

AMENDED IN ASSEMBLY APRIL 28, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1871

Introduced by Assembly Member Jones

February 12, 2010

An act to add Section 11580.24 to the Insurance Code, relating to motor vehicle insurance coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1871, as amended, Jones. Motor vehicle insurance coverage: ~~carsharing~~. *personal vehicle sharing*.

Existing law prohibits an insured motor vehicle from being classified as a common carrier, livery, or for-hire vehicle solely for the reason that the named insured is performing volunteer services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation, as defined.

This bill would prohibit a motor vehicle from being classified for insurance purposes as a commercial, for-hire, or permissive use vehicle, or livery solely on the basis of it being used for ~~carsharing~~ *personal vehicle sharing*, as defined, if the revenue generated by ~~carsharing~~ *personal vehicle sharing* does not exceed the ~~monthly~~ *annual* expenses of operating the vehicle, including depreciation, interest, lease payments, auto loan payments, insurance, maintenance, *parking*, and fuel, provided that motor vehicle insurance coverage is provided by the ~~carsharing~~ *personal vehicle sharing* organization for the period when the vehicle is being used by a ~~carsharing member who is not~~ *person other than the* owner.

The bill would define a personal vehicle sharing program as an entity facilitating personal vehicle sharing and providing automobile liability

insurance coverage for a privately owned motor vehicle, as prescribed, when it is being used by a person other than the owner. The bill would limit the circumstances under which the motor vehicle owner’s liability insurance can be subject to liability, and require that automobile insurance policies not be canceled, voided, terminated, rescinded, or nonrenewed on the basis that the motor vehicle has been made available for personal vehicle sharing.

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11580.24 is added to the Insurance Code,
 2 to read:
 3 11580.24. (a) No motor vehicle insured by the owner pursuant
 4 to a policy of insurance issued under Section 11580.1 or 11580.2
 5 shall be classified as a commercial vehicle, for-hire vehicle,
 6 permissive use vehicle, or livery solely on the basis of it being
 7 used for ~~carsharing~~ *personal vehicle sharing* if the revenue
 8 generated by ~~carsharing~~ *personal vehicle sharing* does not exceed
 9 the ~~monthly~~ *annual* expenses of operating the vehicle, including
 10 depreciation, interest, lease payments, auto loan payments,
 11 insurance, maintenance, *parking*, and fuel, provided that motor
 12 vehicle insurance coverage is provided by the ~~carsharing~~ *personal*
 13 *vehicle sharing* organization for the period when the vehicle is
 14 being used by a ~~carsharing member~~ *person other than the owner*.
 15 (b) For purposes of this section ~~“carsharing”~~ *“personal vehicle*
 16 *sharing”* means privately owned motor vehicles that are allowed
 17 to be used by ~~other carsharing members~~ *persons other than the*
 18 *vehicle owner*, as part of a communal pool of motor vehicles.
 19 (c) For purposes of this section a *“personal vehicle sharing*
 20 *program”* is an entity that facilitates personal vehicle sharing and
 21 does all of the following:
 22 (1) *Provides automobile liability insurance coverage for*
 23 *privately owned motor vehicles, when used by persons other than*
 24 *the vehicle owner, with policy limits that are equal to or greater*
 25 *than those maintained by each vehicle owner, that, in no event,*
 26 *totals less than three times the minimum liability insurance*
 27 *requirements for private passenger vehicles as prescribed under*
 28 *subdivision (b) of Section 11580.1, and that satisfies the*

1 requirements of the California Financial Responsibility Law in
2 Section 1656.2 of the Vehicle Code.

3 (2) Provides the motor vehicle owner with a Department of
4 Motor Vehicles Form REG 5085 or other suitable proof of
5 insurance sufficient to comply with the proof of insurance
6 requirements of the California Financial Responsibility Law in
7 Section 1656.2 of the Vehicle Code.

8 (3) Collects and maintains verifiable electronic records that
9 identify the date, time, and location when a vehicle is placed under
10 the control of a person other than the vehicle owner in order to
11 establish the moment in time when the automobile liability
12 insurance provided by or through the personal vehicle sharing
13 program is in effect and when the insurer of the owner's vehicle
14 is not subject to liability pursuant to subdivision (d).

15 (d) Notwithstanding any other provision of law or any provision
16 in a motor vehicle owner's automobile insurance policy, the motor
17 vehicle owner's insurer shall not be subject to liability under any
18 circumstances for any loss or event that occurs during the time
19 period when the vehicle is under the operation and control of a
20 person, other than the vehicle owner, pursuant to a personal
21 vehicle sharing program, as determined pursuant to paragraph
22 (3) of subdivision (c), and any losses shall be borne solely by the
23 personal vehicle sharing program and its insurer.

24 (e) No policy of insurance issued under Section 11580.1 or
25 11580.2 shall be canceled, voided, terminated, rescinded, or
26 nonrenewed on the basis that the insured motor vehicle has been
27 made available for personal vehicle sharing, provided that the
28 privately owned vehicle's insurer shall be afforded the protections
29 under subdivision (d).

O