

**SENATE JUDICIARY COMMITTEE**  
**Senator Thomas Umberg, Chair**  
**2023-2024 Regular Session**

AB 2743 (Pacheco)  
Version: April 10, 2024  
Hearing Date: June 25, 2024  
Fiscal: Yes  
Urgency: No  
AM

**SUBJECT**

Insurance: personal vehicle sharing

**DIGEST**

This bill requires a personal vehicle sharing program (PVSP) to have minimum insurance limits of \$45,000 for bodily injury or death for one person, \$90,000 for bodily injury or death for all persons, and \$15,000 for property damage. The bill also enacts various notice requirements on PVSPs and makes a violation of these provisions subject to a civil penalty, which is authorized to be brought by the Insurance Commissioner.

**EXECUTIVE SUMMARY**

Existing law requires PVSPs to carry minimum insurance requirements at three times the limit for personal vehicles under the Financial Responsibility Law (FRL). (Ins. Code § 11580.24(c).) In 2022, SB 1107 (Dodd, Ch. 717, Stats. 2022) increased the personal vehicle limits under the FRL beginning on January 1, 2025, which also increases the minimum insurance requirements for PVSPs. This bill seeks to address this by setting different minimum insurance limits for PVSPs that are roughly 1.5 times the personal vehicle limits. The bill is sponsored by Turo, a PVSP, and supported by Garden Grove City Council and various entities representing business organizations. The bill is opposed unless amended by the Consumer Federation of California and the Consumer Attorneys of California. The bill passed the Senate Insurance Committee on a vote of 7 to 0.

**PROPOSED CHANGES TO THE LAW**

Existing law:

- 1) Defines “personal vehicle sharing” as the use of private passenger motor vehicles by a person other than the vehicle’s owner, in connection with a personal vehicle sharing program. (Ins. Code § 11580.24.)

- 2) Defines “personal vehicle sharing program” (PVSP) as a legal entity qualified to do business in the state of California engaged in the business of facilitating the sharing of private passenger vehicles for noncommercial use of individuals within the state. (Ins. Code 11580.24.)
- 3) Prohibits a vehicle sharing program from providing liability coverage less than three times the minimum insurance requirements for private passenger vehicles. (Ins. Code 11580.24.)
- 4) Establishes the Financial Responsibility Law (FRL), which requires most drivers purchase auto insurance with certain minimum limits of coverage, as follows:
  - a) \$15,000 for liability resulting in bodily injury or death of one person;
  - b) \$30,000 for liability resulting in bodily injury or death to more than one person; and
  - c) \$5,000 for liability resulting from property damage (*hereafter* \$15k/\$30k/\$5k). (Veh. Code § 16500.)
- 5) Increases, effective January 1, 2025, the requirements of the Financial Responsibility Law (FRL), which requires most drivers purchase auto insurance with certain minimum limits of coverage, to:
  - a) \$30,000 for liability resulting in bodily injury or death of one person;
  - b) \$60,000 for liability resulting in bodily injury or death to more than one person; and
  - c) \$15,000 for liability resulting from property damage (*hereafter* \$30k/\$60k/\$15k). (Veh. Code § 16500.)
- 6) Increases, effective January 1, 2035, the requirements of the FRL to:
  - a) \$50,000 for bodily injury or death to one person;
  - b) \$100,000 for bodily injury or death to more than one person; and
  - c) \$25,000 for liability resulting from property damage (*hereafter* \$50k/\$100k/\$25k). (Veh. Code § 16500.)

This bill:

- 1) Requires a PVSP for each vehicle that it facilitates to provide insurance coverage for the vehicle and operator at a minimum of:
  - a) \$45,000 for bodily injury or death for one person;
  - b) \$90,000 for bodily injury or death for all persons; and
  - c) \$15,000 for property damage (*hereafter* \$45k/\$90k/\$15k).
- 2) Requires, on and after January 1, 2035, the PVSP to provide liability coverage of at least three times the minimum insurance requirements for private passenger vehicles under the FRPL, which will be \$50k/\$100k/\$25k.

