

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**Enrolled**

Senate Bill 701  
Finance

(Senator Kramer)

Economic Matters

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**Transportation Network Companies - Insurance**

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This bill authorizes the Motor Vehicle Administration (MVA) to accept another form of security, in place of an insurance policy, for vehicles operating for a transportation network company (TNC) if (1) the other form of security adequately provides the benefits required under current law and (2) the TNC is an affiliate of a company that provides taxicab services and has between 26 and 300 transportation network operators. A TNC that maintains another form of security in this manner must provide the Public Service Commission (PSC) with evidence of the required security. **The bill takes effect June 1, 2019.**

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**Fiscal Summary**

**State Effect:** The bill's requirements can be handled by MVA and PSC using existing budgeted resources. Revenues are not materially affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Chapter 204 of 2015 established a regulatory framework for transportation network services that encompass TNCs (such as Uber and Lyft) and transportation network operators, including licensing, criminal history records checks, insurance requirements, and assessments. PSC was required to adopt various regulations to implement the framework; the regulations became effective in March 2016.

Among other things, the regulations generally require a vehicle used to provide transportation network services to be inspected and certified annually by a facility licensed in the State or an adjacent state to do so and generally require that a vehicle used to provide transportation network services, in addition to meeting other standards, be 10 model years old or less.

A transportation network operator, a TNC on behalf of the transportation network operator, or a combination of both must maintain primary motor vehicle insurance that recognizes that the individual is a transportation network operator or otherwise uses a motor vehicle to transport passengers for hire and covers the operator while the operator is providing transportation network services. The required security must be an insurance policy issued by (1) an insurer authorized to do business in the State or (2) solely with respect to insurance maintained by a TNC, an eligible surplus lines insurer, subject to specified requirements.

While an operator is providing transportation network services, the insurance must provide security of at least:

- for the payment of claims for bodily injury or death arising from an accident, up to \$50,000 for any one person and up to \$100,000 for any two or more persons, in addition to interest and costs; and
- for the payment of claims for property of others damaged or destroyed in an accident, up to \$25,000, in addition to interest and costs.

The insurance must also provide uninsured motorist coverage and personal injury protection coverage as required for all vehicles under current law. These requirements must be deemed to satisfy the financial responsibility requirement for a motor vehicle as specified in current law.

These requirements may be satisfied by motor vehicle insurance maintained by a transportation network operator, a TNC, or both. However, if insurance is provided by both the TNC and the transportation network operator, the insurance maintained by the transportation network operator is primary.

Maryland regulations (COMAR 11.18.02.01 *et seq.*) establish financial responsibility requirements for self-insurers, entities that, instead of purchasing an insurance policy through a company, fund claims directly or obtain bonds to protect the entity from liability. An entity must own or lease at least 26 or more vehicles to qualify to self-insure. The regulations require an entity to apply for certification as a self-insurer from MVA. Qualifications include, among other things, filing an annual application, paying an actuarial fee, providing a security of a type and amount acceptable to MVA, providing a specified

listing of vehicles, submitting financial statements, and filing with MVA specified information on each vehicle in the self-insurance program.

**Background:** PSC advises that it currently authorizes certain licensed carriers and taxicab companies to maintain insurance for their vehicles through self-insurance. MVA selectively certifies entities that submit satisfactory evidence of qualifications commensurate with the maximum liability requirements mandated by the State and any of the State's subdivisions and commission, which regulates the self-insurer.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1072 (Delegate Brooks, *et al.*) - Economic Matters.

**Information Source(s):** Maryland Department of Transportation; Maryland Insurance Administration; Office of People's Counsel; Public Service Commission; Department of Legislative Services

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