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## **OLR Bill Analysis**

**sHB 6568**

### ***AN ACT CONCERNING PEER-TO-PEER CAR SHARING PROGRAMS.***

#### **SUMMARY**

This bill imposes regulatory requirements on peer-to-peer (P2P) car sharing programs (e.g., Turo and Getaround), which provide internet platforms through which individuals share their vehicles with other people in return for payment.

The bill establishes insurance requirements for P2P car sharing, including requiring P2P car sharing programs to:

1. ensure that vehicle owners and drivers participating in P2P car sharing are covered under a primary insurance policy that meets minimum requirements and recognizes that the vehicle is shared through a P2P program and
2. provide coverage for claims if a vehicle owner's or driver's policy has lapsed.

The bill establishes certain consumer protections, including (1) requiring shared vehicle owners to repair their vehicles when they receive safety recall notices and (2) requiring P2P companies to disclose certain information to shared vehicle owners and drivers. It also addresses liens, vicarious liability, driver's license verification, and responsibility for equipment.

Under the bill, a P2P car sharing program is prohibited from allowing P2P car sharing at Bradley International Airport unless it enters into an agreement with the Connecticut Airport Authority (CAA). CAA may charge and collect reasonable fees from a P2P program for the privilege of operating P2P car sharing at the airport (§13).

EFFECTIVE DATE: January 1, 2022

## **§ 1 — P2P CAR SHARING DEFINITIONS**

### ***P2P Car Sharing***

The bill defines P2P car sharing as the authorized use of a “shared vehicle” by a person other than the “shared vehicle owner” through a P2P car sharing program.

A “P2P car sharing program” is a business entity that operates an online platform to connect a shared vehicle owner with a shared vehicle driver to enable peer-to-peer car sharing in Connecticut. P2P car sharing programs do not include rental companies (i.e., business entities that rent passenger motor vehicles, rental trucks without a driver, or machinery and that use, for rental purposes, a motor vehicle fleet of five or more vehicles (CGS § 12-692)).

### ***Shared Vehicles***

Under the bill, a “shared vehicle” is a vehicle that is available for sharing through a P2P car sharing program. It does not include a rental motor vehicle.

A “shared vehicle owner” is the shared vehicle’s registered owner, or a person or entity the registered owner designates. A “shared vehicle driver” is a person authorized by the shared vehicle owner to drive the shared vehicle under a car sharing program agreement.

### ***Car Sharing Program Agreements***

The bill defines “car sharing program agreement” as the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver governing a shared vehicle’s use. The bill also defines the following, which are related to terms and conditions included in agreements:

1. "car sharing period," which is the time period that begins with the “car sharing delivery period” or, if there is no such period, with the “car sharing start time,” and ends at the “car sharing termination time”;

2. "car sharing delivery period," which is the time period during which a shared vehicle is being delivered to the location of the "car sharing start time," if applicable, as documented by the car sharing program agreement; and
3. "car sharing start time" which is the time when a shared vehicle driver takes possession and control of the shared vehicle at or after the time the shared vehicle reservation is scheduled to begin under a car sharing program agreement.

Under the bill, the "car sharing termination time" is whenever one of the following events occurs:

1. the time period established under a car sharing program for using a shared vehicle expires, if the shared vehicle is delivered to the location agreed upon in the agreement;
2. the shared vehicle is returned to a location the shared vehicle owner and shared vehicle driver alternatively agree on as communicated through a peer-to-peer car sharing program and incorporated into the car sharing program agreement; or
3. the shared vehicle owner or the shared vehicle owner's authorized designee takes possession and control of the shared vehicle.

## **§§ 2, 4, 5, 7 & 8 — INSURANCE PROVISIONS**

### ***Assumption of Liability (§ 2(a)-(c))***

The bill requires P2P car sharing programs to assume a shared vehicle owner's liability for bodily injury or property damage to third parties, or uninsured or underinsured motorist or personal injury protection losses, during the car sharing period in the amount stated in the car sharing agreement. It must be for at least as much as the minimum amounts set forth in regulations on the minimum provisions that must be included in auto insurance policies. These regulations currently incorporate the minimum amounts in CGS §14-112(a)(see BACKGROUND).

However, the bill exempts P2P car sharing programs from assuming this liability when a shared vehicle owner (1) makes an intentional or fraudulent material misrepresentation or omission to the program before the car sharing period in which the loss occurred or (2) acts in concert with a shared vehicle driver who fails to return the shared vehicle pursuant to the car sharing program agreement.

This assumption of liability applies to bodily injury, property damage, uninsured and underinsured motorist or personal injury protection losses by damaged third parties as required by the state's auto insurance coverage requirements. Under the bill, the state's requirements supersede provisions in the bill establishing when the car sharing period (and thus, the obligation for the program to assume liability) ends.

