

1 AN ACT relating to peer-to-peer car sharing.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in Sections 1 to 5 of this Act, unless the context otherwise requires:*

6 *(a) "Car sharing delivery period" means the period of time during which a*
7 *shared vehicle is being delivered to the location of the car sharing start*
8 *time, if applicable, as documented by the governing car sharing program*
9 *agreement;*

10 *(b) "Car sharing period" means the period of time that commences with the*
11 *following and ends at the car sharing termination time:*

12 *1. The car sharing delivery period; or*

13 *2. If there is no car sharing delivery period, the car sharing start time;*

14 *(c) "Car sharing program agreement":*

15 *1. Means the terms and conditions applicable to a shared vehicle owner*
16 *and a shared vehicle driver that govern the use of a shared vehicle*
17 *through a peer-to-peer car sharing program; and*

18 *2. Does not include rental or lease agreements entered with persons*
19 *operating under a U-Drive-It certificate as defined in KRS 281.010;*

20 *(d) "Car sharing start time" means the time when the shared vehicle becomes*
21 *subject to the control of the shared vehicle driver at or after the time the*
22 *reservation of a shared vehicle is scheduled to begin as documented in the*
23 *records of a peer-to-peer car sharing program;*

24 *(e) "Car sharing termination time" means the earliest of the following:*

25 *1. The expiration of the agreed-upon period of time established for use of*
26 *a shared vehicle according to the terms of a car sharing program*
27 *agreement if the shared vehicle is delivered to the location agreed*

- 1 upon in the car sharing program agreement;
2 2. When the shared vehicle is returned to a location as alternatively
3 agreed upon by the shared vehicle owner and shared vehicle driver as
4 communicated through a peer-to-peer car sharing program; or
5 3. When the shared vehicle owner or the shared vehicle owner's
6 authorized designee takes possession and control of the shared
7 vehicle;

8 (f) "Peer-to-peer car sharing":

- 9 1. Means the authorized use of a motor vehicle by an individual other
10 than the vehicle's owner through a peer-to-peer car sharing program;
11 and
12 2. Does not include the operation of a U-Drive-It as defined in KRS
13 281.010;

14 (g) "Peer-to-peer car sharing program":

- 15 1. Means a business platform that connects shared vehicle owners with
16 shared vehicle drivers to enable the sharing of motor vehicles for
17 financial consideration; and
18 2. Does not include persons operating a U-Drive-It as defined in KRS
19 281.010;

20 (h) "Shared vehicle":

- 21 1. Means a motor vehicle that is available for car sharing through a
22 peer-to-peer car sharing program; and
23 2. Does not include a motor vehicle leased or rented by a person
24 operating under a U-Drive-It certificate as defined in KRS 281.010;

25 (i) "Shared vehicle driver" means an individual who has been authorized to
26 drive the shared vehicle by the shared vehicle owner under a car sharing
27 program agreement; and

1 (j) "Shared vehicle owner" means the registered owner, or a person or entity
 2 designated by the registered owner, of a motor vehicle made available for
 3 sharing to shared vehicle drivers through a peer-to-peer car sharing
 4 program.

5 (2) A peer-to-peer car sharing program doing business in this state shall comply with
 6 Sections 2 and 3 of this Act.

7 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO
 8 READ AS FOLLOWS:

9 (1) (a) Except as provided in paragraph (c) of this subsection, for accidents
 10 involving shared vehicles that occur during the car sharing period, a peer-
 11 to-peer car sharing program shall assume the liability of a shared vehicle
 12 owner for the following:

- 13 1. Security for the payment of tort liabilities under KRS 304.39-110;
- 14 2. Uninsured motorist coverage under KRS 304.20-020;
- 15 3. Underinsured motorist coverage under KRS 304.39-320; and
- 16 4. Basic reparation benefits as defined in KRS 304.39-020.

