

Date of Hearing: April 23, 2025

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

AB 815 (Ortega) – As Amended April 21, 2025

SUBJECT: Vehicle insurance: vehicle classification

SUMMARY: Prohibits a motor vehicle from being classified as a common carrier, commercial vehicle, for-hire vehicle, permissive use vehicle or livery solely for the reason that the policyholder is using the vehicle for public social services or social service transportation, as defined. Specifically, **this bill:**

- 1) Defines “public social services” as those activities and functions of state and local government administered or supervised by the State Department of Social Services or the State Department of Health Services and involved in providing aid or services or both, including health care services and medical assistance, to those people of the state who, because of their economic circumstances or social condition, are in need thereof and may benefit thereby.
- 2) Defines “social service transportation” as transportation services provided by private nonprofit organizations or individuals to either individuals who are senior citizens or individuals or groups of individuals who have special transportation needs because of physical or mental conditions and supported in whole or in part by funding from private or public agencies.

EXISTING LAW:

- 1) Generally requires, pursuant to Proposition 103, that private passenger auto insurance be rated according to the insured's driving record, the number of miles driven annually, and the insured's number of years of driving experience.
- 2) Requires that all drivers and all owners of a motor vehicle shall at all times be able to establish financial responsibility pursuant to Vehicle Code, Section 16021, and shall at all times carry in the vehicle evidence of the form of financial responsibility in effect for the vehicle. (Vehicle Code, Section 16020)
- 3) Defines “social service transportation” as transportation services provided by private nonprofit organizations or individuals to either individuals who are senior citizens or individuals or groups of individuals who have special transportation needs because of physical or mental conditions and supported in whole or in part by funding from private or public agencies. (Insurance Code, Section 11580.1)
- 4) Defines “public social services” to mean those activities and functions of state and local government administered or supervised by the State Department of Social Services or the State Department of Health Services and involved in providing aid or services or both, including health care services and medical assistance, to those people of the state who, because of their economic circumstances or social condition, are in need thereof and may benefit thereby. (Welfare and Institutions Code, Section 10051)

- 5) Provides that no motor vehicle insured pursuant to a policy of insurance issued under Insurance Code Section 11580.1 or 11580.2 shall be classified as a common carrier, livery, or for-hire vehicle solely for the reason that the named insured is performing volunteer services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation as defined in subdivision (f) of Section 11580.1. (Insurance Code, Section 11580.25)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) *Purpose of the bill:* According to the author, "Workers who provide essential support services for individuals with mental, physical, and behavioral health conditions are being misclassified by their auto insurance companies. The result is denied claims, unaffordable premiums, loss of coverage, or even forcing workers to drop clients or leave the industry entirely. These workers offer social service assistance to their clients, not commercial transportation of people or goods. AB 815 would prevent auto insurance companies from misclassifying these social service workers as commercial drivers for simply performing their duties to provide the critical services Californians need to live independent and fulfilling lives."
- 2) *Background:* This measure is modeled after an existing statute created in 1980 which states that no motor vehicle insured pursuant to a policy of insurance shall be classified as a common carrier, livery, or for-hire vehicle solely for the reason that the named insured is performing volunteer services for a nonprofit charitable organization or governmental agency consisting of providing social service transportation.

AB 815 is also narrow and targets a select class of essential drivers: those that provide public social services or social service transportation.

According to the proponents of the bill, social service workers who use their personal vehicles during their job as support or care staff for an individual with mental, physical, or behavioral conditions are at risk of misclassification as drivers of commercial or "for-hire" vehicles. Due to the gap left by these layers of coverage and the lack of legal guidance regarding the use of personal vehicles used by this workforce, insurance companies are determining these vehicles to be commercial or "for-hire."

The author's office provided two examples of why this measure is needed:

- When a claim is submitted for damage to a vehicle that occurred while providing supportive services:

When a social service worker is supporting an individual with a mental, physical, or behavioral condition in the community and an accident occurs, the worker submits a claim to repair any damage done to their vehicle.

Since there is no statute or guidance clarifying such, insurance companies are reviewing the claim and determining the social service workers vehicle to be commercial or "for-hire", causing them to deny the claim or drop coverage.

- When a social service worker is hired or purchases new insurance for their personal vehicle:

When a social service worker accepts a job, hiring paperwork requires documentation of insurance as services are provided in the home and community. When a social service worker requests this proof of insurance, this prompts the insurance companies to ask if they are “driving for work” and then requires they add commercial vehicle coverage.

When a social service worker goes to renew their personal vehicle coverage, insurance companies are asking if they “drive for work”. This vague question, combined with the lack of clarity from the state leaves insurance companies with the understanding that these are commercial drivers.

- 3) *Data or lack thereof:* Committee staff was not able to determine the magnitude of the problem this bill is trying to address due to the lack of data. Although there is a lack of data, committee staff acknowledges sweeping changes over the last decade as it relates to increases in Financial Responsibility Limits and driving innovations, including California’s personal vehicle sharing program, plus the addition of ridesharing companies. As California becomes more innovative, it’s possible that the drivers covered under this bill need recognition to ensure long term viability as they play an important role in the workforce.

REGISTERED SUPPORT / OPPOSITION:

Support

24 Hour Home Care
 Alum Rock Counseling Center
 Association of Regional Center Agencies
 California Behavioral Health Association
 California Disability Services Association
 California Mentor
 California Respite Association
 Changing Tides Family Services
 Community Solutions
 Etta, Db a for Tikva-ETTA & Lazear Israel Center for the Developmentally Disabled (ETTA)
 Exceptional Children's Foundation
 Goodwill Industries of Oragne County, CA
 Inalliance
 Las Trampas School, INC.
 Mains'l California LLC
 Momentum
 New Horizons
 Parents & Friends, INC.
 Pathpoint
 Redwood Family Care Network
 The Adult Skills Center
 Toward Maximum Independence

Tri-county Respite Care Service
Turning Point Community Programs
Vocation Plus Connections, INC.

Opposition

None on file.

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