

TRANSPORTATION NETWORK COMPANY AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to a transportation network company.

Highlighted Provisions:

This bill:

- ▶ repeals a requirement that a transportation network company or transportation network driver maintain comprehensive and collision coverage for a vehicle used by a transportation network driver to provide transportation network services;
 - ▶ creates the Transportation Network Vehicle Recovery Fund;
 - ▶ requires a transportation network company to pay into the fund:
 - an initial assessment; and
 - a payment per each prearranged ride;
 - ▶ allows a person who holds a lien on a vehicle that a transportation network driver uses to provide transportation network services to make a claim to the Division of Consumer Protection for payment from the fund for physical damage to the vehicle;
- and
- ▶ provides criteria under which the Division of Consumer Protection may grant a claim.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **13-51-108**, as enacted by Laws of Utah 2015, Chapter 244 and last amended by
32 Coordination Clause, Laws of Utah 2015, Chapter 244

33 ENACTS:

34 **13-51-201**, Utah Code Annotated 1953

35 **13-51-202**, Utah Code Annotated 1953

36 **13-51-203**, Utah Code Annotated 1953



38 *Be it enacted by the Legislature of the state of Utah:*

39 Section 1. Section **13-51-108** is amended to read:

40 **13-51-108. Insurance.**

41 (1) A transportation network company or a transportation network driver shall maintain
42 insurance that covers, on a primary basis, a transportation network driver's use of a vehicle
43 during a prearranged ride and that includes:

44 (a) an acknowledgment that the transportation network driver is using the vehicle in
45 connection with a transportation network company during a prearranged ride or that the
46 transportation network driver is otherwise using the vehicle for a commercial purpose;

47 (b) liability coverage for a minimum amount of \$1,000,000 per occurrence;

48 (c) personal injury protection to the extent required under Sections **31A-22-306**
49 through **31A-22-309**;

50 (d) uninsured motorist coverage where required by Section **31A-22-305**; and

51 (e) underinsured motorist coverage where required by Section **31A-22-305.3**.

52 (2) A transportation network company or a transportation network driver shall maintain
53 insurance that covers, on a primary basis, a transportation network driver's use of a vehicle
54 during a waiting period and that includes:

55 (a) an acknowledgment that the transportation network driver is using the vehicle in
56 connection with a transportation network company during a waiting period or that the
57 transportation network driver is otherwise using the vehicle for a commercial purpose;

58 (b) liability coverage in a minimum amount, per occurrence, of:

- 59 (i) \$50,000 to any one individual;
60 (ii) \$100,000 to all individuals; and
61 (iii) \$30,000 for property damage;
62 (c) personal injury protection to the extent required under Sections 31A-22-306
63 through 31A-22-309;
64 (d) uninsured motorist coverage where required by Section 31A-22-305; and
65 (e) underinsured motorist coverage where required by Section 31A-22-305.3.

66 ~~[(3) A transportation network company or a transportation network driver shall~~
67 ~~maintain comprehensive and collision insurance that covers, on a primary or contingent basis, a~~
68 ~~transportation network driver's use of a vehicle while providing transportation network~~
69 ~~services, and that includes:]~~

70 ~~[(a) an acknowledgment that the transportation network driver is using the vehicle in~~
71 ~~connection with a transportation network company during a prearranged ride or waiting period,~~
72 ~~or that the transportation network driver is otherwise using the vehicle for a commercial~~
73 ~~purpose; and]~~

74 ~~[(b) coverage limits that are at least equal to such coverage limits, if any, for the~~
75 ~~personal automobile insurance maintained by the vehicle's owner and reported to the~~
76 ~~transportation network company.]~~

77 ~~[(4)]~~ (3) A transportation network company and a transportation network driver may
78 satisfy the requirements of Subsections (1)~~[(2)];~~ and ~~[(3)]~~ (2) by:

79 (a) the transportation network driver purchasing coverage that complies with
80 Subsections (1)~~[(2)];~~ and ~~[(3)]~~ (2);

81 (b) the transportation network company purchasing, on the transportation network
82 driver's behalf, coverage that complies with Subsections (1)~~[(2)];~~ and ~~[(3)]~~ (2); or

83 (c) a combination of Subsections ~~[(4)]~~ (3)(a) and (b).

84 ~~[(5)]~~ (4) An insurer may offer to a transportation network driver a personal automobile
85 liability insurance policy, or an amendment or endorsement to a personal automobile liability
86 policy, that:

87 (a) covers a private passenger motor vehicle while used to provide transportation
88 network services; and

89 (b) satisfies the coverage requirements described in Subsection (1)~~[(2)];~~ or ~~[(3)]~~ (2).

90 ~~[(6)]~~ (5) Nothing in this section requires a personal automobile insurance policy to
91 provide coverage while a driver is providing transportation network services.

92 ~~[(7)]~~ (6) If a transportation network company does not purchase a policy that complies
93 with Subsections (1)~~[(2)]~~, and ~~[(3)]~~ (2) on behalf of a transportation network driver, the
94 transportation network company shall verify that the driver has purchased a policy that
95 complies with Subsections (1)~~[(2)]~~, and ~~[(3)]~~ (2).

96 ~~[(8)]~~ (7) An insurance policy that a transportation network company or a transportation
97 network driver maintains under Subsection (1) or (2):

98 (a) satisfies the security requirements of Section [41-12a-301](#); and

99 (b) may~~[(3)]~~, ~~along with insurance maintained under Subsection (3)]~~, be placed with:

100 (i) an insurer that is certified under Section [31A-4-103](#); or

101 (ii) a surplus lines insurer licensed under Section [31A-23a-104](#).