17 (b) The amount of liability assumed under paragraph (a) of this subsection
 18 shall:

- 19 1. Be stated in the car sharing program agreement; and
- 20 2. Not be less than the following amounts:
 - 21 a. Except for basic reparations benefits, the amounts set forth in
 22 KRS 304.39-110; and
 - 23 b. For basic reparations benefits, the amount set forth in KRS
 24 304.39-020(2).

25 (c) Notwithstanding the definition of "car sharing termination time" set forth
 26 in Section 1 of this Act, the assumption of liability required under
 27 paragraph (a) of this subsection:

- 1 1. Shall not apply when a shared vehicle owner:
- 2 a. Makes an intentional or fraudulent material misrepresentation
- 3 or omission to the peer-to-peer car sharing program before the
- 4 car sharing period in which the accident occurs; or
- 5 b. Acts in concert with a shared vehicle driver who fails to return
- 6 the shared vehicle pursuant to the terms of the car sharing
- 7 program agreement; and
- 8 2. Shall include liability for the minimum coverage required under KRS
- 9 304.39-080 for any accident involving a shared vehicle that occurs
- 10 during the car sharing period.
- 11 (2) (a) A peer-to-peer car sharing program shall ensure that, during the car
- 12 sharing period, the shared vehicle owner and the shared vehicle driver are
- 13 covered under a motor vehicle liability insurance policy that:
- 14 1. Provides coverage that is not less than the minimum coverage
- 15 required under KRS 304.39-080; and
- 16 2. Either:
- 17 a. Recognizes that the motor vehicle insured under the policy is
- 18 made available and used as a shared vehicle through a peer-to-
- 19 peer car sharing program; or
- 20 b. Does not exclude use of the motor vehicle as a shared vehicle by
- 21 a shared vehicle driver.
- 22 (b) The requirements of paragraph (a) of this subsection may be satisfied by
- 23 motor vehicle liability insurance maintained by:
- 24 1. The shared vehicle owner;
- 25 2. The shared vehicle driver;
- 26 3. The peer-to-peer car sharing program; or
- 27 4. Any combination of the persons described in this paragraph.

1 (c) The insurance of the person or persons maintaining insurance under
2 paragraph (b) of this section shall be primary during each car sharing
3 period.

4 (d) When a peer-to-peer car sharing program is in whole or in part
5 maintaining insurance under paragraph (b) of this subsection, the peer-to-
6 peer car sharing program shall assume primary liability for a claim if:

7 1. A dispute exists as to who was in control of the shared vehicle at the
8 time of the accident; and

9 2. The peer-to-peer car sharing program does not have available, did not
10 retain, or fails to provide the information required under subsection
11 (2) of Section 3 of this Act.

12 (e) 1. The peer-to-peer car sharing program shall maintain a motor vehicle
13 liability insurance policy that provides the following if insurance
14 maintained by a shared vehicle owner or shared vehicle driver under
15 paragraph (b) of this subsection has lapsed or fails to provide the
16 coverage required under this subsection:

17 a. The coverage required under this subsection, beginning with the
18 first dollar of a claim; and

19 b. Defense of claims made for coverage required under this
20 subsection.

21 2. The motor vehicle liability insurance policy required under
22 subparagraph 1. of this paragraph may exclude coverage, and the duty
23 to defend, under circumstances set forth in subsection (1)(c)1. of this
24 section.

25 (3) A peer-to-peer car sharing program shall ensure that any motor vehicle
26 insurance maintained by the program is not dependent upon another motor
27 vehicle insurer or motor vehicle insurance policy first denying a claim.

