

1 SB262
2 174006-4
3 By Senators Shelnutt and Whatley
4 RFD: Banking and Insurance
5 First Read: 17-FEB-16

1 SB262

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4 ENROLLED, An Act,

5 Relating to transportation; to provide certain
6 insurance requirements for a transportation network company
7 that operates in the state; and to require certain disclosures
8 regarding insurance coverage and limits of liability.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10 Section 1. For the purposes of this act, the
11 following terms shall have the following meanings:

12 (1) DIGITAL NETWORK. Any online-enabled application,
13 software, website, or system offered or utilized by a TNC that
14 enables the prearrangement of a ride with a TNC driver.

15 (2) PERSONAL VEHICLE. A vehicle that meets both of
16 the following criteria:

17 a. Is used by a TNC driver to provide a prearranged
18 ride.

19 b. Is owned, leased, or otherwise authorized for use
20 by a TNC driver.

21 (3) PREARRANGED RIDE. The provision of
22 transportation by a TNC driver to a TNC rider, beginning when
23 a TNC driver accepts a ride requested by a TNC rider through a
24 digital network controlled by a TNC, continuing while the TNC
25 driver transports the requesting TNC rider, and ending when

1 the last requesting TNC rider departs from the personal
2 vehicle of the TNC driver. A prearranged ride does not include
3 transportation provided by any of the following pursuant to
4 the Alabama Motor Carrier Act, Chapter 3, Title 37, Code of
5 Alabama 1975:

6 a. A shared expense carpool or vanpool arrangement.

7 b. A regional transportation company or licensed
8 motor carrier.

9 (4) TNC. A transportation network company that is a
10 corporation, partnership, sole proprietorship, or other entity
11 licensed and operating in this state that uses a digital
12 network to connect a TNC rider to a TNC driver who provides a
13 prearranged ride. A TNC may not control, direct, or manage the
14 personal vehicle or the TNC driver who connects to its digital
15 network, except where agreed to by written contract.

16 (5) TNC DRIVER. An individual who meets both of the
17 following criteria:

18 a. Receives connections to potential riders and
19 related services from a TNC in exchange for payment of a fee
20 to the TNC.

21 b. Uses a personal vehicle to offer or provide a
22 prearranged ride to a TNC rider upon connection through a
23 digital network controlled by a TNC and in exchange for
24 compensation or payment of a fee.

1 (6) TNC RIDER. An individual who uses the digital
2 network of a TNC to connect with a TNC driver who provides a
3 prearranged ride to the TNC rider in the personal vehicle of
4 the TNC driver between points chosen by the TNC rider.

5 Section 2. (a) On or before 90 days after the
6 effective date of this act, and thereafter, a TNC driver or a
7 TNC on the behalf of the TNC driver shall maintain primary
8 automobile insurance that recognizes that the driver is a TNC
9 driver or otherwise uses a vehicle to transport riders for
10 compensation and covers the driver under both of the following
11 circumstances:

12 (1) While the TNC driver is logged onto the digital
13 network of a TNC.

14 (2) While the TNC driver is engaged in a prearranged
15 ride.

16 (b) (1) The following automobile insurance
17 requirements shall apply while a participating TNC driver is
18 logged on to the digital network of a TNC and is available to
19 receive transportation requests but is not engaged in a
20 prearranged ride:

21 a. Primary automobile liability insurance in the
22 amount of at least fifty thousand dollars (\$50,000) for death
23 and bodily injury per person, one hundred thousand dollars
24 (\$100,000) for death and bodily injury per incident, and
25 twenty-five thousand dollars (\$25,000) for property damage.

1 b. All other state mandated coverage for motor
2 vehicles, including the requirements under the Motor Vehicle
3 Safety-Responsibility Act, Chapter 7, Title 32, Code of
4 Alabama 1975.

5 (2) The coverage requirements of this subsection may
6 be satisfied by any of the following:

7 a. Automobile insurance maintained by the TNC
8 driver.

9 b. Automobile insurance maintained by the TNC.

10 c. Any combination of a. and b.

11 (c) (1) The following automobile insurance
12 requirements shall apply while a TNC driver is engaged in a
13 prearranged ride:

14 a. Primary automobile liability insurance that
15 provides at least one million dollars (\$1,000,000) for death,
16 bodily injury, and property damage.