- 3) Authorizes the vehicle owner and operator to obtain or purchase additional insurance in excess of the minimum mandatory coverage and limits, including comprehensive and collision coverages or contractual protections.
- 4) Requires a written disclosure to be provided to the vehicle owner and any person that operates the vehicle pursuant to a PVSP that contains all of the following:
  - a) the terms and conditions, including any applicable insurance requirements, coverages, coverage gaps, protections, limits, and exclusions;
  - b) the minimum mandatory coverage and limits that the PVSP is required to provide to owners and operators;
  - c) the coverages and limits provided by the PVSP; and
  - d) the requirement that the PVSP provide the vehicle owner and any person that operates the vehicle pursuant to a PVSP with the option to purchase or obtain additional limits, coverages, or protections.
- 5) Requires a PVSP to disclose all of the following in writing to the vehicle owner:
  - a) that the vehicle owner may have chosen higher limits, different coverages, or both, on their personal automobile insurance policy than those being provided by the PVSP, and, if so, that they have the option to purchase or obtain higher limits or optional coverages or protections;
  - b) that their personal automobile insurance may expressly exclude coverage for a vehicle while it is being operated pursuant to a PVSP; and
  - c) that if their personal automobile insurer does not expressly exclude coverage for vehicle sharing, it may still deny coverage for an accident occurring during vehicle sharing if the annual revenue from the PVSP to the vehicle owner exceeds the vehicle owner's annual expense of owning and operating the vehicle.
- 2) Provides that a person who violates this section may be liable to the state for a civil penalty, to be determined by the Insurance Commissioner, not to exceed \$5,000 for each violation or, if the violation was willful, a civil penalty not to exceed \$10,000 for each violation.
- 3) States the duties and obligations imposed by these provisions are cumulative with any other duties or obligations imposed under any other law, and are not to be construed to relieve any party from a duty or obligation imposed under any other law.

## COMMENTS

### 1. Stated need for the bill

The author writes:

Personal vehicle sharing programs (PVSP) provide an affordable mobility option to Californians and have expanded significantly since their inception. The PVSP market in 2021 was \$1.6 billion and is expected to grow to \$7.2 billion by 2030. The major factors driving the double-digit growth of PVSP include the competitive pricing and convenience of these mobility programs, burgeoning concerns over greenhouse gas emissions, push for vehicle electrification, and worsening traffic congestion. As the cost of vehicle ownership has increased, consumers have migrated towards PVSP. Yet, California's financial responsibility (FR) limits are out of step with 43 other states and the District of Columbia where those limits are set at the same level as personal vehicle FR limits.

AB 2743 provides an appropriate adjustment in FR limits for PVSP to ensure that Californians have access to a vital mode of mobility without leaving consumers financially exposed or underinsured. The adjustment in limits in AB 2743 is designed to protect consumers while fostering the growth of this mobility segment. This bill contains robust consumer notices that are tailored to the modern car sharing market and includes penalty provisions for violations of these new PVSP insurance limits, guaranteeing that all PVSP customers remain protected and well-informed when driving in California.

### 2. PVSPs and insurance limits

A PVSP or peer-to-peer car sharing program is a platform where car owners can list their cars to be shared or used by others for a fee, somewhat similar to the model of AirBnb. The existing statutes governing PVSPs were enacted in 2010 by AB 1871 (Jones, Ch. 454, Stats. 2010) and specified that PVSPs must carry insurance in limits three times the limits required under the FRL, which until January 1, 2025 are \$15k/\$30k/\$5k. In 2022, SB 1107 (Dodd, Ch. 717, Stats. 2022) increased the personal vehicle limits under the FRL to \$30k/\$60k/\$15k on January 1, 2025, and to \$50k/\$100k/\$25k on January 1, 2035. As PVSPs are required to carry insurance limits in amounts three times the personal vehicle limits under the FRL, SB 1107 also raised the required insurance limits for PVSPs.

The chart below shows the limits for PVSPs if this bill is not enacted:

	Existing Law		1/1/25		1/1/35	
	Personal	PVSPs	Personal	PVSPs	Personal	PVSPs
Bodily injury 1 person	\$15k	\$45k	\$30k	\$90k	\$50k	\$150k
Bodily injury > 1 person	\$30k	\$90k	\$60k	\$1800k	\$100k	\$300k
Property damage	\$5k	\$15k	\$15k	\$45k	\$25k	\$75k

The author and sponsor of the bill argue that this bill is necessary to bring California in line with the majority of other states that require PVSPs to have the same limits as those required for a personal vehicle, pointing to 43 other states and the District of Columbia. They believe existing law is outdated and has not kept up with current practices in the industry. The bill proposes to address this issue by requiring PVSPs to maintain the same minimum insurance limits they are required to carry under existing law, which are \$45k/\$90k/\$15k. The bill would require, on and after January 1, 2035, that PVSPs carry minimum insurance amounts at three times the personal vehicle limits, thereby requiring PVSPs to have minimum insurance limits of \$150k/\$300k/\$75k.