1 **(4) Nothing in this section shall be construed to:**

2 **(a) Limit the liability of the peer-to-peer car sharing program for any act or**
3 **omission of the peer-to-peer car sharing program that results in injury to**
4 **any person as a result of the use of a shared vehicle through a peer-to-peer**
5 **car sharing program;**

6 **(b) Limit the ability of the peer-to-peer car sharing program to, by contract,**
7 **seek indemnification from the shared vehicle owner or the shared vehicle**
8 **driver for economic loss sustained by the peer-to-peer car sharing program**
9 **resulting from a breach of the terms and conditions of the car sharing**
10 **program agreement; or**

11 **(c) Invalidate or limit an exclusion contained in a motor vehicle liability**
12 **insurance policy, including any insurance policy in use or approved for use**
13 **that excludes coverage for motor vehicles made available for rent, sharing,**
14 **or hire, or for any business use.**

15 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO
16 READ AS FOLLOWS:

17 **(1) At the time when a motor vehicle owner registers as a shared vehicle owner on a**
18 **peer-to-peer car sharing program and prior to the time when the shared vehicle**
19 **owner makes a shared vehicle available for sharing on the peer-to-peer car**
20 **sharing program, the peer-to-peer car sharing program shall:**

21 **(a) Notify the shared vehicle owner that, if the shared vehicle has a lien against**
22 **it, the use of the motor vehicle as a shared vehicle through a peer-to-peer**
23 **car sharing program, including use without physical damage coverage, may**
24 **violate the terms of the contract with the lienholder;**

25 **(b) Verify that the shared vehicle does not have any safety recalls for which the**
26 **repairs have not been made; and**

27 **(c) Notify the shared vehicle owner of the requirements under Section 4 of this**

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(2) (a) A peer-to-peer car sharing program shall collect and verify records pertaining to the use of a shared vehicle, including but not limited to:

1. Times used;

2. Fees paid by the shared vehicle driver; and

3. Revenues received by the shared vehicle owner.

(b) The peer-to-peer car sharing program shall provide the information collected under paragraph (a) of this subsection, upon request, to the following to facilitate a claim coverage investigation:

1. The shared vehicle owner;

2. The shared vehicle owner's insurer; and

3. The shared vehicle driver's insurer.

(c) The peer-to-peer car sharing program shall retain the records collected for a time period not less than the applicable personal injury statute of limitations.

(3) Each car sharing program agreement made in this state shall disclose to the shared vehicle owner and the shared vehicle driver:

(a) Any right of the peer-to-peer car sharing program to seek indemnification from the shared vehicle owner or the shared vehicle driver for economic loss sustained by the peer-to-peer car sharing program resulting from a breach of the terms and conditions of the car sharing program agreement;

(b) That a motor vehicle liability insurance policy issued to the shared vehicle owner for the shared vehicle or to the shared vehicle driver does not provide a defense or indemnification for any claim asserted by the peer-to-peer car sharing program;

(c) That the peer-to-peer car sharing program's insurance coverage on the shared vehicle owner and the shared vehicle driver shall be in effect only

1 during each car sharing period and that, for any use of the shared vehicle
2 by the shared vehicle driver after the car sharing termination time, the
3 shared vehicle driver and the shared vehicle owner may not have insurance
4 coverage;

5 (d) The daily rate, fees, and, if applicable, any insurance or protection package
6 costs that are charged to the shared vehicle owner or the shared vehicle
7 driver;

8 (e) That the shared vehicle owner's motor vehicle liability insurance may not
9 provide coverage for a shared vehicle;

10 (f) Any emergency telephone number to personnel capable of fielding roadside
11 assistance and other customer service inquiries; and

12 (g) Whether there are conditions under which a shared vehicle driver must
13 maintain a personal motor vehicle insurance policy with certain applicable
14 coverage limits on a primary basis in order to book a shared vehicle.

15 (4) (a) A peer-to-peer car sharing program shall not enter into a car sharing
16 program agreement with a potential shared vehicle driver unless the driver:

17 1. Holds a driver's license issued under the laws of this state that
18 authorizes the driver to operate vehicles of the class of the shared
19 vehicle;

20 2. Is a nonresident who:

21 a. Has a driver's license issued by the state or country of the
22 driver's residence that authorizes the driver in that state or
23 country to drive vehicles of the class of the shared vehicle; and

24 b. Is at least the same age as that required of a resident to drive in
25 this state; or

26 3. Is otherwise authorized under the laws of this state to drive vehicles of
27 the class of the shared vehicle.

