

Senate Study Bill 1228 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON PETERSEN)

A BILL FOR

1 An Act relating to the minimum insurance requirements for
2 transportation network companies and participating drivers,
3 and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 325C.1 Short title.

2 This chapter shall be known and may be cited as the "Iowa
3 *Transportation Network Company Insurance Act*".

4 Sec. 2. NEW SECTION. 325C.2 Scope.

5 Notwithstanding any other provision of law to the contrary,
6 this chapter shall determine the requirements of insurance
7 policies issued to transportation network companies and
8 participating drivers, as applicable, to provide coverage for
9 the operation of a motor vehicle in connection with the use of
10 a transportation network company's online-enabled application
11 or platform.

12 Sec. 3. NEW SECTION. 325C.3 Definitions.

13 As used in this chapter, unless the context otherwise
14 requires:

15 1. "*App-off stage*" means the period of time a participating
16 driver is operating a motor vehicle for personal, noncommercial
17 purposes. "*App-off stage*" does not include any period
18 of time in the app-on stage, the engaged stage, or the
19 passenger-on-board stage.

20 2. "*App-on stage*" means the period of time a participating
21 driver is logged on to a transportation network company's
22 online-enabled application or platform and available to
23 accept ride requests. "*App-on stage*" does not include any
24 period of time in the app-off stage, the engaged stage, or the
25 passenger-on-board stage.

26 3. "*Engaged stage*" means the period of time from the
27 moment a participating driver accepts a ride request on a
28 transportation network company's online-enabled application or
29 platform until the moment the participating driver completes
30 the transaction on the company's online-enabled application or
31 platform, or until the moment the ride is complete, whichever
32 is later. "*Engaged stage*" does not include any period of time
33 in the app-off stage or the app-on stage.

34 4. "*Participating driver*" or "*driver*" means a person who
35 operates a motor vehicle in connection with the use of a

1 transportation network company's online-enabled application
2 or platform to communicate with, offer transportation to,
3 or provide transportation for a passenger or a potential
4 passenger.

5 5. "*Passenger-on-board stage*" means the period of time a
6 passenger is inside a motor vehicle operated by a participating
7 driver as a result of the participating driver's use of a
8 transportation network company's online-enabled application
9 or platform. "*Passenger-on-board stage*" does not include any
10 period of time in the app-off stage or the app-on stage.

11 6. "*Transportation network company*" or "*company*" means
12 a person operating in this state that provides prearranged
13 transportation services for compensation through an
14 online-enabled application or platform that connects passengers
15 or potential passengers with participating drivers.

16 7. "*Transportation network company insurance*" or "*insurance*"
17 means a motor vehicle liability policy that explicitly covers
18 injury, damage, and loss arising from a participating driver's
19 operation of a motor vehicle in connection with the use of a
20 transportation network company's online-enabled application or
21 platform.

22 Sec. 4. NEW SECTION. 325C.4 Disclosure requirements.

23 1. A transportation network company shall disclose all of
24 the following in writing to participating drivers:

25 a. The amounts of coverage and the limits of liability
26 provided to the participating driver by the transportation
27 network company's insurance while the driver operates a motor
28 vehicle in connection with the use of the transportation
29 network company's online-enabled application or platform.

30 b. The fact that the participating driver's motor vehicle
31 liability policy may not provide the coverage required by this
32 chapter to the driver while the driver operates a motor vehicle
33 in connection with the use of the transportation network
34 company's online-enabled application or platform.

35 2. Within thirty days of the date a participating

1 driver first enters the app-on stage in connection with a
2 transportation network company's online-enabled application or
3 platform, the company shall notify the insurer providing the
4 driver's motor vehicle liability policy of the driver's use of
5 the company's online-enabled application or platform unless the
6 insurer is providing transportation network company insurance
7 to the driver.

8 Sec. 5. NEW SECTION. **325C.5 Insurance requirements.**

9 1. A transportation network company and a participating
10 driver shall maintain transportation network company insurance
11 coverage in all of the following amounts during the app-on
12 stage, the engaged stage, and the passenger-on-board stage:

13 a. One million dollars per accident for death, bodily
14 injury, and property damage.

15 b. For uninsured, underinsured, or hit-and-run motor vehicle
16 coverage, one million dollars per accident covering the driver
17 and all passengers.

18 c. For medical payments coverage, an amount equal to or
19 greater than the amount of medical payments coverage provided
20 by the motor vehicle liability policy of the owner of the motor
21 vehicle while the vehicle is operated during the app-off stage.

22 d. For collision and comprehensive coverage, an amount equal
23 to or greater than the amount of collision and comprehensive
24 coverage provided by the motor vehicle liability policy of the
25 owner of the motor vehicle while the vehicle is operated during
26 the app-off stage.

27 2. a. The requirements of subsection 1 may be satisfied by
28 any of the following:

29 (1) Transportation network company insurance maintained by
30 a participating driver.

31 (2) Transportation network company insurance maintained by
32 a transportation network company.

33 (3) A combination of subparagraphs (1) and (2).

