

1 SB262
2 174006-1
3 By Senators Shelnutt and Whatley
4 RFD: Banking and Insurance
5 First Read: 17-FEB-16

2
3
4
5
6
7
8 SYNOPSIS: Existing law does not provide insurance
9 requirements for a transportation network company
10 (TNC) that operates in the state. A TNC is a
11 company that uses an online-enabled digital network
12 to connect TNC riders with TNC drivers who use
13 their personal vehicles to transport the TNC riders
14 on a prearranged ride.

15 This bill would require certain TNC and TNC
16 driver insurance requirements, including TNC and
17 insurer disclosure requirements regarding insurance
18 coverage and limits of liability.

19
20 A BILL
21 TO BE ENTITLED
22 AN ACT

23
24 Relating to transportation; to provide certain
25 insurance requirements for a transportation network company
26 that operates in the state; and to require certain disclosures
27 regarding insurance coverage and limits of liability.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. For the purposes of this act, the
3 following terms shall have the following meanings:

4 (1) DIGITAL NETWORK. Any online-enabled application,
5 software, website, or system offered or utilized by a TNC that
6 enables the prearrangement of a ride with a TNC driver.

7 (2) PERSONAL VEHICLE. A vehicle that meets all of
8 the following criteria:

9 a. Is used by a TNC driver to provide a prearranged
10 ride.

11 b. Is owned, leased, or otherwise authorized for use
12 by a TNC driver.

13 c. Is not a taxicab, limousine, or other for-hire
14 vehicle.

15 (3) PREARRANGED RIDE. The provision of
16 transportation by a TNC driver to a TNC rider, beginning when
17 a TNC driver accepts a ride requested by a TNC rider through a
18 digital network controlled by a TNC, continuing while the TNC
19 driver transports the requesting TNC rider, and ending when
20 the last requesting TNC rider departs from the personal
21 vehicle of the TNC driver. A prearranged ride does not include
22 transportation provided by any of the following pursuant to
23 the Alabama Motor Carrier Act, Chapter 3, Title 37, Code of
24 Alabama 1975:

25 a. A shared expense carpool or vanpool arrangement.

26 b. The use of a taxicab, limousine, or other
27 for-hire vehicle.

1 c. A regional transportation company or licensed
2 motor carrier.

3 (4) TNC. A transportation network company that is a
4 corporation, partnership, sole proprietorship, or other entity
5 licensed and operating in this state that uses a digital
6 network to connect a TNC rider to a TNC driver who provides a
7 prearranged ride. A TNC may not control, direct, or manage the
8 personal vehicle or the TNC driver who connects to its digital
9 network, except where agreed to by written contract.

10 (5) TNC DRIVER. An individual who meets both of the
11 following criteria:

12 a. Receives connections to potential riders and
13 related services from a TNC in exchange for payment of a fee
14 to the TNC.

15 b. Uses a personal vehicle to offer or provide a
16 prearranged ride to a TNC rider upon connection through a
17 digital network controlled by a TNC and in exchange for
18 compensation or payment of a fee.

19 (6) TNC RIDER. An individual who uses the digital
20 network of a TNC to connect with a TNC driver who provides a
21 prearranged ride to the TNC rider in the personal vehicle of
22 the TNC driver between points chosen by the TNC rider.

23 Section 2. (a) On or before 90 days after the
24 effective date of this act, and thereafter, a TNC driver or a
25 TNC on the behalf of the TNC driver shall maintain primary
26 automobile insurance that recognizes that the driver is a TNC
27 driver or otherwise uses a vehicle to transport riders for

1 compensation and covers the driver under both of the following
2 circumstances:

3 (1) While the TNC driver is logged onto the digital
4 network of a TNC.

5 (2) While the TNC driver is engaged in a prearranged
6 ride.

7 (b) (1) The following automobile insurance
8 requirements shall apply while a participating TNC driver is
9 logged on to the digital network of a TNC and is available to
10 receive transportation requests but is not engaged in a
11 prearranged ride:

12 a. Primary automobile liability insurance in the
13 amount of at least fifty thousand dollars (\$50,000) for death
14 and bodily injury per person, one hundred thousand dollars
15 (\$100,000) for death and bodily injury per incident, and
16 twenty-five thousand dollars (\$25,000) for property damage.

17 b. All other state mandated coverage for motor
18 vehicles, including the requirements under the Motor Vehicle
19 Safety-Responsibility Act, Chapter 7, Title 32, Code of
20 Alabama 1975.

21 (2) The coverage requirements of this subsection may
22 be satisfied by any of the following:

23 a. Automobile insurance maintained by the TNC
24 driver.

25 b. Automobile insurance maintained by the TNC.

26 c. Any combination of a. and b.

1 (c) (1) The following automobile insurance
2 requirements shall apply while a TNC driver is engaged in a
3 prearranged ride:

4 a. Primary automobile liability insurance that
5 provides at least one million dollars (\$1,000,000) for death,
6 bodily injury, and property damage.

7 b. All other state mandated coverage for motor
8 vehicles, including the requirements under the Motor Vehicle
9 Safety-Responsibility Act, Chapter 7, Title 32, Code of
10 Alabama 1975.

11 (2) The coverage requirements of this subsection may
12 be satisfied by any of the following:

13 a. Automobile insurance maintained by the TNC
14 driver.

15 b. Automobile insurance maintained by the TNC.

16 c. Any combination of a. and b.

