

Date of Hearing: April 12, 2023

ASSEMBLY COMMITTEE ON INSURANCE  
Lisa Calderon, Chair  
AB 844 (Gipson) – As Amended March 9, 2023

**SUBJECT:** Zero-emission trucks: insurance

**SUMMARY:** Requires the California Department of Insurance (CDI) to collect data on the availability and affordability of insurance for heavy-duty trucks and truck fleets. Specifically, **this bill:**

- 1) Provides that CDI must issue a bulletin by February 1, 2024, to initiate the first data collection, and requires admitted insurers to respond, on or before, May 1, 2024.
- 2) Specifies that the focus of the data collections shall be zero-emission technologies that reduce greenhouse gas (GHG) emissions and improve air quality when compared with conventional or fully commercialized alternatives, including those defined by the California Air Resources Board (CARB).
- 3) Requires CDI, in consultation with CARB, to create a tool for the public to use to readily find information and insurance options for battery-powered, hydrogen-powered, and/or other zero emission advanced truck technology to provide a “one-stop” for the public.
- 4) Requires CDI, in consultation with CARB, to provide an assessment of:
  - a) The availability and affordability of insurance for existing and emerging advanced fleet technologies being deployed for heavy-duty vehicles; and,
  - b) The role of insurance markets in meeting the GHG reduction and short-lived climate pollutant emissions reduction goals of the state.
- 5) Requires, on or before January 1, 2025, CDI, in consultation with CARB, to create a strategy to address current and future insurance gaps for new heavy duty truck technologies, including consideration for establishing a risk pool and other tools to offer insurance to truck fleet businesses and individual truck owners who are unable to find insurance in the private insurance markets. Requires the strategy to include an evaluation of all of the following:
  - a) The number of companies offering insurance for zero-emission truck fleets, or individual zero-emission trucks, in the current market;
  - b) The impact of existing electric and hydrogen truck insurance policies on emission reductions from the heavy-duty truck sector;
  - c) Availability of actuarial loss data for electric and hydrogen trucks, or fleets of such trucks;
  - d) Coverage limits most appropriate for zero-emission truck fleets, based on the common size and characteristics of zero-emission trucking fleets;

- e) Additional insurance related information, as specified; and,
  - f) Important timelines and specific checkpoints for monitoring insurance accessibility in advance of major regulatory deadlines for transitioning medium-and heavy-duty fleets to zero-emissions technologies, and state goals for increasing the percentage of zero-emission trucks and buses in the state.
- 6) Requires CARB to provide information necessary to support CDI in the development of the evaluation described above.
- 7) Requires data collections to include surveys and data calls from insurance companies licensed to write insurance through the admitted market.
- 8) Requires the surveys and data calls to include, but not be limited to, the following information:
- a) Whether an insurance company offers insurance for zero emission truck options;
  - b) Loss experience information per claim over a specified time period, such as annually, including but not limited to:
    - i) Type of loss (may include both liability and physical damage type losses);
    - ii) Type of medium- and heavy-duty truck;
    - iii) Date of loss; and,
    - iv) Amount of losses incurred and paid in United States dollars.
  - c) The number of vehicles covered under insurance policies;
  - d) Policy level experience including, but not limited to, premium per type of medium- and heavy-duty truck insured, the time truck is insured from effective start to end date of coverage, and type of coverage (may include both liability and physical damage type coverage); and,
  - e) Minimum, maximum, and average overall coverage limit of the policy, and per type of medium-and heavy-duty truck within a truck fleet.
- 9) Requires the information collected to be submitted to the insurance commissioner and authorizes the commissioner to specify, by bulletin, the submission and reporting format.
- 10) Requires information submitted to the commissioner to be confidential and exempt from the California Public Records Act, states that the information is not subject to subpoena, and states that CDI employee testimony regarding contents of any submitted report is inadmissible as evidence in a civil proceeding.
- 11) Makes findings and declarations.

**EXISTING LAW:**

- 1) Provides for the regulation of insurance by CDI, which is under the control of the commissioner. (Insurance Code, Section 12921)
- 2) Establishes the Air Quality Improvement Program (AQIP), administered by CARB, with the primary purpose of funding, upon appropriation by the Legislature, air quality improvement projects relating to fuel and vehicle technologies that reduce criteria air pollutants, improve air quality. Also, funds research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies. (Health and Safety Code (HSC), Section 44274)
- 3) Creates the Clean Truck and Bus Program administered by CARB in conjunction with the State Energy Resources Conservation and Development Commission (CEC) and upon appropriation of funding requires the program to develop, demonstrate, pilot, and deploy zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. (HSC, Section 39719.2)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

**Purpose:** According to the author, “By working with the Insurance Commissioner we will guide the availability and affordability of insurance for heavy duty trucks and truck fleets that utilize advanced fuels and related technologies. To better understand emerging markets important to California’s climate change goals. This bill can strengthen insurance markets by providing both consumers and important information to increase understanding of insurance availability and affordability identify potential barriers for expanding insurance options, and provide both the insurance regulator and air quality regulator with critical information to inform policy alternatives. AB 844 addresses the existing data gaps by directing the Department of Insurance to collect specific data.”