- 1 **(b) A peer-to-peer car sharing program shall keep a record of:**
- 2 **1. The name and address of each shared vehicle driver;**
- 3 **2. The driver's license number of each shared vehicle driver; and**
- 4 **3. The place of issuance of the driver's license of each shared vehicle**
- 5 **driver.**
- 6 **(5) (a) A peer-to-peer car sharing program shall:**
- 7 **1. Have sole responsibility for any equipment, such as a global**
- 8 **positioning system (GPS) or other special equipment, that is put in or**
- 9 **on the shared vehicle to monitor or facilitate the peer-to-peer car**
- 10 **sharing; and**
- 11 **2. Agree to indemnify and hold harmless the shared vehicle owner for**
- 12 **any damage to or theft of the equipment during the car sharing period**
- 13 **not caused by the shared vehicle owner.**
- 14 **(b) A peer-to-peer car sharing program may seek indemnification from the**
- 15 **shared vehicle driver for any loss or damage to the equipment that occurs**
- 16 **during the car sharing period.**
- 17 **(6) A peer-to-peer car sharing program shall comply with the rules and regulations**
- 18 **of air boards pursuant to KRS 183.133.**
- 19 **(7) A peer-to-peer car sharing program and a commercial airport, as defined in KRS**
- 20 **183.011, may enter into an agreement that:**
- 21 **(a) Provides for the payment of a reasonable fee for access to the airport's**
- 22 **premises;**
- 23 **(b) Provides for the sharing of certain data with the airport solely for purposes**
- 24 **of monitoring and auditing compliance, except in no event shall any**
- 25 **agreement require the sharing of data in violation of:**
- 26 **1. Any federal, state, or local law; or**
- 27 **2. Any provision of a peer-to-peer car sharing platform's terms of**

1 services, contractual obligations, or policies; and

2 (c) Designates locations on the premises of the airport for peer-to-peer car
 3 sharing.

4 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO
 5 READ AS FOLLOWS:

6 (1) If a shared vehicle owner receives an actual notice of a safety recall on a shared
 7 vehicle, the shared vehicle owner shall:

8 (a) Remove the shared vehicle as available on the peer-to-peer car sharing
 9 program as soon as practicably possible after receiving the notice; and

10 (b) Not make the shared vehicle available on the peer-to-peer car sharing
 11 program until the safety recall repair has been made.

12 (2) If a shared vehicle owner receives the actual notice of a safety recall while the
 13 shared vehicle is in the possession of a shared vehicle driver, the shared vehicle
 14 owner shall notify the peer-to-peer car sharing program as soon as practicably
 15 possible after receiving the notice so that the shared vehicle owner may address
 16 the safety recall repair.

17 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 365 IS CREATED TO
 18 READ AS FOLLOWS:

19 A peer-to-peer car sharing program and a shared vehicle owner shall be exempt from
 20 any vicarious liability:

21 (1) In accordance with 49 U.S.C. sec. 30106; and

22 (2) Except as provided in KRS 304.39-080 and Section 2 of this Act, under any state
 23 or local law that imposes liability solely based on vehicle ownership.

24 ➔SECTION 6. A NEW SECTION OF SUBTITLE 39 OF KRS CHAPTER 304
 25 IS CREATED TO READ AS FOLLOWS:

26 (1) As used in this section, the following have the same meaning as in Section 1 of
 27 this Act:

- 1 (a) "Car sharing period";
2 (b) "Peer-to-peer car sharing program";
3 (c) "Shared vehicle";
4 (d) "Shared vehicle driver"; and
5 (e) "Shared vehicle owner."