17 (d) If insurance maintained by a TNC driver under
18 subsection (b) or (c) has lapsed or does not provide the
19 required coverage, insurance maintained by a TNC shall provide
20 the coverage required by this act beginning with the first
21 dollar of a claim and shall have the duty to defend the claim.

22 (e) Coverage under an automobile insurance policy
23 maintained by a TNC may not be made dependent on a personal
24 automobile insurer first denying a claim and a personal
25 automobile insurance policy may not be required to first deny
26 a claim.

1 (f) Insurance required by this act may be placed
2 with an insurer licensed under state law or with a surplus
3 lines insurer eligible under state law that has a credit
4 rating of no less than A- from A.M. Best or A from Demotech or
5 a similar rating from another rating agency recognized by the
6 Department of Insurance.

7 (g) Insurance satisfying the requirements of this
8 act shall satisfy the financial responsibility requirement for
9 a motor vehicle under the Motor Vehicle Safety-Responsibility
10 Act, Chapter 7, Title 32, Code of Alabama 1975.

11 (h) (1) A TNC driver shall carry proof of coverage
12 satisfying this act with him or her at all times during his or
13 her use of a vehicle in connection with the use of a digital
14 network of a TNC.

15 (2) In the event of an accident, a TNC driver shall
16 provide this insurance coverage information to the directly
17 interested parties, automobile insurers, and investigating
18 police officers, upon request pursuant to the Online Insurance
19 Verification System administered by the Department of Revenue.

20 (3) Upon request, a TNC driver shall also disclose
21 to directly interested parties, automobile insurers, and
22 investigating police officers, whether he or she was logged on
23 to the digital network of a TNC or on a prearranged ride at
24 the time of an accident.

25 Section 3. The TNC shall disclose in writing to a
26 TNC driver before the TNC driver is allowed to accept a

1 request for a prearranged ride on the digital network of the
2 TNC both of the following:

3 (1) The insurance coverage, including the types of
4 coverage and the limits for each coverage, that the TNC
5 provides while the TNC driver uses a personal vehicle in
6 connection with the use of the digital network of a TNC.

7 (2) That the automobile insurance policy of the TNC
8 driver may not provide any coverage while the TNC driver is
9 logged on to the digital network of a TNC and is available to
10 receive transportation requests or is engaged in a prearranged
11 ride, depending on its terms.

12 Section 4. (a) Insurers that write automobile
13 insurance in this state may exclude any and all coverage
14 afforded under the policy issued to an owner or operator of a
15 personal vehicle for any loss or injury that occurs while a
16 TNC driver is logged on to the digital network of a TNC or
17 while a TNC driver provides a prearranged ride.

18 (b) The right to exclude all coverage may apply to
19 any coverage included in an automobile insurance policy,
20 including, but not limited to, any of the following:

21 (1) Liability coverage for bodily injury and
22 property damage.

23 (2) Personal injury protection coverage as defined
24 by state law.

25 (3) Uninsured and underinsured motorist coverage.

26 (4) Medical payments coverage.

27 (5) Comprehensive physical damage coverage.

1 (6) Collision physical damage coverage.

2 (c) The exclusions under this section shall apply
3 notwithstanding any requirements under the Motor Vehicle
4 Safety-Responsibility Act, Chapter 7, Title 32, Code of
5 Alabama 1975.

6 (d) Nothing in this section implies or requires that
7 a personal automobile insurance policy provide coverage while
8 the TNC driver is logged on to the digital network of a TNC,
9 while the TNC driver is engaged in a prearranged ride, or
10 while the TNC driver otherwise uses a vehicle to transport
11 passengers for compensation.

12 (e) Nothing in this act shall require an insurer to
13 use any particular policy language or reference to this
14 section in order to exclude any and all coverage for any loss
15 or injury that occurs while a driver is logged on to the
16 digital network of a TNC or while a TNC driver provides a
17 prearranged ride.

18 (f) Nothing shall preclude an insurer from providing
19 primary or excessive coverage for the personal vehicle of a
20 TNC driver, if it so chooses to do so by contract or by
21 endorsement.

22 (g) (1) Automobile insurers that exclude the coverage
23 described in this act shall have no duty to defend or
24 indemnify any claim expressly excluded.

25 (2) Nothing in this act shall invalidate or limit an
26 exclusion contained in a policy, including any policy in use
27 or approved for use in this state prior to the enactment of

1 this act that excludes coverage for vehicles used to carry
2 persons or property for a charge or available for hire by the
3 public.

4 (h) An automobile insurer that defends or
5 indemnifies a claim against a TNC driver that is excluded
6 under the terms of its policy shall have a right of
7 contribution against other insurers that provide automobile
8 insurance to the same TNC driver in satisfaction of the
9 coverage requirements of this act at the time of loss.

10 (i) In a claims coverage investigation, a TNC, upon
11 the request of a directly involved party or any insurer of the
12 TNC driver, if applicable, shall provide the precise times
13 that a TNC driver logged on and off of the digital network of
14 a TNC in the 12-hour period immediately preceding and in the
15 12-hour period immediately following the accident.

16 (j) Insurers potentially providing coverage as set
17 forth in this act shall disclose upon request by any other
18 insurer involved in the particular claim the applicable
19 coverages, exclusions, and limits provided under any
20 automobile insurance maintained in order to satisfy the
21 requirements of this act.

22 Section 5. This act shall become effective on the
23 first day of the third month following its passage and
24 approval by the Governor, or its otherwise becoming law.