17 b. All other state mandated coverage for motor
18 vehicles, including the requirements under the Motor Vehicle
19 Safety-Responsibility Act, Chapter 7, Title 32, Code of
20 Alabama 1975.

21 (2) The coverage requirements of this subsection may
22 be satisfied by any of the following:

23 a. Automobile insurance maintained by the TNC
24 driver.

25 b. Automobile insurance maintained by the TNC.

1 c. Any combination of a. and b.

2 (d) If insurance maintained by a TNC driver under
3 subsection (b) or (c) has lapsed or does not provide the
4 required coverage, insurance maintained by a TNC shall provide
5 the coverage required by this act beginning with the first
6 dollar of a claim and shall have the duty to defend the claim.

7 (e) Coverage under an automobile insurance policy
8 maintained by a TNC may not be made dependent on a personal
9 automobile insurer first denying a claim and a personal
10 automobile insurance policy may not be required to first deny
11 a claim.

12 (f) Insurance required by this act may be placed
13 with an insurer licensed under state law or with a surplus
14 lines insurer eligible under state law that has a credit
15 rating of no less than A- from A.M. Best or A from Demotech or
16 a similar rating from another rating agency recognized by the
17 Department of Insurance.

18 (g) (1) Insurance satisfying the requirements of
19 this act shall satisfy the financial responsibility
20 requirement for a motor vehicle under the Motor Vehicle
21 Safety-Responsibility Act, Chapter 7, Title 32, Code of
22 Alabama 1975.

23 (2) Nothing in this act shall relieve a TNC driver
24 not logged onto the digital network of a TNC or not engaged in
25 a prearranged ride from the financial responsibility

1 requirements for a motor vehicle under the Motor Vehicle
2 Safety-Responsibility Act, Chapter 7, Title 32, Code of
3 Alabama 1975.

4 (h) (1) A TNC driver shall carry proof of coverage
5 satisfying this act with him or her at all times during his or
6 her use of a vehicle in connection with the use of a digital
7 network of a TNC.

8 (2) In the event of an accident, a TNC driver shall
9 provide this insurance coverage information to the directly
10 interested parties, automobile insurers, and investigating
11 police officers.

12 (3) Upon request, a TNC driver shall also disclose
13 to directly interested parties, automobile insurers, and
14 investigating police officers, whether he or she was logged on
15 to the digital network of a TNC or on a prearranged ride at
16 the time of an accident.

17 (i) This act shall have no effect or limitation on
18 the rights of a TNC rider to coverage that may be available
19 for underinsured or uninsured motorist coverages pursuant to
20 Section 32-7-23 of the Code of Alabama 1975, as an additional
21 recovery beyond any insurance coverage available to the TNC
22 rider under this act.

23 (j) No contract between a TNC and a TNC driver or
24 TNC rider shall diminish the automobile insurance requirements
25 under this act.

1 Section 3. The TNC shall disclose in writing to a
2 TNC driver before the TNC driver is allowed to accept a
3 request for a prearranged ride on the digital network of the
4 TNC both of the following:

5 (1) The insurance coverage, including the types of
6 coverage and the limits for each coverage, that the TNC
7 provides while the TNC driver uses a personal vehicle in
8 connection with the use of the digital network of a TNC.

9 (2) That the automobile insurance policy of the TNC
10 driver may not provide any coverage while the TNC driver is
11 logged on to the digital network of a TNC and is available to
12 receive transportation requests or is engaged in a prearranged
13 ride, depending on its terms.

14 Section 4. (a) Insurers that write automobile
15 insurance in this state may exclude any and all coverage
16 afforded under the policy issued to an owner or operator of a
17 personal vehicle for any loss or injury that occurs while a
18 TNC driver is logged on to the digital network of a TNC or
19 while a TNC driver provides a prearranged ride.

20 (b) The right to exclude all coverage may apply to
21 any coverage included in an automobile insurance policy,
22 including, but not limited to, any of the following:

23 (1) Liability coverage for bodily injury and
24 property damage.

1 (2) Personal injury protection coverage as defined
2 by state law.

3 (3) Uninsured and underinsured motorist coverage.

4 (4) Medical payments coverage.

5 (5) Comprehensive physical damage coverage.

6 (6) Collision physical damage coverage.

7 (c) The exclusions under this section shall apply
8 notwithstanding any requirements under the Motor Vehicle
9 Safety-Responsibility Act, Chapter 7, Title 32, Code of
10 Alabama 1975.