6 (2) An authorized insurer that writes motor vehicle liability insurance in this state
7 may exclude any and all coverage, and the duty to defend or indemnify for any
8 claim afforded, under a shared vehicle owner's policy for accidents involving the
9 shared vehicle that occur during a car sharing period, including but not limited
10 to:

- 11 (a) Security for the payment of tort liabilities under KRS 304.39-110;
12 (b) Uninsured motorist coverage under KRS 304.20-020;
13 (c) Underinsured motorist coverage under KRS 304.39-320;
14 (d) Basic reparation benefits as defined in KRS 304.39-020;
15 (e) Medical payments coverage;
16 (f) Comprehensive property damage coverage; and
17 (g) Collision property damage coverage.

18 (3) An insurer that defends or indemnifies a claim against a shared vehicle shall
19 have the right to seek contribution against the insurer that issued a motor vehicle
20 liability insurance policy under subsection (2) of Section 2 of this Act to the peer-
21 to-peer car sharing program if:

- 22 (a) The claim is made against the shared vehicle owner or shared vehicle driver
23 for damages that result from an accident occurring during the car sharing
24 period; and
25 (b) Coverage for the claim is excluded under the terms of the insurer's policy.

26 (4) An insurer issuing a motor vehicle liability insurance policy to a shared vehicle
27 owner under subsection (2)(b) of Section 2 of this Act shall indemnify the peer-to-

1 peer car sharing program that assumes primary liability under subsection (2)(d)
 2 of Section 2 of this Act to the extent of the insurer's obligation, if any, under the
 3 policy if it is determined that the shared vehicle owner was in control of the
 4 shared vehicle at the time of the accident.

5 ➔SECTION 7. A NEW SECTION OF SUBTITLE 14 OF KRS CHAPTER 304
 6 IS CREATED TO READ AS FOLLOWS:

7 (1) As used in this section, the following have the same meaning as in Section 1 of
 8 this Act:

9 (a) "Car sharing period";

10 (b) "Peer-to-peer car sharing program";

11 (c) "Peer-to-peer car sharing program agreement";

12 (d) "Shared vehicle";

13 (e) "Shared vehicle driver"; and

14 (f) "Shared vehicle owner."

15 (2) Notwithstanding any other provision of this subtitle, a peer-to-peer car sharing
 16 program shall have an insurable interest in a shared vehicle during the car
 17 sharing period, which shall include owning and maintaining, as the named
 18 insured, one (1) or more policies of motor vehicle liability insurance that provides
 19 coverage for:

20 (a) Liabilities assumed by the peer-to-peer car sharing program under a peer-
 21 to-peer car sharing program agreement;

22 (b) Any liability of the shared vehicle owner or shared vehicle driver; and

23 (c) Damage or loss to the shared vehicle.

24 (3) Nothing in this section creates liability on a peer-to-peer car sharing program to
 25 maintain the coverage required under Section 2 of this Act.

26 ➔Section 8. KRS 304.14-040 is amended to read as follows:

27 (1) An employer or the employer's trustee may procure and effect an insurance contract

1 upon the life or body of an employee for the purpose of funding a pension or other
2 benefit plan established for the employee of the employer. Except as provided in
3 subsection (4) of this section, no employer, nor employer's trustee, shall procure or
4 cause to be procured any insurance contract on the life or body of an employee
5 unless the benefits under the contract are payable to and utilized by an employee
6 pension or other benefit plans. Nothing in this subsection shall be construed to
7 require the employer or the employer's trustee to use or designate the benefits of any
8 employee insurance contract for the specific benefit of the estate of the particular
9 insured on whose life or body the insurance contract producing the benefits was
10 procured.

11 (2) Any individual of competent legal capacity may procure or effect an insurance
12 contract upon his own life or body for the benefit of any person. No person shall
13 procure or cause to be procured any insurance contract upon the life or body of
14 another individual unless the benefits under the contract are payable to the
15 individual insured or his personal representatives, or to a person having, at the time
16 when the contract was made, an insurable interest in the individual insured.

