

ASSEMBLY BILL

No. 844

Introduced by Assembly Member Gipson

February 14, 2023

An act to amend Section 39719.2 of the Health and Safety Code, and to add Article 10.9 (commencing with Section 938) to Chapter 1 of Part 2 of Division 1 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 844, as introduced, Gipson. Zero-emission trucks: insurance.

(1) Existing law establishes the Air Quality Improvement Program, administered by the State Air Resources Board, for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. As part of the funding plan for the Air Quality Improvement Program, existing law requires the state board to include a 3-year investment strategy for zero- and near-zero-emission heavy-duty vehicles and equipment commensurate with meeting state greenhouse gas emissions reduction goals.

This bill would require the state board, as part of the 3-year investment strategy, to provide an assessment, in consultation with the Department of Insurance, of the availability and affordability of insurance for advanced fleet technologies for heavy-duty vehicles and the role of insurance markets in meeting state greenhouse gas emissions reduction goals. The bill would also require the state board, in consultation with the department, to create a strategy, on or before January 1, 2025, to address insurance gaps for new heavy-duty truck technologies, as specified.

(2) Existing law provides for the regulation of insurance by the Department of Insurance, which is under the control of the Insurance Commissioner.

This bill would require the department to implement specific data collections on the availability and affordability of insurance for heavy-duty trucks and truck fleets. The bill would require the department to issue a bulletin on or before February 1, 2024, to initiate the first data collection, and would require admitted insurers to respond on or before May 1, 2024. The bill would require the surveys and data calls to include specified information, including, among other things, whether an insurance company offers insurance for zero-emission truck options. The bill would require the information to be submitted to the commissioner and to be confidential, as specified.

This bill would require the department, in consultation with the State Air Resources Board, 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.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) Reducing emissions from mobile pollution sources, including
- 3 heavy-duty trucks, saves lives and provides health benefits by
- 4 reducing the formation of ozone, greenhouse gas emissions, fine
- 5 particulate matter (PM_{2.5}), and toxic diesel particulate matter
- 6 (PM). These emissions cause health impacts that disproportionately
- 7 harm vulnerable and disadvantaged communities near freeways
- 8 that serve as major transit routes for large, heavy-duty trucks.
- 9 (b) Deployment of increasing numbers of zero-emission
- 10 heavy-duty trucks is an essential part of the state’s strategy to meet
- 11 specific emissions reductions targets for both criteria pollutants

1 and greenhouse gases, including 2030 targets for reducing
2 emissions of the super pollutant black carbon, which is a pollutant
3 that is commonly released by diesel-powered trucks.

4 (c) The state continues to develop rules and incentives to achieve
5 100% zero emission truck fleets. In 2020, the State Air Resources
6 Board approved the Advanced Clean Trucks regulation (Sections
7 1963 to 1963.5, inclusive, and Sections 2012 to 2012.2, inclusive,
8 of Title 13 of the California Code of Regulations), ensuring that
9 truck manufacturers produce and sell zero-emission medium- and
10 heavy-duty trucks as an increasing portion of their sales from 2024
11 to 2035. The regulation is anticipated to result in 100,000
12 zero-emission trucks by 2030 and 300,000 by 2035. In 2021, the
13 State Air Resources Board initiated an Advanced Clean Fleet
14 regulatory process that includes provisions to require all drayage
15 trucks entering seaports and intermodal railyards to be zero
16 emission by 2035, and would end the sale of combustion-powered
17 trucks in California by 2040. Furthermore, in the past five years,
18 the state has appropriated over \$1,000,000,000 in incentives,
19 through programs administered by the State Air Resources Board,
20 to incentivize zero-emission medium- and heavy-duty trucks.

21 (d) New technologies, without long histories of actuarial
22 information, can face challenges finding insurance. Fleets adopting
23 zero-emission technologies may be facing a limited market for
24 insurance, which could slow deployment of zero-emission
25 heavy-duty trucks.

26 (e) A robust data source can strengthen insurance markets by
27 providing both consumers and insurers aggregated loss information
28 to increase understanding of this emerging insurance market,
29 identify potential barriers for expanding insurance options, and
30 provide both the insurance regulator and air quality regulator with
31 critical information to inform policy alternatives.