The chart below shows the limits for PVSPs if this bill is enacted:

	Existing Law		1/1/25		1/1/35	
	Personal	PVSPs	Personal	PVSPs	Personal	PVSPs
Bodily injury 1 person	\$15k	\$45	\$30k	\$45	\$50k	\$150k
Bodily injury > 1 person	\$30k	\$90k	\$60k	\$90k	\$100k	\$300k
Property damage	\$5k	\$15k	\$15k	\$15k	\$25k	\$75k

In order to add more consumer protections to the existing statutes, the bill enacts certain notice requirements including requiring a PVSP to provide a vehicle owner and any person that operates the vehicle pursuant to a PVSP:

- the terms and conditions, including any applicable insurance requirements, coverages, coverage gaps, protections, limits, and exclusions;
- the minimum mandatory coverage and limits that the PVSP is required to provide to owners and operators;
- the coverages and limits provided by the PVSP; and
- the requirement that the PVSP provide the vehicle owner and any person that operates the vehicle pursuant to a PVSP with the option to purchase or obtain additional limits, coverages, or protections.

The bill also requires a PVSP to disclose all of the following in writing to a vehicle owner sharing their vehicle through the platform:

- that the vehicle owner may have chosen higher limits, different coverages, or both, on their personal automobile insurance policy than those being provided by the PVSP, and, if so, that they have the option to purchase or obtain higher limits or optional coverages or protections;
- that their personal automobile insurance may expressly exclude coverage for a vehicle while it is being operated pursuant to a PVSP; and
- that if their personal automobile insurer does not expressly exclude coverage for vehicle sharing, it may still deny coverage for an accident occurring during vehicle sharing if the annual revenue from the PVSP to the vehicle owner exceeds the vehicle owner's annual expense of owning and operating the vehicle.

The bill enacts civil penalties for a violation of these provisions that are authorized to be enforced by the Insurance Commissioner. The penalties are not to exceed \$5,000 for each violation or, if the violation was willful, not to exceed \$10,000 for each violation.

Turo, the sponsor of the bill, argues they will not be able to operate in California if this bill is not enacted, writing:

If not fixed, PVSP limits will be automatically skyrocket above the current personal vehicle FR limits (\$90,000/\$180,000/\$45,000) because of the outdated multiplier provision that was put into place over a decade ago when PVSP was in its infancy and data was not available to determine appropriate FR limits for peer to peer car sharing platforms providing crucial service to many Californians. There is no data that justifies singling out the PVSP industry with these artificially higher limits - a burden not shared by rental car companies who present the same risk on the road. Today, California's limits are already out of step with 43 other states and the District of Columbia where PVSP FR limits are set at the same level as personal vehicle FR limits.

We support sufficient liability coverage to protect consumers but the PVSP FR levels triggered by SB 1107 next year may make it impossible for us to operate in California and jeopardizes the jobs, income, and alternative affordable mobility mode that PVSP provides to the residents of the state.

### 3. Opposition

The Consumer Federation of California and the Consumer Attorneys of California are opposed unless amended. They are seeking amendments to have PVSPs maintain minimum insurance limits at two times the personal vehicle requirements, so \$60k/\$120k/\$30k. They argue that the bill will "reduce the availability of insurance

available to those killed or injured in accidents which [they] believe is a terrible policy move,” and they want “a data call or closed claim study by the Department of Insurance so that the Legislature has adequate information to make an informed decision on adequate insurance limits” for PVSPs.

Specifically, they seek a requirement that PVSPs submit a report to the Insurance Commissioner on any claims in the previous five years by September 1, 2031. They also want the Insurance Commissioner to review the data submitted and provide a report on if changes to insurance limits are necessary.

In order for the Legislature to make an accurate assessment of what insurance limits should be for PVSPs it is imperative that accurate and complete data be provided to the Legislature. The current issue with collecting accurate claims and insurance data for PVSPs is that some accidents and claims are not reported to PVSPs by the owner of the vehicle or user as the claims are handled on the owner of the vehicle’s insurance policy not the PVSPs. There were various concerns from stakeholders about doing a traditional data call on insurance companies because of the unique business model of PVSPs.