34 b. A transportation network company shall only satisfy
35 the requirements of subsection 1 pursuant to paragraph "a",

1 subparagraph (1) or (3) of this subsection, if the company
2 verifies that the motor vehicle liability policy maintained by
3 the driver is explicitly written to cover injury, damage, and
4 loss arising from the driver's operation of a motor vehicle in
5 connection with the use of a transportation network company's
6 online-enabled application or platform.

7 3. *a.* An insurer providing transportation network company
8 insurance pursuant to this section shall have the duty to
9 defend and indemnify the insured for injury, damage, and
10 loss arising from the driver's operation of a motor vehicle
11 in connection with the use of the company's online-enabled
12 application or platform. No other insurer shall have the duty
13 to defend and indemnify the insured for injury, damage, and
14 loss arising from the driver's operation of a motor vehicle
15 in connection with the use of the company's online-enabled
16 application or platform.

17 *b.* Transportation network company insurance required by this
18 section shall not be conditional on any other insurer first
19 denying a claim, or a claim first being denied pursuant to any
20 other policy.

21 4. Both of the following shall apply to insurance coverage
22 during the app-on stage:

23 *a.* Where a participating driver's transportation network
24 company insurance lapses, is canceled, fails to provide
25 coverage, denies a claim, or ceases to exist for any reason,
26 the transportation network company insurance policy of the
27 transportation network company shall provide the coverage
28 required by this section beginning with the first dollar of a
29 claim.

30 *b.* A transportation network company shall maintain insurance
31 providing coverage to the company, a participating driver, a
32 passenger, and the general public in the amount of five hundred
33 thousand dollars per accident in excess of the insurance
34 required by subsection 1 for accidents arising from the
35 driver's operation of a motor vehicle in connection with the

1 use of the company's online-enabled application or platform.

2 Sec. 6. NEW SECTION. **325C.6 Limitation on liability.**

3 This chapter shall not limit the liability of a
4 transportation network company arising from an accident
5 involving a participating driver's operation of a motor vehicle
6 in connection with the use of the company's online-enabled
7 application or platform in an action against the company for an
8 amount greater than the amount of coverage required by section
9 325C.5.

10 Sec. 7. NEW SECTION. **325C.7 Insurance limitations.**

11 1. All of the following apply during the app-on stage, the
12 engaged stage, and the passenger-on-board stage:

13 a. The participating driver's or the motor vehicle owner's
14 insurance policy shall not provide coverage to the driver, the
15 vehicle owner, or a third party, unless the policy explicitly
16 provides for coverage during the period of time this subsection
17 is applicable, with or without a separate premium, or the
18 policy contains an amendment or endorsement that explicitly
19 provides for coverage during the period of time this subsection
20 is applicable, and a separate premium is charged.

21 b. The insurer of the participating driver or the motor
22 vehicle owner shall not have the duty to defend or indemnify
23 claims arising from the driver's operation of a motor vehicle
24 in connection with the use of a transportation network
25 company's online-enabled application or platform, unless the
26 policy explicitly provides for coverage during the period of
27 time this subsection is applicable, with or without a separate
28 premium, or the policy contains an amendment or endorsement
29 that explicitly provides for coverage during the period of
30 time this subsection is applicable, and a separate premium is
31 charged.

32 2. Notwithstanding any provision to the contrary, an
33 insurer may offer an insurance policy, or an amendment or
34 endorsement to an existing policy, that covers the operation
35 of a private passenger vehicle, station wagon type vehicle,

1 sport utility vehicle, or a similar type of vehicle, with a
2 passenger capacity of eight persons or less, including the
3 driver, in connection with the use of a transportation network
4 company's online-enabled application or platform only where the
5 policy explicitly provides for coverage during the period of
6 time subsection 1 is applicable, with or without a separate
7 premium, or the policy contains an amendment or endorsement
8 that explicitly provides for coverage during the period of time
9 subsection 1 is applicable, and a separate premium is charged.

10 Sec. 8. NEW SECTION. 325C.8 Other requirements.

11 1. During the investigation of an insurance claim,
12 a transportation network company or the insurer of a
13 transportation network company shall do all of the following:

14 a. Cooperate with the other insurers involved in the
15 investigation to facilitate the exchange of information,
16 including but not limited to the dates and times during which
17 an accident occurred involving a participating driver, and the
18 times during which the participating driver was logged on to
19 the transportation network company's online-enabled application
20 or platform.

21 b. Provide information requested by another insurer involved
22 in the investigation within fifteen days of a written request
23 from the insurer to the company or the company's insurer.

24 2. All records, including electronic records, relating to
25 the period of time a participating driver was logged on as
26 active or logged off as inactive on a transportation network
27 company's online-enabled application or platform, and any
28 other data or reports kept by a transportation network company
29 relating to a motor vehicle accident must be maintained by the
30 company for at least five years after the date the accident is
31 reported to the company.

32 Sec. 9. NEW SECTION. 325C.9 Proof of insurance.

33 1. A participating driver shall carry proof of
34 transportation network company insurance coverage at all times
35 during which the driver is operating the motor vehicle in

1 connection with the use of a transportation network company's
2 online-enabled application or platform.

