



BILL SUMMARY

Minimum Insurance Requirement - Uber HF 2414

Status of Bill: House Calendar
Committee: Commerce (23-0)
Lead Democrats: Rep. Hall
Floor Manager: Rep. Pettengill
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Background

Last year, the House passed legislation, HF 394, (95-5) that regulated transportation network companies (TNC) like Uber and Lyft. The bill stipulated financial responsibilities and insurance requirements, driver qualifications, vehicle safety inspections, and local control of higher requirements. The bill stalled in Senate Transportation Committee.

Summary

This year, HF 2219 only focuses on the financial responsibility and insurance requirements of TNC and drivers. A driver or a TNC, on behalf of the driver are required to maintain primary insurance, which acknowledges that the driver is a driver or that the driver uses an automobile to transport passengers for compensation, and covers the driver while logged onto the TNC's digital network and while the driver is engaged in a pre-arranged ride.

Minimum Coverage

While the driver is logged on the to the TNC's digital network and is available to receive requests, but is not engaged in a pre-arranged ride, the primary insurance must cover the driver for at least \$50,000 for bodily injury to or death of one person in any one accident, at least \$100,000 for bodily injury to or death of two or more people in any one accident, and at least \$25,000 for injury to or destruction of property of others in any one accident. These requirements can be met if the driver or the TNC have insurance. These minimum requirements are in addition to the car insurance requirements in Chapter 516A, Uninsured, Underinsured, or Hit-and-Run Motorists.

While the driver is engaged in a pre-arranged ride, the primary car insurance must cover the driver for at least \$1 million for bodily injury to or death of one or more people, and injury to or destruction of property of others in any one accident. These requirements can be met if the driver or the TNC have insurance or a combination of both insurance coverage requirements. These minimum requirements are in addition to the car insurance requirements in Chapter 516A, Uninsured, Underinsured, or Hit-and-Run Motorists.

If the driver's insurance lapses or does not meet the minimum insurance requirements to be a driver, the TNC is required to provide the minimum coverage amount and must have the duty to defend the claim starting with the first dollar of the claim. The TNC's insurance policy cannot be dependent on the insurer of the driver's personal car first denying a claim, and a personal car insurance policy cannot be required to first deny a claim.

Insurance policies issued must be governed by Iowa Code. A surplus lines insurer that issues a policy must be considered an insurance carrier duly authorized to do business in Iowa for the purposes of Chapter 321A, Motor

Vehicle Financial Responsibility. In addition, the insurance coverage requirements of this bill meet satisfy requirements of Chapter 321A, Motor Vehicle Financial Responsibility.

The driver must carry proof of insurance, as required by Iowa law, at all times while the driver is using an automobile and connected to the TNC's digital network. If an accident occurs, the driver must provide proof of insurance in the proper format, and upon request to any directed interested party or insurer, or any investigating police officer. When requested, the driver must disclose to any directed interested party or insurer, or any investigating police officer, whether the driver was logged onto a TNC's digital network or was providing a pre-arranged ride at the time of the accident.

Disclosure Requirements

The TNC is required to disclose the following to a driver in writing, prior to accepting a request from a rider for a pre-arranged ride on the TNC's digital network:

- The types, amounts, terms, and limits of car insurance provided by the TNC to the driver while the driver uses a personal vehicle in connection with using the TNC's digital network.
- That the driver's own car insurance policy, depending on the policy's terms, may not provide any coverage while the driver is logged on to the TNC's digital network, and is available to receive requests for a pre-arranged ride, or while the driver is engaged in a pre-arranged ride.

Insurers

An insurer may exclude coverage of an insured person, under a policy issued to the owner or operator of a personal vehicle, for any injury or loss that occurs while the insured is logged on to a TNC's digital network or while the insured is providing a pre-arranged ride. An insurer is not required to provide coverage to a driver while logged onto the TNC's digital network, engaged in a prearranged ride, or is transporting another individual or group of individuals in a vehicle for compensation. An insurer is not prevented from providing cover for a driver's personal vehicle, if the insurer chooses to do so.

An insurer that excludes coverage does not have a duty to defend or provide compensation for a claim that is excluded from an insurance policy issued by the insurer. An insurer that defends or provides compensation for a claim against an insured driver, that is excluded under the terms of the driver's policy, does have a right of action for contribution or protection against an insurer providing car insurance to the driver when the incident occurs.

In addition, in a claims coverage investigation, any involved TNC and any insurer potentially providing coverage must cooperate to facilitate the exchange of relevant information with parties directly involved in the claim.

Applicability

The bill does not take effect until the required form filings are approved by the Insurance Commissioner.