In light of the fact that the current available data does not provide an accurate picture for the Legislature to make a determination on the appropriate level of insurance limits for PVSPs, the author has agreed to amend the bill to include a 5-year sunset date instead of a 10-year sunset date, and commits to continue working on the data collection issue. Potential solutions to the data collection issue are placing requirements on PVSPs to require the owner of the vehicle and the user of the vehicle to report all accidents that have occurred from the use of the vehicle pursuant to a PVSP. This information and data on all claims made against a PVSP’s own insurance could then be provided to the DOI in order for the DOI to assess the data and provide a report to the Legislature on its analysis and appropriateness of current insurance limits for PVSPs.

#### 4. Amendment

The specific amendment to address the issues above is as follows:

Section 11580.241 as added to the Insurance Code is amended to read.

(a) A personal vehicle sharing program shall, for each vehicle that it facilitates the use of, do all of the following:

(1) Provide both of the following during all times that the vehicle is engaged in personal vehicle sharing:

(A) (i) Insurance coverages for the vehicle and operator at a minimum of forty-five thousand dollars (\$45,000) for bodily injury or death for one person, ninety thousand dollars (\$90,000) for bodily injury or death for all persons, and fifteen thousand dollars (\$15,000) for property damage.

(ii) On and after January 1, ~~2035~~, 2031 the personal vehicle sharing program shall not provide liability coverage less than three times the minimum insurance requirements for private passenger vehicles set forth in Section 16056 of the Vehicle Code. [...]

#### 5. Statements in support

TechNet writes in support, stating:

Specifically, AB 2743 fixes an unintended increase in minimum FR limits for PVSPs as a result of the passage of SB 1107 (Dodd, 2022) which dealt with FR limits for personal vehicles. Unfortunately, SB 1107 did not directly address the appropriate recalculation of PVSP limits, resulting in exponentially higher FR limits that will go into effect in 2025 unless they are adjusted by the Legislature this year.

California's limits are already out of step with 43 other states and the District of Columbia where PVSP FR limits are set at the same level as personal vehicle FR limits. PVSPs provide a marketplace where people can find affordable short-term transportation or turn their car into a meaningful tool to make ends meet.

In addition, AB 2743 also includes robust consumer notices that are better tailored to the modern car sharing market and includes penalty provisions for violations of these new PVSP insurance limits ensuring that all PVSP customers remain protected and well-informed when driving in California.

#### 6. Statements in opposition

The Consumer Federation of California and the Consumer Attorneys of California write in opposition, stating:

The key policy issue is how much liability insurance should a platform like TURO or Getaround be required to carry. Are they similar to a rental car or not? We have heard the argument that the limits should be reduced because they are similar to a rental car; however, Turo's own arguments in court submissions argue specifically that they are not rental cars. We find it odd that in one venue- the legislature- they are arguing for limits parallel to a rental car, yet in legal pleadings, they claim they are not nor were they ever a rental car company. In *Turo v. Superior Court*, Turo cross-complained against the City and County of San Francisco (the City), which owns and operates SFO, "seeking a declaratory judgment that it is not a rental car company under California law." So it appears that TURO is choosing to be similar to a rental car company as related to how much insurance it must provide to injured Californians, yet in the same breath is arguing that it is not a rental car company when it comes to California law. *Turo v. Superior Court*, 80 Cal.App.5th 517. We find this double-sided and inconsistent

argument troubling, further amplifying our two amendment request as a middle ground and very reasonable.

Peer to peer companies present themselves as comparable to rental car companies as they advocate for lower insurance limits; however, there are clear differences between the two industries.

### **SUPPORT**

Turo (sponsor)  
Garden Grove City Council  
Florence Firestone Walnut Park Chamber of Commerce  
Keeper Tax, Inc.  
Rideshare Mechanic  
TechNet  
Tenet Energy

### **OPPOSITION**

Consumer Federation of California  
Consumer Attorneys of California

### **RELATED LEGISLATION**

Pending Legislation: None known.

Prior Legislation:

SB 1107 (Dodd, Ch. 717, Stats. 2022) *see* Comment 2), above.

AB 1871 (Jones, Ch. 454, Stats. 2010) *see* Comment 2), above.

### **PRIOR VOTES**

Senate Insurance Committee (Ayes 7, Noes 0)  
Assembly Floor (Ayes 65, Noes 0)  
Assembly Appropriations Committee (Ayes 14, Noes 0)  
Assembly Insurance Committee (Ayes 15, Noes 0)

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