3 2. In the event of an accident, a participating driver shall
4 provide the proof, upon request, to a peace officer and any
5 party to the accident, in paper or electronic format, including
6 an electronic image displayed on a cellular telephone or any
7 other portable electronic device equipped with a display screen
8 with touch input or a miniature keyboard.

9 Sec. 10. NEW SECTION. 325C.10 Local authority.

10 The provisions of this chapter shall not prohibit a local
11 authority from exercising home rule power and authority
12 to impose additional or more restrictive requirements upon
13 a transportation network company or participating driver
14 operating within the jurisdiction of the local authority.

15 Sec. 11. EFFECTIVE UPON ENACTMENT. This Act, being deemed
16 of immediate importance, takes effect upon enactment.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill relates to the minimum insurance requirements
21 for transportation network companies (TNCs) and participating
22 drivers.

23 The bill defines "transportation network company" as a
24 person that provides prearranged transportation services
25 for compensation through an online-enabled application or
26 platform that connects passengers or potential passengers
27 with participating drivers. The bill defines four stages
28 of a transaction between a driver and a passenger: the
29 "app-off stage", the "app-on stage", the "engaged stage", and
30 the "passenger-on-board stage". The bill further defines
31 "participating driver" and "transportation network company
32 insurance".

33 The bill requires a TNC to disclose to a driver, in writing,
34 the amounts of coverage and the limits of liability provided
35 to the driver by the TNC's insurance, and the fact that the

1 driver's policy may not provide the coverage required by the
2 bill while the driver operates a motor vehicle in connection
3 with the use of the TNC's online-enabled application or
4 platform. The bill also requires that, within 30 days of the
5 date a driver first enters the app-on stage in connection
6 with a TNC's online-enabled application or platform, the TNC
7 shall notify the insurer providing the driver's policy of
8 the driver's use of the TNC's online-enabled application or
9 platform unless the insurer is providing TNC insurance to the
10 driver.

11 The bill further requires a TNC and a driver, during the
12 app-on stage, the engaged stage, and the passenger-on-board
13 stage, to maintain coverage in the amount of \$1 million
14 per accident for death, bodily injury, and property damage,
15 and \$1 million per accident for uninsured, underinsured, or
16 hit-and-run motor vehicle coverage. The policy must also
17 provide for medical payments coverage and collision and
18 comprehensive coverage in amounts equal to or greater than the
19 amounts of such coverage provided by the policy of the owner
20 of the motor vehicle while the vehicle is operated during the
21 app-off stage. Either the TNC or the driver, or both, may
22 maintain coverage to satisfy the requirements of the bill.
23 However, if the coverage is maintained by a driver, a TNC shall
24 only satisfy the requirements of the bill if the TNC verifies
25 that the policy maintained by the driver is explicitly written
26 to cover injury, damage, and loss arising from the driver's
27 operation of a motor vehicle in connection with the use of a
28 TNC's online-enabled application or platform.

29 The bill provides that an insurer providing TNC insurance
30 shall have the duty to defend and indemnify the insured. In
31 addition, TNC insurance shall not be conditional on any other
32 insurer first denying a claim, or a claim first being denied
33 pursuant to any other policy.

34 The bill further provides that, during the app-on stage,
35 where a driver's insurance lapses, is canceled, fails to

1 provide coverage, denies a claim, or ceases to exist for any
2 reason, the insurance policy of the TNC shall provide the
3 coverage required by the bill beginning with the first dollar
4 of a claim. In addition, a TNC shall maintain insurance
5 providing coverage to the company, a driver, a passenger, and
6 the general public in the amount of \$500,000 per accident in
7 excess of the insurance required by the bill for accidents
8 arising from the driver's operation of a motor vehicle in
9 connection with the use of the TNC's online-enabled application
10 or platform.

11 The bill does not limit the liability of a TNC in an action
12 against the TNC for an amount greater than the amount of
13 coverage required by the bill.

14 In order to provide coverage to TNCs and drivers, the
15 bill requires an insurance policy to explicitly provide
16 coverage during the app-on stage, the engaged stage, and the
17 passenger-on-board stage. If the policy does not, the insurer
18 does not have a duty to defend or indemnify the insured.

19 The bill provides that during the investigation of an
20 insurance claim, a TNC and insurer shall cooperate with the
21 other insurers involved in the investigation to facilitate
22 the exchange of information, and shall provide information
23 requested by another insurer involved in the investigation
24 within 15 days of a written request from the insurer to the TNC
25 or the TNC's insurer. All records, data, or reports kept by a
26 TNC relating to a motor vehicle accident must be maintained by
27 the TNC for at least five years after the date the accident is
28 reported to the TNC.

29 The bill requires a driver to carry proof of insurance at all
30 times during which the driver is operating the motor vehicle in
31 connection with the use of a TNC's online-enabled application
32 or platform. In the event of an accident, a driver shall
33 provide the proof, upon request, to a peace officer and any
34 party to the accident, in paper or electronic format.

35 The bill does not prohibit a local authority from exercising

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1 home rule power to impose additional requirements upon a TNC
2 or driver operating within the jurisdiction of the local
3 authority.
4 The bill takes effect upon enactment.