

# FINAL BILL REPORT

## ESSB 5550

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C 236 L 15  
Synopsis as Enacted

**Brief Description:** Regulating providers of commercial transportation services.

**Sponsors:** Senate Committee on Transportation (originally sponsored by Senators Habib and Fain).

**Senate Committee on Transportation**  
**House Committee on Business & Financial Services**

**Background:** State law currently provides for the regulation of certain private transportation providers, such as operators of aeroporters, limousines, for-hire vehicles, taxicabs, and charter and excursion buses. These regulations include various insurance requirements. However, current law does not specifically provide for the regulation of what are commonly know as ridesharing companies, i.e. companies that use a digital network or software application to connect passengers to drivers for the purpose of providing a prearranged ride, often by use of the driver's personal vehicle.

For-hire vehicle operators are currently required under state law to obtain a surety bond or liability insurance policy with the following minimum coverage: \$100,000 per person, \$300,000 per accident, and \$25,000 for property damage.

**Summary:** Commercial transportation services providers are defined as businesses that use a digital network or software application to connect passengers to drivers for the purpose of providing a prearranged ride. However, a commercial transportation services provider is not a taxicab company, charter or excursion bus, aeroporters, special needs transportation provider, or limousine. A commercial transportation services provider driver is an individual who uses a personal vehicle to provide services for passengers matched through a commercial transportation services provider's digital network or software application. Commercial transportation services are defined as all times the driver is logged into a commercial transportation services provider's digital network or software application, or until the passenger leaves the personal vehicle, whichever is later.

Commercial transportation services providers, drivers if approved by the Office of the Insurance Commissioner, or a combination of a provider and a driver, must obtain a primary automobile insurance policy covering every personal vehicle used to provide commercial transportation services, described as follows:

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- before a driver accepts a requested ride: \$50,000 per person; \$100,000 per accident; and \$30,000 for property damage; and
- after a driver accepts a requested ride: a combined single limit liability coverage of \$1,000,000; and underinsured motorist coverage of \$1,000,000.

Commercial transportation services insurance policies must offer personal injury protection coverage, and underinsured motorist coverage, in line with existing motor vehicle insurance law that allows for the insured to reject the coverage options.

After July 1, 2016, an insurance company may not deny a claim arising exclusively out of the personal use of the private vehicle solely on the basis that the insured, at other times, used the vehicle to provide commercial transportation services.

The commercial transportation services insurance coverage requirements are alternatively satisfied by having for-hire vehicle or limousine insurance coverage applicable to the vehicle being used for commercial transportation services.

Commercial transportation services provider drivers, for-hire vehicle operators, limousine chauffeurs, and taxicab operators are exempt from workers' compensation requirements.

**Votes on Final Passage:**

|        |    |    |                    |
|--------|----|----|--------------------|
| Senate | 30 | 18 |                    |
| House  | 86 | 12 | (House amended)    |
| Senate | 43 | 5  | (Senate concurred) |

**Effective:** July 24, 2015