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## MEMORANDUM

TO: House Committees on Commerce and Economic Development and on Judiciary  
Senate Committees on Finance and on Judiciary

FROM: Commissioner Michael S. Pieciak

SUBJECT: Insurance minimums applicable to TNCs

DATE: January 18, 2019

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Section 4 of Act No. 3 of the 2018 special session directs the Commissioner (the “Commissioner”) of the Department of Financial Regulation (“DFR”) to conduct a study regarding the statutory minimum levels of financial responsibility applicable to transportation network companies (“TNCs”) in Vermont, in particular, the minimums required under 23 V.S.A. § 750(b)(2)(A)(i) (the so-called “gap period”). The purpose of the study is to ensure that these requirements correlate with the potential liability exposure so that persons are made whole in the event of an automobile accident involving a TNC driver.

DFR conducted a data call from the two large TNCs in the state. One TNC provided data for claims in Period 1 (the period in which a participating driver is logged onto a TNC’s digital network and available to receive transportation requests but is not yet engaged in a prearranged ride) for Vermont and three other New England states and one provided this data for Vermont only. Both included losses from 2014 through 3<sup>rd</sup> quarter 2018, broken down by Bodily Injury, Uninsured Motorist, and Property Damage claims. Claims data for all coverages indicated less than 50 total claims in Period 1. The average claims payment for each type of coverage was well below the coverage limit. For Bodily Injury claims, the average claim payment represented 34% of the Period 1 minimum coverage limit requirement. For Uninsured Motorist and Property

Damage coverage, average claim payments represented 9% of the Period 1 each minimum coverage limit. There was only one claim that reached the policy limit, a Bodily Injury claim outside of Vermont. It is difficult to reach any definitive conclusions from the data received but it does show that claims did not regularly reach policy limits during this period, and no policy limit losses occurred in Vermont.

DFR has received and approved filings from carriers willing to provide coverage through an endorsement to a TNC driver's Personal Auto policy for Bodily Injury, Uninsured Motorist, and Property Damage coverage during Period 1. Therefore, TNC drivers may be able to obtain additional coverage from their current Personal Auto insurance carriers or choose to select a carrier that provides such coverage.

DFR also requested corresponding claims data from the TNCs for Period 2 (the period in which a driver is engaged in a prearranged ride), which requires higher coverage limits. The TNCs have not yet responded as to their willingness to provide such data, as it is beyond the scope of the study.