



Update from Sacramento
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Staying ahead of emerging industries and technologies

FROM UBER/LYFT TO THE MORE RECENT PEER-TO-PEER CAR-SHARING AND AUTONOMOUS VEHICLES, LAWS MUST BE ADAPTED TO PROTECT CONSUMERS

I can't help but think of Dorothy in the Wizard of Oz – "Toto, I have a feeling we are not in Kansas anymore!" Daily, we are all experiencing new technologies that seemed unthinkable just a few years ago. For your Consumer Attorneys of California advocates in Sacramento, our goal is to make sure that the law, as much as it can, keeps pace with these new technologies and protects California consumers. Here are a few issues CAOC will be working on in 2024 to ensure that your clients' rights are protected.

Auto insurance

In 2022, CAOC successfully sponsored a bill to increase the minimum insurance limits a driver must carry to ensure fair recovery for those injured in auto accidents (SB 1107-Dodd, effective 2025). However, as a precursor, CAOC's activism (led by CAOC past President Chris Dolan in 2014) created the enactment of the first-in-the-nation mandatory insurance requirements for Transportation Network Companies (TNCs)/ridesharing (AB 2293-Bonilla). As a result of CAOC's efforts, the existing \$1 million insurance minimums have been tailored to apply from the time a TNC driver accepts a trip to the time they drop off their passenger(s). Not only were we first in the nation, but some of the other states were unsuccessful in obtaining uninsured/underinsured motorist coverage like we did here. There has been a push in some of the other states to reduce coverage or to eliminate coverage for UM/UIM, so CAOC is staying vigilant to ensure that doesn't happen here in California.

Similarly, a 2011 law required peer-to-peer carsharing companies such as Turo to have adequate insurance so that injured Californians can be made whole when they are injured through no fault of their own (AB 1871-Jones). Turo, Getaround, and other app-based rental car alternatives have begun to expand the market for peer-to-peer carsharing (P2P,

also known as person-to-person carsharing). Existing car owners ("hosts") make their vehicles available for others ("guests") to rent for short periods of time over a technology platform run by one of these companies. Guests are connected with hosts by and through the P2P service providers. While P2P providers represent this as a one-to-one transaction between a single host and guest, some services such as Turo, with its "Power Host" model, encourage hosts to start their own, scalable, carsharing business. This has led to hosts with their own fleet of vehicles, dedicated full time to P2P use, much like Airbnb hosts who have purchased multiple properties and operate them as full-time rentals.

The biggest consumer-protection policy issue surrounding these services is liability and insurance coverage. Many personal auto insurers in the U.S. exclude coverage for commercial use of insured vehicles, either through a livery and public transportation exclusion or a specific "personal vehicle sharing program" exclusion. Current California law requires that P2P programs provide a minimum of three times the liability coverage carried by the vehicle owner. Minimum liability limits were set to advance the public policy of planning for loss and damage suffered by parties in collisions but rarely reflect the full costs incurred. Turo is sponsoring legislation in 2024 to reduce these limits. CAOC will continue our work to make sure your clients are protected.

Artificial intelligence (AI)

We expect no less than ten pieces of legislation to be introduced this year on the subject of AI, its regulation, and its legal impact on our future. One significant bill is authored by Sen. Scott Wiener (D-San Francisco). SB 1047, the Safe and Secure Innovation for Frontier Artificial Intelligence Systems Act, would, among other things, require a developer of a covered model to determine whether it

can make a positive safety determination with respect to that model before initiating training of that model, as specified.

The bill would define "positive safety determination" to mean a determination with respect to a covered model, that is not a derivative model, that a developer can reasonably exclude the possibility that the covered model has a hazardous capability, as defined, or may come close to possessing a hazardous capability when accounting for a reasonable margin for safety and the possibility of post-training modifications. As AI expands in our daily lives, CAOC will monitor all legislation in this area to ensure it does not limit existing liability laws.

Autonomous vehicles

If you practice in the auto area, you must know that your practice will change dramatically in the future with the automation of vehicles. These will not just be routine auto cases anymore. The Department of Motor Vehicles (DMV) has authorized permits for more than 40 companies to test autonomous robotaxis in San Francisco and has recently also authorized deployment of robotaxis in Los Angeles and other southern California cities.

There is a strong public interest in transparency. Driverless vehicles have made headlines for injuring pedestrians, shutting down and blocking intersections, causing gridlock and obstructing emergency vehicles. For example, in October 2023 a Cruise robotaxi ran over a pedestrian who had just been hit by another vehicle driven by a human, and then pinned the pedestrian under one of its tires and dragged her 20 feet before finally stopping. CAOC will be co-sponsoring, along with Consumer Federation of California and the California Teamsters Public Affairs Council, a bill authored by San Francisco Asm. Matt Haney to set statutory minimums for autonomous vehicle testing and deployment data collection.