by the  
2 transportation network company; or

3 (C) Any combination of subparagraphs (A) and (B).

4 (d) If the insurance maintained by driver under subsection  
5 (b) or (c) has lapsed or does not provide the required coverage,  
6 the transportation network company shall maintain insurance that  
7 provides the coverage required under this section, beginning  
8 with the first dollar of a claim and have the duty to defend the  
9 claim.

10 (e) Coverage under a motor vehicle insurance policy  
11 maintained by the transportation network company shall not be  
12 dependent upon a personal motor vehicle insurer first denying a  
13 claim nor shall a personal motor vehicle insurance policy be  
14 required to first deny a claim.

15 (f) Insurance required under this section may be placed  
16 with an insurer licensed by the insurance commissioner or with  
17 surplus lines insurer eligible under the insurance code that has  
18 a credit rating of no less than "A-" from A.M. Best or "A" from  
19 Demotech or a similar rating from another rating agency  
20 recognized by the insurance commissioner.



1 (g) Insurance satisfying the requirements of this section  
2 shall be deemed to satisfy the financial responsibility  
3 requirements for a motor vehicle under chapter 287.

4 (h) A transportation network company driver shall carry  
5 proof of coverage satisfying subsections (b) and (c) on the  
6 person at all times during the use of a vehicle in connection  
7 with a transportation network company's digital network. In the  
8 event of an accident, a transportation network company driver  
9 shall provide this insurance coverage information to the  
10 directly interested parties, motor vehicle insurers, and  
11 investigating police officers, upon request. Upon the request,  
12 a transportation network company driver shall also disclose to  
13 directly interested parties, motor vehicle insurers, and  
14 investigating police officers, whether the driver was logged on  
15 to the transportation network company's digital network or on a  
16 prearranged ride at the time of the accident.

17 **§ -4 Disclosures from company to driver.** The  
18 transportation network company shall disclose in writing to  
19 transportation network company drivers the following information  
20 before the drivers are allowed to accept a request for a



1 prearranged ride on the transportation network company's digital  
2 network:

3 (1) The insurance coverage, including the types of  
4 coverage and the limits for each coverage, that the  
5 transportation network company provides while the  
6 transportation network company driver uses a personal  
7 vehicle in connection with a transportation network  
8 company's digital network; and

9 (2) That the transportation network company driver's own  
10 motor vehicle insurance policy might not provide any  
11 coverage while the driver is logged on to the  
12 transportation network company's digital network and  
13 is available to receive transportation requests or is  
14 engaged in a prearranged ride, depending upon its  
15 terms.

16 § -5 **Motor vehicle insurance provisions.** (a)

17 Notwithstanding chapter 431, article 10C, insurers that write  
18 motor vehicle insurance in the State may exclude any and all  
19 coverage afforded under the policy issued to an owner or  
20 operator of a personal vehicle for any loss or injury that  
21 occurs while a driver is logged on to a transportation network



1 company's digital network or while a driver provides a  
2 prearranged ride. This right to exclude all coverage may apply  
3 to any coverage included in a motor vehicle insurance policy  
4 including:

- 5 (1) Liability coverage for bodily injury and property  
6 damage;
- 7 (2) Personal injury protection coverage;
- 8 (3) Uninsured and underinsured motorist coverage; and
- 9 (4) Collision damage coverage.

10 The exclusions shall apply notwithstanding any contrary  
11 requirement under chapter 287 or chapter 431, article 10C.

12 Nothing in this section implies or requires that a personal  
13 motor vehicle insurance policy provide coverage while the driver  
14 is logged on to the transportation network company's digital  
15 network, while the driver is engaged in a prearranged ride, or  
16 while the driver otherwise uses a vehicle to transport riders  
17 for compensation.

18 (b) Nothing in this chapter shall be construed to require  
19 an insurer to use any specific policy language or reference to  
20 this section in order to exclude any and all coverage for any  
21 loss or injury that occurs while a driver is logged on to a



1 transportation network company's digital network or while a  
2 driver provides a prearranged ride.

3 (c) Nothing in this chapter shall be deemed to preclude an  
4 insurer from providing primary or excess coverage for the  
5 transportation network company driver's vehicle, if it so  
6 chooses, by contract or endorsement.

7 (d) Motor vehicle insurers that exclude the coverage  
8 described in section -3 shall have no duty to defend or  
9 indemnify any claim expressly excluded thereunder. Nothing in  
10 this chapter shall be deemed to invalidate or limit an exclusion  
11 contained in a policy, including any policy in use or approved  
12 for use in this State prior to the enactment of this chapter  
13 that excludes coverage for vehicles used to carry persons or  
14 property for a charge or available for hire by the public.

15 (e) A motor vehicle insurer that defends or indemnifies a  
16 claim against a driver that is excluded under the terms of its  
17 policy shall have a right of contribution against other insurers  
18 that provide motor vehicle insurance to the same driver in  
19 satisfaction of the coverage requirements of section -3 at  
20 the time of loss.



1 (f) In a claims coverage investigation, transportation  
2 network companies shall immediately provide, upon request by  
3 directly involved parties or any insurer of the transportation  
4 network company driver if applicable, the precise times that a  
5 transportation network company driver logged on and off of the  
6 transportation network company's digital network in the twelve-  
7 hour period immediately preceding, and in the twelve-hour period  
8 immediately following, the accident. Insurers potentially  
9 providing coverage as set forth in section -3 shall disclose,  
10 upon request by any other insurer involved in the particular  
11 claim, the applicable coverages, exclusions, and limits provided  
12 under any automobile insurance maintained in order to satisfy  
13 the requirements of section -3."

14 SECTION 2. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun before its effective date.

17 SECTION 3. This Act shall take effect on July 1, 2016.



**Report Title:**

Transportation Network Companies; Permits; Insurance

**Description:**

Adopts the NCOIL model act to regulate transportation network companies and their drivers, by requiring companies to obtain permits to operate from the PUC, requiring companies and their drivers to meet financial responsibility requirements, and allowing motor vehicle insurers to exclude coverage for motor vehicles when in use for a transportation network company.

(HB1463 HD2 Proposed)

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