

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 414

Short Title: Regulate Transportation Network Services. (Public)

Sponsors: Senators McKissick, Meredith (Primary Sponsors); and Rabon.

Referred to: Rules and Operations of the Senate.

March 25, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE FINANCIAL RESPONSIBILITY FOR OPERATORS OF
3 DIGITALLY DISPATCHED PREARRANGED TRANSPORTATION SERVICES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** The title of Article 10 of Chapter 20 of the General Statutes reads as
6 rewritten:

7 "Article 10.

8 "Financial Responsibility of Taxicab ~~Operators~~ Operators and Providers of Digitally
9 Dispatched Prearranged Transportation Services."

10 **SECTION 2.** Article 10 of Chapter 20 of the General Statutes is amended by
11 adding a new section to read:

12 "**§ 20-280.1 Requirements for digitally dispatched prearranged transportation services.**

13 (a) The following definitions apply to this section:

14 (1) Participating driver or driver. – Any person who uses a vehicle in connection
15 with a transportation network company's online-enabled application or
16 platform to connect with passengers.

17 (2) Transportation network company. – An organization, including, but not
18 limited to, a corporation, limited liability company, partnership, sole
19 proprietor, or any other entity, operating in the State that provides digital
20 dispatching services for prearranged transportation services for hire using an
21 online-enabled application or platform to connect passengers with drivers
22 using a personal vehicle.

23 (3) Transportation network company insurance. – A liability insurance policy
24 that specifically covers liabilities arising from a driver's use of a vehicle in
25 connection with a transportation network company's online-enabled
26 application or platform.

27 (b) A transportation network company shall disclose in writing to participating drivers,
28 as part of its agreement with those drivers, the following:

29 (1) The insurance coverage and limits of liability that the transportation network
30 company provides while the driver uses a vehicle in connection with a
31 transportation network company's online-enabled application or platform.

32 (2) That the driver's personal automobile insurance policy will not provide
33 coverage when the driver uses a vehicle in connection with a transportation
34 network company's online-enabled application or platform.

35 (3) That the driver's personal automobile insurance policy will not provide
36 collision or comprehensive coverage for damage to the vehicle used by the



1 driver from the moment the driver logs on to the transportation network
2 company's online-enabled application or platform to the moment the driver
3 logs off the transportation network company's online-enabled application or
4 platform.

5 (c) A transportation network company shall provide direct notice of participation in the
6 transportation network to the driver's personal auto insurer unless that insurer is providing
7 transportation network company insurance to the driver.

8 (d) A transportation network company and any participating driver shall maintain
9 transportation network company insurance as provided in this subsection.

10 (1) The following requirements shall apply to transportation network company
11 insurance from the moment a participating driver accepts a ride request on
12 the transportation network company's online-enabled application or platform
13 until the driver completes the transaction on the online-enabled application
14 or platform or until the ride is complete, whichever is later:

15 a. Transportation network company insurance shall be primary and in
16 the amount of one million dollars (\$1,000,000) for death, personal
17 injury, and property damage. The requirements for the coverage
18 required by this sub-subdivision may be satisfied by any of the
19 following:

20 1. Transportation network company insurance maintained by a
21 participating driver.

22 2. Transportation network company insurance maintained by a
23 transportation network company.

24 3. Any combination of sub-sub-subdivisions 1. and 2. of
25 sub-subdivision a. of this subdivision.

26 b. Transportation network company insurance coverage provided under
27 this subdivision shall also provide for uninsured motorist coverage
28 and underinsured motorist coverage in the amount of one million
29 dollars (\$1,000,000) from the moment a passenger enters the vehicle
30 of a participating driver until the passenger exits the vehicle.

31 c. The insurer, in the case of insurance coverage provided under this
32 subdivision, shall have the duty to defend and indemnify the insured.

33 d. A transportation network company may meet its obligations under
34 this subdivision through a policy obtained by a participating driver
35 pursuant to sub-sub-subdivisions 1. or 3. of sub-subdivision a. of this
36 subdivision only if the transportation network company verifies that
37 the policy is maintained by the driver and is specifically written to
38 cover the driver's use of a vehicle in connection with a transportation
39 network company's online-enabled application or platform.

40 (2) The following requirements shall apply to transportation network company
41 insurance from the moment a participating driver logs on to the
42 transportation network company's online-enabled application or platform
43 until the driver accepts a request to transport a passenger, and from the
44 moment the driver completes the transaction on the online-enabled
45 application or platform or the ride is complete, whichever is later, until the
46 driver either accepts another ride request on the online-enabled application
47 or platform or logs off the online-enabled application or platform:

48 a. Transportation network company insurance shall be primary and in
49 the amount of at least fifty thousand dollars (\$50,000) for death and
50 personal injury per person, one hundred thousand dollars (\$100,000)

