



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

DIVISION OF INSURANCE

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BULLETIN B 17-04

TO: PROPERTY & CASUALTY INSURERS AND INTERESTED PARTIES

RE: REQUIREMENTS RELATED TO TRANSPORTATION NETWORK COMPANY OPERATIONS

On June 15, 2017, Governor Bill Walker signed into law CSHB 132(L&C), an act relating to transportation network companies and transportation network company (TNC) drivers (the Act). The Act became effective June 16, 2017, and may be found at <http://www.legis.state.ak.us/PDF/30/Bills/HB0132Z.PDF>. Insurers, TNCs, drivers, and riders should carefully review the Act to become familiar with its requirements and consumer protections.

This Bulletin outlines some of the Act's provisions that may affect insurers and insurance consumers in Alaska. Notable provisions include Alaska Statutes (AS) 21.96.018, AS 23.30.230, and AS 28.23.050, 28.23.070, and 28.23.180.

Insurers

Insurers intending to either provide or exclude coverage for TNC driving activity¹ should be aware of the rights and requirements for insurers outlined under AS 21.96.018. While the Act does not expressly require insurers to include specific language in policies to either exclude or provide applicable TNC related coverage, insurers should review currently approved policy forms and rules to ensure conformity with the Act's provisions, definitions, and requirements.

Insurers intending to provide coverage for TNC driving activity should also be aware of the financial responsibility requirements under AS 28.23.050. While the primary automobile insurance coverage requirements may be met by either the driver or the TNC, to the extent the insurer intends to offer a stand-alone primary product, the product should align with the minimum requirements, including providing drivers proof of coverage to comply with AS 28.23.050(h). The insurer also must meet the requirements of AS 28.23.050(f). To the extent the insurer intends to offer a supplemental or excess product, the minimum requirements provide a reference point for what underlying primary coverage may be expected to look like.

Admitted insurers must meet the applicable requirements under AS 21.42.120 and AS 21.39.040, when making revisions to currently approved policy forms or rules or proposing new product

¹ "TNC driving activity" includes any time period while a driver is logged onto the digital network of a TNC or while a driver provides a prearranged ride.

offerings due to the passage of the Act. When making these filings, insurers should be aware of certain provisions of the Act which may differ from similar TNC laws enacted in other jurisdictions. Form filings should clearly explain how the requirements of AS 21.96.018 and AS 28.23.050 will be met, either alone or in coordination with TNC-provided coverages. Rate filings that rely on the experience or information from other states should clearly demonstrate how any differences between the laws in those states and Alaska law have been considered and accounted for in the development of the proposed rating elements. Also, eligibility requirements included in an insurer's rules manual or used in defining ratemaking datasets must be consistent with the driver eligibility requirements specified in the Act. Examples of some potentially unique Alaska law requirements include:

- the requirement to offer uninsured and underinsured motorist coverage under AS 21.96.020 and AS 28.20.440 (AS 28.23.050(b)(2) and (c)(2));
- TNC driver requirements, including driver age (AS 28.23.100(b)); and
- TNC vehicle requirements, including vehicle age (AS 28.23.105).

Insurers meeting the requirements of AS 28.23.050(f) intending to provide coverage for a TNC must ensure the coverage aligns with all of the Act's requirements. Where form and rate filings are required, the filings must comply with the applicable requirements under AS 21.42.120 and AS 21.39.040, as modified by regulations 3 AAC 29.500 – 3 AAC 29.550, if applicable.

Transportation Network Companies

TNC's should ensure their insurance coverage complies with the requirements of the Act, and should not rely on the Division of Insurance's (division) approval of any applicable forms as legal ratification.

Under AS 28.23.070, TNC's must file a written certificate of insurance with the director of the division. The certificate must demonstrate the TNC has satisfied the requirements of AS 28.23.050 and must state that the applicable insurance policy may not be cancelled unless written notice is provided to the division at least 30 days before cancellation. The certificate of insurance should be provided to the division utilizing the mail or email address set forth in this bulletin prior to the TNC commencing operations in Alaska.

TNC Drivers

TNC drivers should ensure their insurance coverage complies with the requirements of the Act, and should not rely on the division's approval of any applicable forms as legal ratification.

The insurance requirements related to TNC driving activity ensure that TNC drivers have coverage at all times that is at least as generous as the minimum requirements applicable to personal vehicle drivers generally. However, physical damage coverage is not mandated and uninsured and underinsured motorist coverage is subject to rejection, in whole or in part, by the named insured.

TNC drivers should be aware of what coverages and limits are provided by the TNC and when each applies, recognizing that the amount of coverage may change depending on whether the driver is logged onto the TNC's digital network or has accepted a ride request. Notably, under AS 28.23.060, the Act requires the TNC to disclose certain insurance-related information to its

drivers. Drivers should also be aware of what coverage, if any, their personal automobile insurance policy provides related to TNC driving activity. If the coverage available from these sources is not sufficient, the driver may be able to purchase primary or supplemental coverages for TNC driving activity. However, drivers are cautioned to evaluate and compare products when seeking additional coverage as the coverage may not be available from all insurers.

Finally, drivers should be aware that the Act exempts a TNC driver who provides a prearranged ride or is otherwise logged onto the digital network of a TNC as a driver from the Alaska Workers' Compensation Act.

TNC Riders

The Act requires that primary automobile liability insurance coverage of at least \$1,000,000 for death, bodily injury, and property damage be provided while a TNC driver is transporting a passenger during a prearranged ride. This means that a person may be able to recover from a driver's or a TNC's automobile insurance policy for death, bodily injury, or property damage to the extent the total covered damages from the accident do not exceed \$1,000,000.

If you have questions regarding this bulletin, please contact the Division of Insurance, P.O. Box 110805, Juneau, AK 99811-0805; (907) 465-2515; or via electronic mail at insurance@alaska.gov.

Dated Aug 3rd, 2017.



Lori Wing-Heier
Director