***Required Coverage (§ 2 (d), (e), (g) & (i))***

The bill requires P2P car sharing programs to ensure that, during each car sharing period, the shared vehicle owner and the shared vehicle driver are insured under an auto insurance policy that:

1. provides insurance coverage in amounts set forth in regulations on the minimum provisions that must be included in auto insurance policies, and
2. either (a) recognizes that the shared vehicle insured under the policy is made available and used through a P2P car sharing program or (b) does not exclude the use of a shared vehicle by a shared vehicle driver.

The required insurance coverage may be maintained by a shared vehicle owner, a shared vehicle driver, a P2P car sharing program, or all three.

If a claim occurs in another state that requires higher minimum auto insurance coverage than Connecticut does, the insurance policy must satisfy the difference in minimum amounts up to the applicable policy limits.

The bill prohibits coverage under the P2P car sharing program's auto insurance policy from being contingent on, or requiring that, another auto insurance company first denying a claim.

***Primary Liability (§ 2(f))***

The insurance required under the bill must assume primary liability for a claim:

1. during each car sharing period;
2. when there is a dispute over who controlled the shared vehicle at the time of loss and the P2P car sharing program did not retain or fails to provide records on the vehicle's use (see below); or
3. when there is a dispute over whether the shared vehicle was returned to the alternatively agreed upon location that was incorporated into the car sharing agreement.

***Lapsed Policies (§ 2(h))***

If a shared vehicle owner's or shared vehicle driver's auto insurance policy has lapsed or does not provide the required coverage, the bill requires that the P2P car sharing program's policy provide the coverage from the first dollar of the claim. The insurance company issuing the P2P car sharing program's policy has the duty to defend a claim, except under certain circumstances (see "assumption of liability," above).

***Other Provisions (§ 2 (j))***

The bill provides that nothing in its insurance provisions limits the P2P car sharing program's:

1. liability for any act or omission that results in bodily injury to any person as a result of using a shared vehicle through a program or
2. ability to contract for indemnification from the shared vehicle owner or the shared vehicle driver for economic loss the

program sustains due to a breach of the car sharing program agreement's terms and conditions.

***Insurable Interest (§ 8)***

Under the bill, a P2P car sharing program has an insurable interest in the shared vehicle during the car sharing period. However, the bill specifies that this provision does not make the P2P car sharing program liable for failure to maintain the bill's required coverage.

A P2P car sharing program may own and maintain, as the named insured, one or more automobile liability insurance policies that covers (1) liability assumed by the P2P car sharing program under a car sharing program agreement, (2) any liability of the shared vehicle owner, (3) damage or loss to the shared vehicle, or (4) any liability of the shared vehicle driver.

***Exclusions of P2P Car Sharing in Auto Policies (§ 4)***

The bill explicitly allows insurance companies offering auto insurance policies in the state to offer policies that exclude any or all coverage and the duty to defend or indemnify any claim afforded under a shared vehicle owner's liability insurance policy. The exclusions may include (1) liability coverage for bodily injury and property damage, (2) personal injury protection coverage, (3) uninsured and underinsured motorist coverage, (4) medical payments coverage, (5) comprehensive physical damage coverage, or (6) collision physical damage coverage.

The bill specifies that nothing in the provision allowing these exclusions (1) invalidates or limits an exclusion in an auto liability insurance policy, including any policy that excludes coverage for motor vehicles made available for rent, sharing, hire or business use, or (2) invalidates, limits, or restricts an insurance company that offers automobile liability insurance coverage to underwrite, cancel, or not renew an insurance policy.

***Right to Seek Recovery (§ 7)***

Under the bill, an insurance company that defends or indemnifies a

claim against a shared vehicle owner that is excluded under the terms of its auto insurance policy has the right to seek recovery against the P2P car sharing program's insurance company if the claim is (1) made against the shared vehicle owner or shared vehicle driver for loss or injury that occurs during the car sharing period and (2) excluded under the policy's terms.

**Records (§ 5)**

The bill requires P2P car sharing programs to collect and verify records pertaining to a shared vehicle's use, including (1) the times used, (2) location of the car sharing start time and car sharing termination time, (3) car sharing period fees paid by the shared vehicle driver, and (4) revenue received by the shared vehicle owner. The program must retain the records for a time period not less than the applicable personal injury statute of limitations (i.e., two years from the date when the injury is first sustained or discovered or in the exercise of reasonable care should have been discovered (CGS § 52-584)).

P2P car sharing programs must provide these records:

1. upon request to the shared vehicle owner, the shared vehicle owner's insurance company, or the shared vehicle driver's insurance company to facilitate a claim coverage investigation, settlement, negotiation, or litigation or
2. as required under an agreement with the CAA for airport access.