- 1 for death and personal injury per incident, and thirty thousand dollars
2 (\$30,000) for property damage.
- 3 b. Transportation network company insurance coverage shall also
4 provide uninsured and underinsured motorist coverage as required by
5 G.S. 279-21(b)(3).
- 6 c. If a participating driver carries collision physical damage coverage
7 on the driver's personal auto policy, then the transportation network
8 company insurance shall provide the same physical damage coverage
9 from the moment a participating driver logs on to the transportation
10 network company's online-enabled application or platform until the
11 driver logs off the online-enabled application or platform.
- 12 d. The requirements for the coverage required by this subdivision may
13 be satisfied by any of the following:
- 14 1. Transportation network company insurance maintained by a
15 participating driver.
- 16 2. Transportation network company insurance maintained by a
17 transportation network company that provides coverage in the
18 event a participating driver's insurance policy under
19 sub-sub-subdivision 1. has ceased to exist or has been
20 canceled, or the participating driver does not otherwise
21 maintain transportation network company insurance pursuant
22 to this subdivision.
- 23 3. Any combination of sub-sub-subdivisions 1. and 2. of
24 sub-subdivision d. of this subdivision.
- 25 e. A transportation network company shall also maintain insurance
26 coverage that provides excess coverage insuring the transportation
27 network company and the driver in the amount of at least two
28 hundred thousand dollars (\$200,000) per occurrence to cover any
29 liability arising from a participating driver using a vehicle in
30 connection with a transportation network company's online-enabled
31 application or platform within the time periods specified in this
32 subdivision, which liability exceeds the required coverage limits in
33 sub-subdivision a. of this subdivision.
- 34 f. The insurer providing insurance coverage under this subdivision shall
35 be the only insurer having the duty to defend any liability claim
36 arising from an accident occurring within the time periods specified
37 in this subdivision.
- 38 g. A transportation network company may meet its obligations under
39 this subdivision through a policy obtained by a participating driver
40 pursuant to sub-sub-subdivisions 1. or 3. of sub-subdivision d. of this
41 subdivision only if the transportation network company verifies that
42 the policy is maintained by the driver and is specifically written to
43 cover the driver's use of a vehicle in connection with a transportation
44 network company's online-enabled application or platform.
- 45 (3) Coverage under a transportation network company insurance policy shall not
46 be dependent on a personal automobile insurance policy first denying a
47 claim nor shall a personal automobile insurance policy be required to first
48 deny a claim.
- 49 (4) In every instance where transportation network company insurance
50 maintained by a participating driver to fulfill the insurance obligations of
51 this section has lapsed or ceased to exist, the transportation network

1 company shall provide the coverage required by this section beginning with
2 the first dollar of a claim.

3 (5) This section shall not limit the liability of a transportation network company
4 arising out of an automobile accident involving a participating driver in any
5 action for damages against a transportation network company for an amount
6 above the required insurance coverage.

7 (e) Nothing in this section shall be construed to require a private passenger automobile
8 insurance policy to provide primary or excess coverage during the period of time from the
9 moment a participating driver in a transportation network company logs on to the transportation
10 network company's online-enabled application or platform until the driver logs off the
11 online-enabled application or platform or the passenger exits the vehicle, whichever is later.

12 (f) During the period of time from the moment a participating driver in a transportation
13 network company logs on to the transportation network company's online-enabled application
14 or platform until the driver logs off the online-enabled application or platform or the passenger
15 exits the vehicle, whichever is later, all of the following shall apply:

16 (1) The participating driver's or the vehicle owner's personal automobile
17 insurance policy shall not provide any coverage to the participating driver,
18 vehicle owner, or any third party, unless the policy expressly provides for
19 that coverage during the period of time to which this subdivision is
20 applicable, with or without a separate charge, or the policy contains an
21 amendment or endorsement to provide that coverage, for which a separately
22 stated premium is charged.

23 (2) The participating driver's or the vehicle owner's personal automobile
24 insurance policy shall not have the duty to defend or indemnify for the
25 driver's activities in connection with the transportation network company,
26 unless the policy expressly provides otherwise for the period of time to
27 which this subdivision is applicable, with or without a separate charge, or the
28 policy contains an amendment or endorsement to provide that coverage, for
29 which a separately stated premium is charged.

30 (g) Notwithstanding any other law, a personal automobile insurer may, at its discretion,
31 offer an automobile liability insurance policy, or an amendment or endorsement to an existing
32 policy that covers a private passenger vehicle, station wagon type vehicle, sport utility vehicle,
33 or similar type of vehicle with a passenger capacity of eight persons or less, including the
34 driver, while used in connection with a transportation network company's online-enabled
35 application or platform only if the policy expressly provides for the coverage during the time
36 period specified in of subdivision (1) of subsection (d) of this section, with or without a
37 separate charge, or the policy contains an amendment or an endorsement to provide that
38 coverage, for which a separately stated premium may be charged.

39 (h) In a claims coverage investigation, a transportation network company or its insurer
40 shall cooperate with insurers that are involved in the claims coverage investigation to facilitate
41 the exchange of information, including the provision of dates and times at which an accident
42 occurred that involved a participating driver and the precise times that the participating driver
43 logged on and off the transportation network company's online-enabled application or platform.

44 (i) A transportation network company shall not disclose to a third party any personally
45 identifiable information of a transportation network company passenger unless one of the
46 following applies:

47 (1) The customer knowingly consents.

48 (2) The disclosure is made pursuant to a requirement of State law.

49 (3) The disclosure is to the Attorney General in order to investigate a complaint
50 filed with the Attorney General against a transportation network company or

1 a participating driver and the Attorney General treats the information as
2 confidential information.
3 (j) A participating driver of a transportation network company shall carry proof of
4 transportation network company insurance coverage with him or her at all times during his or
5 her use of a vehicle in connection with a transportation network company's online-enabled
6 application or platform. In the event of an accident, a participating driver shall provide this
7 insurance coverage information to any other party involved in the accident, and to a law
8 enforcement officer, upon request.
9 (k) Notwithstanding any other provision of this Chapter or Chapter 58 of the General
10 Statutes, this section determines the obligations under insurance policies issued to
11 transportation network companies and, if applicable, drivers using a vehicle in connection with
12 a transportation network company's online-enabled application or platform."
13 **SECTION 3.** This act becomes effective July 1, 2015.