**Background:** This bill would require CDI to implement specific data collections on the availability and affordability of insurance for heavy-duty trucks and truck fleets. This bill would require CDI, in consultation with CARB, to create a tool for the public to use to readily find information and insurance options for battery-powered, hydrogen-powered, or other zero-emission advanced truck technology to provide a “one-stop” for the public. The bill would also require CDI, in consultation with CARB, to create a strategy, on or before January 1, 2025, to address insurance gaps for new heavy-duty truck technologies.

**Data Calls:** CDI has the authority to issue data calls that requests specific information from insurers. Previous data call measures this committee is aware of were related to diversity. The data call mandated in this measure is specific to heavy –duty trucks and truck fleets. The author notes that the need for this bill may be due to a data gap on the availability and affordability of insurance as it relates to zero-emission vehicles.

**GHG Goals:** The Legislature has set a number of goals to reduce GHG emissions and address climate change. The Global Warming Solutions Act of 2006, AB 32 (Nunez) Chapter 488, Statutes of 2006, and subsequent companion legislation SB 32 (Pavley) Chapter 249, Statutes of 2016 requires California to reduce statewide GHG emissions to 40% below the 1990 level by 2030. AB 1279 (Muratsuchi) Chapter 337, Statutes of 2022 establishes the policy of the state to

achieve carbon neutrality as soon as possible, but no later than 2045. CARB is responsible for developing a Scoping Plan to detail how the state will achieve its GHG emissions reduction targets mandated by law.

Nearly 40% of California's GHG emissions are generated by the transportation sector, which includes both the light-duty (passenger) and medium- and heavy-duty fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, NOx, and sulfur dioxide, affecting local air quality. In the transportation sector, measures to reduce GHG emissions include requiring the use of low carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled.

CARB finalized the Advanced Clean Truck (ACT) regulation in June 2020. ACT accelerates a large-scale transition of zero-emission medium-and heavy-duty vehicles from Class 2b to Class 8. One component of the regulation is a manufacturer sales requirement. Manufacturers who certify Class 2b-8 chassis or complete vehicles with combustion engines would be required to sell zero-emission trucks as an increasing percentage of their annual California sales from 2024 to 2035. By 2035, zero-emission truck/chassis sales would need to be 55% of Class 2b – 3 truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales.

To further the transition to a zero-emission fleet, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20 which requires 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal. CARB is in the process of finalizing the Advanced Clean Fleet (ACF) regulation, and the Board will be voting on the item in April 2023.

***Double-referral:*** This measure passed out of the Assembly Transportation Committee on March 20, 2023 with a vote of 15-0.

***Proposed amendments:*** These amendments clarify further how CDI will translate the collected data into a consumer-facing resource in Section 938.1, making it clear that information on which insurance companies offer coverage for zero emission trucks and fleets will be listed as part of the online resource. The amendments further clarify that CDI will establish a link to aggregate data from the data collected in 938 (b) on the CDI website, consistent with other existing CDI data collected from insurance companies yet also allowing for CDI to provide the consumer-focused online insurance information resource mentioned in Section 938.1.

#### **Section 938.1:**

(a) The Department of Insurance, in consultation with the State Air Resources Board, shall create a ***consumer-focused online insurance information resource ~~tool~~, based on data collected pursuant to Section 938 (b)***, for the public to use to readily find information and insurance options for battery-powered, hydrogen-powered, or other zero-emission advanced truck technology, ***including which insurance companies offer insurance for trucks or fleets using different zero emission technologies and any relevant coverage limits or fleet size specifications***, to provide a “one-stop” for the public.

In addition, add the below language to Section 938. If this is added, then *the existing 938 (d) will become 938 (e).*

**Section 938:**

*(d) The commissioner shall establish and maintain a link on the department's internet website that provides public access to the information submitted pursuant to this section. The commissioner shall publish the information submitted pursuant to this section in the aggregate, and shall not identify an individual respondent or insurer, except as specified to support consumer understanding of insurance options in 938.1 (a).*

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Department of Insurance  
California Environmental Voters (formerly Clev)  
California Trucking Association  
Calstart

**Opposition**

None on file.

**Analysis Prepared by:** Kathleen O'Malley / INS. / (916) 319-2086