11 (d) Nothing in this section implies or requires that
12 a personal automobile insurance policy provide coverage while
13 the TNC driver is logged on to the digital network of a TNC,
14 while the TNC driver is engaged in a prearranged ride, or
15 while the TNC driver otherwise uses a vehicle to transport
16 passengers for compensation.

17 (e) Nothing in this act shall require an insurer to
18 use any particular policy language or reference to this
19 section in order to exclude any and all coverage for any loss
20 or injury that occurs while a driver is logged on to the
21 digital network of a TNC or while a TNC driver provides a
22 prearranged ride.

23 (f) Nothing shall preclude an insurer from providing
24 primary or excessive coverage for the personal vehicle of a

1 TNC driver, if it so chooses to do so by contract or by
2 endorsement.

3 (g) (1) Automobile insurers that exclude the coverage
4 described in this act shall have no duty to defend or
5 indemnify any claim expressly excluded.

6 (2) Nothing in this act shall invalidate or limit an
7 exclusion contained in a policy, including any policy in use
8 or approved for use in this state prior to the enactment of
9 this act that excludes coverage for vehicles used to carry
10 persons or property for a charge or available for hire by the
11 public.

12 (h) An automobile insurer that defends or
13 indemnifies a claim against a TNC driver that is excluded
14 under the terms of its policy shall have a right of
15 contribution against other insurers that provide automobile
16 insurance to the same TNC driver in satisfaction of the
17 coverage requirements of this act at the time of loss.

18 (i) In a claims coverage investigation, a TNC, upon
19 the request of a directly involved party or any insurer or
20 lienholder of the TNC driver, if applicable, shall provide the
21 precise times that a TNC driver logged on and off of the
22 digital network of a TNC in the 12-hour period immediately
23 preceding and in the 12-hour period immediately following the
24 accident.

1 (j) Insurers potentially providing coverage as set
2 forth in this act shall disclose upon request by any other
3 insurer involved in the particular claim the applicable
4 coverages, exclusions, and limits provided under any
5 automobile insurance maintained in order to satisfy the
6 requirements of this act.

7 (k) (1) A lender or a secured party of the motor
8 vehicle of a TNC driver may require the TNC driver to maintain
9 comprehensive damage coverage, collision damage coverage, or
10 both, for the motor vehicle of a TNC driver, and may require
11 the TNC driver to show evidence of the coverage to the lender
12 or the secured party that would cover both the period when the
13 TNC driver is logged onto the digital network of a TNC but is
14 not engaged in a prearranged ride and when the TNC driver is
15 engaged in a prearranged ride.

16 (2) If a TNC driver fails to maintain the required
17 comprehensive or collision damage coverage or fails to show
18 evidence to the lender or the secured party pursuant to this
19 subsection, the lender or the secured party may obtain the
20 coverage at the expense of the TNC driver without limiting or
21 affecting any other rights or remedies of the lender or the
22 secured party.

23 (1) If a lender or a secured party has a secured
24 interest in the motor vehicle of a TNC driver and an insurer
25 of a TNC makes a payment for a claim for damage to the motor

1 vehicle of a TNC driver that is covered under comprehensive or
2 collision damage coverage held by the TNC, the TNC shall then
3 cause its insurer to issue the payment either directly to the
4 vehicle repair shop or jointly to the owner of the motor
5 vehicle and the primary lender or the secured party on the
6 covered motor vehicle.

7 (m) (1) A TNC shall make the following disclosures to
8 a prospective TNC driver in the terms of service of the
9 prospective TNC driver:

10 a. If the vehicle that you plan to use to provide
11 TNC services has a lien against it your usage may violate the
12 terms of your contract with the lienholder.

13 b. You must notify the lienholder that you will be
14 using the vehicle for transportation services.

15 (2) The disclosure required by this subsection shall
16 be placed prominently in the written terms of service of the
17 prospective TNC driver or on a separate disclosure, and the
18 prospective TNC driver must acknowledge the terms of service
19 or the separate disclosure electronically or by signature.

20 Section 5. This act shall become effective on the
21 first day of the third month following its passage and
22 approval by the Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB262

Senate 19-APR-16

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Amended and passed 04-MAY-16

Senate concurred in House amendment 04-MAY-16

By: Senator Shelnutt