102 ~~[(9)]~~ (8) An insurer that provides coverage for a transportation network driver
103 explicitly for the transportation network driver's transportation network services under
104 Subsection (1) or (2) shall have the duty to defend a liability claim arising from an occurrence
105 while the transportation network driver is providing transportation network services.

106 ~~[(10)(a)]~~ (9) If insurance a transportation network driver maintains under Subsection
107 (1)~~[(2)]~~, or ~~[(3)]~~ (2) lapses or ceases to exist, a transportation network company shall provide
108 coverage complying with Subsection (1)~~[(2)]~~, or ~~[(3)]~~ (2) beginning with the first dollar of a
109 claim.

110 ~~[(b) Subsection (10)(a) does not apply to comprehensive or collision insurance
111 otherwise required under Subsection (3) if, at the time of a claim for damage to a vehicle being
112 used to provide transportation network services, there is no outstanding lien on the vehicle.]~~

113 ~~[(11)]~~ (10) (a) An insurance policy that a transportation network company or
114 transportation network driver maintains under Subsection (1) or (2) may not provide that
115 coverage is dependent on a transportation network driver's personal automobile insurance
116 policy first denying a claim.

117 (b) Subsection ~~[(11)]~~ (10)(a) does not apply to coverage a transportation network
118 company provides under Subsection (9) in the event a transportation network driver's coverage
119 under Subsection (1) or (2) lapses or ceases to exist.

120 ~~[(12)]~~ (11) A personal automobile insurer:

121 (a) notwithstanding Section [31A-22-302](#), may offer a personal automobile liability
122 policy that excludes coverage for a loss that arises from the use of the insured vehicle to
123 provide transportation network services; and

124 (b) does not have the duty to defend or indemnify a loss if an exclusion described in
125 Subsection (12)(a) excludes coverage according to the policy's terms.

126 Section 2. Section **13-51-201** is enacted to read:

127 **Part 2. Transportation Network Vehicle Recovery Fund**

128 **13-51-201. Transportation Network Vehicle Recovery Fund -- Creation -- Report**
129 **to the Legislature.**

130 (1) As used in this part, "fund" means the Transportation Network Vehicle Recovery
131 Fund created in Subsection (2).

132 (2) There is created an expendable special revenue fund called the "Transportation
133 Network Vehicle Recovery Fund."

134 (3) The fund consists of:

135 (a) the amount collected by the division under Subsection [13-51-202](#)(1); and

136 (b) interest earned on the money in the fund.

137 (4) The division shall deposit the money collected for the fund in an account with the
138 state treasurer and record the money in the fund.

139 (5) The division may hire employees and allocate resources necessary to administer the
140 fund.

141 (6) The division shall use money from the fund to cover the division's cost to
142 administer this part.

143 (7) The division shall report to the Business and Labor Interim Committee, before
144 November 1 of each year, on the amount of:

145 (a) money that the division collected for the fund during the year;

146 (b) disbursements that the division made from the fund during the year;

147 (c) interest earned by the fund; and

148 (d) total money in the fund.

149 (8) On January 1, 2017:

150 (a) the fund shall cease to exist; and

151 (b) the division shall disburse any money remaining in the fund to each transportation

152 network company licensed in the state that contributed to the fund in an amount that is
153 proportional to the total amount the transportation network company contributed to the fund.

154 Section 3. Section **13-51-202** is enacted to read:

155 **13-51-202. Per-ride payment -- Initial assessment.**

156 (1) Subject to Subsection (2), the division shall collect, from each transportation
157 network company licensed under this chapter:

158 (a) on June 10, 2016, an initial assessment in the amount of \$15,000; and

159 (b) on the first day of each quarter, a payment of \$0.10 for each prearranged ride.

160 (2) If, on the first day of a given quarter, the amount of money in the fund is greater
161 than or equal to \$50,000, the division may not collect the payment for each prearranged ride
162 described in Subsection (1)(b) for that quarter.

163 (3) If the division does not collect a payment under Subsection (2) in a given quarter,
164 the division shall resume collecting the prearranged ride payment described in Subsection
165 (1)(b) on the first day of the next quarter on which the amount of money in the fund is less than
166 \$50,000.

167 Section 4. Section **13-51-203** is enacted to read:

168 **13-51-203. Payment of a claim from the fund.**

169 (1) A person that holds a lien on a vehicle used by a transportation network driver to
170 provide transportation network services may submit a claim to the division for payment from
171 the fund for physical damage to the vehicle.

172 (2) The division shall pay a claim for payment from the fund to a person that holds a
173 lien on a vehicle described in Subsection (1) for physical damage to the vehicle if:

174 (a) the physical damage to the vehicle occurred during a waiting period or a
175 prearranged ride;

176 (b) the lien complies with Section [41-1a-601](#);

177 (c) the person required the transportation network driver, by contract, to maintain
178 insurance coverage for physical damage to the vehicle;

179 (d) the insurance coverage described in Subsection (2)(c):

180 (i) names the person as the loss payee;

181 (ii) was in effect at the time the physical damage occurred; and

182 (iii) denied coverage to the person as the loss payee on the sole basis that the

183 transportation network driver used the vehicle to provide transportation network services in the
184 state; and

185 (e) the division determines, no earlier than ten days after the day on which the person
186 makes the claim, that:

187 (i) no other insurance is available from the relevant transportation network company;
188 and

189 (ii) the fund has enough money to cover the cost of the claim.

190 (3) If the division grants a claim to a person for a lien on a transportation network
191 driver's vehicle under Subsection (2), the fund shall pay the person the lesser of:

192 (a) the cost to repair the vehicle; or

193 (b) the actual cash value of the vehicle less any salvage costs.

Legislative Review Note
Office of Legislative Research and General Counsel