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FOR RELEASE ON RECEIPT

June 10, 2014

California PUC Proposes to Modify its Ruling to Address TNC Insurance Gaps

SACRAMENTO, Calif. – Today, the California Public Utilities Commission (PUC) proposed to modify its decision 13-09-045 on the regulation of transportation network companies (TNCs) and their insurance coverage. Five property casualty insurance trade associations, representing nearly 100 percent of the California market offering both commercial and personal auto insurance, have been working to clarify that personal auto insurance policy excludes coverage if a personal vehicle is used for commercial purposes in a TNC program. The trade associations include the American Insurance Association, the Association of California Insurance Companies, the National Association of Mutual Insurance Companies, the Pacific Association of Domestic Insurance Companies and the Personal Insurance Federation of California.

“We are very encouraged that the PUC is acting to fix the insurance gaps,” said Kara Cross, PIFC general counsel. “These regulations ensure that TNC drivers and the public are protected from the time an app is turned on until it is turned off. These regulations also prevent California drivers from being at risk of subsidizing TNC business operations.”

The PUC decision modifying the decision will be heard July 10, 2014.

“As a trade organization that represents both commercial and personal auto insurers, we believe the TNC service and commercial activity begins once the TNC driver turns on the “app,” which indicates that driver is “open and available” for TNC services. These regulations also allow for responsible innovation by providing flexibility for new insurance products to be developed,” said Armand Feliciano, ACIC vice president. “We are still reviewing the draft regulation. We must be mindful that that the regulatory and legislative processes run on two different tracks.”

“Adoption of this proposal will be a significant step forward in ensuring proper coverage of TNC activities,” said Steve Suchil, AIA assistant vice president and counsel.

The Association of California Insurance Companies (ACIC) is part of the Property Casualty Insurers Association of America (PCI). ACIC is PCI's California Voice representing 363 property casualty insurance companies doing business in California. These members write \$20.2 billion in premium in California insuring 36 percent of the property casualty insurance sold in the state. California members write 44 percent of personal auto insurance, 29 percent of homeowners insurance, 33 percent of commercial lines business insurance and 40 percent of private workers compensation insurance sold in California.

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