17 (3) If the beneficiary, assignee, or other payee under any contract made in violation of
18 this section receives from the insurer any benefits thereunder accruing upon the
19 death, disablement, or injury of the individual insured, the individual insured or his
20 executor or administrator, as the case may be, may maintain an action to recover the
21 benefits from the person so receiving them.

22 (4) "Insurable interest" as to the personal insurance means that every individual has an
23 insurable interest in the life, body, and health of himself, and of other persons as
24 follows:

25 (a) In the case of individuals related closely by blood or by law, a substantial
26 interest engendered by love and affection;

27 (b) In the case of other persons, a lawful and substantial economic interest in

1 having the life, health, or bodily safety of the individual insured continue, as
2 distinguished from an interest which would arise only by, or would be
3 enhanced in value by, the death, disablement, or injury of the individual
4 insured;

5 (c) An individual heretofore or hereafter party to a contract or option for the
6 purchase or sale of an interest in a business partnership or firm, or of shares of
7 stock of a close corporation or of an interest in the shares, has an insurable
8 interest in the life, health, or bodily safety of each individual party to the
9 contract for the purpose of the contract only, in addition to any insurable
10 interest which may otherwise exist as to the individual;~~and~~

11 (d) Any domestic or foreign corporation which provides its active or retired
12 employees with benefits under a retirement or other employee benefit plan
13 governed by the Federal Employee Retirement Income Security Act of 1974,
14 as amended, has an insurable interest in the life, health, or bodily safety of any
15 active or retired employee of the corporation or of any of its subsidiaries who
16 is covered by a plan, and any trustee of a trust established by the corporation
17 for the sole benefit of the corporation shall have the same insurable interest in
18 the employee as the corporation itself; **and**

19 **(e) As provided in Section 7 of this Act.**

20 (5) An insurer shall be entitled to rely upon all statements, declarations, and
21 representations made by an individual applicant for insurance relative to the
22 insurable interest of the applicant in the insured; and no insurer shall incur legal
23 liability except as set forth in the policy, by virtue of any untrue statements,
24 declarations, or representations so relied upon in good faith by the insurer.

25 ➔Section 9. KRS 304.14-060 is amended to read as follows:

26 (1) **Except as provided in Section 7 of this Act,** no contract of insurance of property or
27 of any interest in property or arising from property shall be enforceable as to the

1 insurance except for the benefit of persons having an insurable interest in the things
2 insured as at the time of the loss.

3 (2) "Insurable interest" as used in this section means any actual, lawful, and substantial
4 economic interest in the safety or preservation of the subject of the insurance free
5 from loss, destruction, or pecuniary damage or impairment.

6 (3) When the name of a person intended to be insured is specified in the policy, such
7 insurance can be applied only to his own proper interest. This section shall not
8 apply to life, health, or title insurance.

9 ➔Section 10. KRS 186.630 is amended to read as follows:

10 (1) No person shall rent a motor vehicle to any other person if the latter is not licensed,
11 unless he is a nonresident whose home state or country does not require that an
12 operator be licensed.

13 (2) No person shall rent a motor vehicle to another until he has inspected the operator's
14 license of the person to whom the vehicle is to be rented and compared and verified
15 the signature on the license with the signature of that person written in his presence.

16 (3) Every person renting a motor vehicle to another shall keep a record of the
17 registration number of the motor vehicle rented, the name and address of the person
18 to whom the vehicle is rented, the number of his license and the date and place of
19 issuance of his license. That record shall be open to inspection by any police officer
20 or employee of the cabinet.

21 **(4) This section shall not apply to peer-to-peer car sharing as defined in Section 1 of**
22 **this Act.**

23 ➔Section 11. This Act takes effect on January 1, 2021.