**§ 3 — NOTICE REGARDING LIENS**

The bill requires P2P car sharing programs to notify shared vehicle owners that, if the shared vehicle has a lien against it, the use of a shared vehicle through a P2P car sharing program (including without physical damage coverage) may violate the terms of a contract with the lien holder. The program must provide this notice when the vehicle owner registers with the P2P car sharing program as a shared vehicle owner but before the shared vehicle is made available for P2P car

sharing.

## **§ 6 — VICARIOUS LIABILITY**

The bill exempts P2P car sharing programs and shared vehicle owners from vicarious liability, in accordance with the federal Graves Amendment (see BACKGROUND), under any state law or municipal ordinance that imposes liability solely based on vehicle ownership.

## **§ 9 — REQUIRED DISCLOSURES**

The bill requires that car sharing program agreements, at a minimum, disclose the following to a shared vehicle owner and shared vehicle driver:

1. the P2P car sharing program's right to seek indemnification from the shared vehicle owner or the shared vehicle driver for any economic loss it sustains from a breach of the car sharing program agreement's terms and conditions;
2. that the shared vehicle owner's auto insurance policy for the shared vehicle or the shared vehicle driver's auto policy does not provide a defense or indemnification for any claim asserted by the P2P car sharing program;
3. that the P2P car sharing program's insurance coverage on the shared vehicle owner and the shared vehicle driver is in effect only during the car sharing period and that, if the shared vehicle driver uses the shared vehicle after the car sharing termination time, the shared vehicle driver and the shared vehicle owner may not have insurance coverage;
4. the daily rate, fees and, if applicable, any insurance or protection package costs that are charged to the shared vehicle owner or the shared vehicle driver;
5. that the shared vehicle owner's auto insurance may not provide coverage for a shared vehicle;
6. an emergency telephone number to personnel capable of



answering calls for roadside assistance and other customer service inquiries; and

7. if there are conditions under which a shared vehicle driver must maintain an auto insurance policy with certain applicable coverage limits on a primary basis to book a shared vehicle.

#### **§ 10 — DRIVER’S LICENSE VERIFICATION**

The bill prohibits P2P car sharing programs from entering into a car sharing program agreement with a shared vehicle driver unless the driver holds a driver’s license authorizing him or her to operate a vehicle of the same class as the shared vehicle. P2P companies must keep a record of the shared vehicle driver’s name, address, and driver’s license number and place of issuance.

#### **§ 11 — RESPONSIBILITY FOR EQUIPMENT**

Under the bill, a P2P company is responsible for any equipment (e.g., GPS systems) that is put in or on the shared vehicle to monitor or facilitate the car sharing transaction. The program must indemnify and hold harmless shared vehicle owners for any equipment damage or theft during the car sharing period, unless the owner caused it. The P2P program has the right to seek indemnification from the shared vehicle driver for any equipment loss or damage that occurs during the car sharing period.

#### **§ 12 — RECALLS**

The bill requires shared vehicle owners, when they receive notice of a safety recall for their shared vehicle, to get the required repairs made before making the vehicle available with a P2P car sharing program. If the shared vehicle is made available on a P2P car sharing program when a shared vehicle owner receives a recall notice, he or she must remove the vehicle from the platform as soon as possible and keep it off until repairs are made. If the shared vehicle owner receives a recall notice during the sharing period, the owner must notify both the P2P car sharing program and the shared vehicle driver.

The bill requires P2P car sharing programs to (1) verify that a shared

vehicle is not subject to a safety recall for which repairs have not been made and (2) notify shared vehicle owners of their obligations related to recalls. The program must do this when the shared vehicle owner registers a shared vehicle with the program but before the shared vehicle is available for P2P car sharing.

## **BACKGROUND**

### ***Minimum Auto Insurance Requirements***

Connecticut law requires a driver to maintain a minimum amount of auto insurance, including liability and uninsured and underinsured motorist (UI/UM) coverage. The law requires minimum coverage of \$25,000 per person and \$50,000 per accident for bodily injury and \$25,000 per accident for property damage (CGS §§ 38a-335 and 14-112(a)). UI/UM coverage covers bodily injury to the vehicle owner, relatives living with the owner, and passengers injured in an accident caused by (1) an uninsured driver, (2) a driver whose bodily injury liability limits are insufficient, or (3) a hit-and-run driver. The law requires at least \$25,000 per person and \$50,000 per accident (CGS § 38a-336).

### ***Federal Graves Amendment***

The Graves Amendment (49 U.S.C. § 30106) protects car rental companies from vicarious liability claims by providing that a rental company cannot be held liable under state law for damages or injuries that occur during the rental period simply because the company owns the vehicle. The amendment does not protect companies from negligence or criminal wrongdoing. (A Connecticut law making companies liable for such damages (CGS § 14-154a) is preempted by the Graves Amendment.)

## **COMMITTEE ACTION**

Transportation Committee

Joint Favorable Substitute

Yea 35 Nay 0 (03/26/2021)