

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

American Insurance Association Comments  
on Assigned Commissioner's Ruling  
Modifying Decision 13-09-045 Adopting  
Rules and Regulations to Protect Public  
Safety While Allowing New Entrants to the  
Transportation Industry

Rulemaking 12-12-0011  
Decision 13-09-045

Comments of the American Insurance Association

The American Insurance Association (AIA) submits these comments in response to Assigned Commissioner's Ruling (ACR) requesting comment on the proposed modifications to Decision 13-09-045 *Adopting Rules and Regulations to Protect Public Safety While Allowing New Entrants to the Transportation Industry*.

AIA is the leading property-casualty insurance trade organization, representing approximately 300 insurers that write more than \$100 billion in premiums each year. AIA member companies offer all types of property-casualty insurance, including personal and commercial auto insurance, commercial property and liability coverage for small businesses, workers' compensation, homeowners' insurance, medical malpractice coverage, and product liability insurance.

AIA is responding to the Commissioner's request for comments regarding the definition of "providing TNC services", changes to the requirement that TNCs maintain commercial liability insurance policies, and requirements that TNCs maintain additional coverages.

AIA recommends that a TNC must maintain a commercial auto policy for TNC vehicles, and that there not be shifting between personal and commercial policies. We concur with the Commissioner's ACR stating that adequate commercial coverage must be provided to the public and to TNC drivers. Providing for commercial insurance will further this goal.

Any test or bright line, such as the app open/app closed test, will not be indicative of the full risk involved because TNC drivers will be putting extra miles on vehicles, and commercial usage is not contemplated for personal automobile policies. Also, there will be instances where any test or bright line will not be clear and result in litigation as parties dispute when an incident took place.

Personal automobile policies are not intended to cover commercial activities, and are underwritten to reflect personal usage risk. The increased use of vehicles in commercial

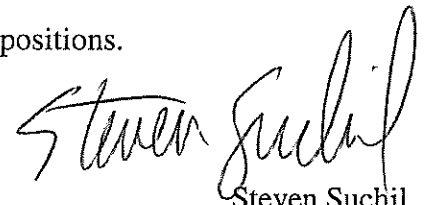
activities, and additional risk resulting therefrom, is not contemplated. Personal auto policy holders should not subsidize commercial vehicle usage.

We also recommend that any commercial policy for TNC vehicles must be primary coverage, and not excess, and that TNCs have the duty to defend and indemnify drivers in the event of litigation. Once again, there should be no cost shifting of commercial activities, including liability for incidents and litigation costs, imposed on personal automobile policies.

Requiring that TNCs maintain commercial vehicle policies for TNC vehicles will serve to address concerns expressed in the ACR about gaps in insurance coverage and protecting drivers and the public.

Thank you for the opportunity to comment and consideration of AIA's positions.

Dated: April 7, 2014 at Sacramento, California



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