32 SEC. 2. Section 39719.2 of the Health and Safety Code is
33 amended to read:

34 39719.2. (a) The California Clean Truck, Bus, and Off-Road
35 Vehicle and Equipment Technology Program is hereby created,
36 to be administered by the state board in conjunction with the State
37 Energy Resources Conservation and Development Commission.
38 The program, from moneys appropriated from the fund for the
39 purposes of the program, shall fund development, demonstration,
40 precommercial pilot, and early commercial deployment of zero-

1 and near-zero-emission truck, bus, and off-road vehicle and
2 equipment technologies. Priority shall be given to projects
3 benefiting disadvantaged communities pursuant to the requirements
4 of Sections 39711 and 39713.

5 (b) Projects eligible for funding pursuant to this section include,
6 but are not limited to, the following:

7 (1) Technology development, demonstration, precommercial
8 pilots, and early commercial deployments of zero- and
9 near-zero-emission medium- and heavy-duty truck technology,
10 including projects that help to facilitate clean goods movement
11 corridors. This includes peer-to-peer truck sharing platform
12 demonstration. Until December 31, 2021, no less than 20 percent
13 of funding made available for purposes of this paragraph shall
14 support early commercial deployment of existing zero- and
15 near-zero-emission heavy-duty truck technology.

16 (2) Zero- and near-zero-emission bus technology development,
17 demonstration, precommercial pilots, and early commercial
18 deployments, including pilots of multiple vehicles at one site or
19 region.

20 (3) Zero- and near-zero-emission off-road vehicle and equipment
21 technology development, demonstration, precommercial pilots,
22 and early commercial deployments, including vehicles and
23 equipment in the port, agricultural, marine, construction, and rail
24 sectors.

25 (4) Purchase incentives, which may include point-of-sale, for
26 commercially available zero- and near-zero-emission truck, bus,
27 and off-road vehicle and equipment technologies and fueling
28 infrastructure to support early market deployments of alternative
29 technologies and to increase manufacturer volumes and accelerate
30 market acceptance.

31 (5) Projects that support greater commercial motor vehicle and
32 equipment freight efficiency and greenhouse gas emissions
33 reductions, including, but not limited to, advanced intelligent
34 transportation systems, autonomous vehicles, grid integration and
35 integrated storage solutions, charging management demonstration
36 and analytics, and other freight information and operations
37 technologies.

38 (c) The state board, in consultation with the State Energy
39 Resources Conservation and Development Commission, shall
40 develop guidance through the existing Air Quality Improvement

1 Program funding plan process for the implementation of this
2 section that is consistent with the California Global Warming
3 Solutions Act of 2006 (Division 25.5 (commencing with Section
4 38500)) and this chapter.

5 (d) The guidance developed pursuant to subdivision (c) shall
6 do all of the following:

7 (1) Outline performance criteria and metrics for deployment
8 incentives. The goal shall be to design a simple and predictable
9 structure that provides incentives for truck, bus, and off-road
10 vehicle and equipment technologies that provide significant
11 greenhouse gas reduction and air quality benefits.

12 (2) (A) Ensure that program investments are coordinated with
13 funding programs developed pursuant to the California Alternative
14 and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon
15 Reduction Act of 2007 (Chapter 8.9 (commencing with Section
16 44270) of Part 5).

17 (B) The State Energy Resources Conservation and Development
18 Commission shall advise the state board on how to allocate money
19 for vehicle charging infrastructure consistent with the commission's
20 investment plan strategies on charging infrastructure.

21 (3) Promote projects that assist the state in reaching its climate
22 goals beyond 2030, consistent with Section 38566.

23 (4) Promote investments in medium- and heavy-duty trucking,
24 including, but not limited to, vocational trucks, short-haul and
25 long-haul trucks, buses, and off-road vehicles and equipment,
26 including, but not limited to, port equipment, agricultural
27 equipment, marine equipment, and rail equipment.

28 (5) Implement purchase incentives for eligible technologies to
29 increase the use of the cleanest vehicles in disadvantaged
30 communities.

31 (6) Allow for remanufactured and retrofitted vehicles to qualify
32 for purchase incentives if those vehicles meet warranty and
33 emissions requirements, as determined by the state board.

34 (7) Establish a competitive process for the allocation of moneys
35 for projects funded pursuant to this section.

36 (8) Leverage, to the maximum extent feasible, federal or private
37 funding.

38 (9) Ensure that the results of emissions reductions or benefits
39 can be measured or quantified.

1 (10) Ensure that activities undertaken pursuant to this section
 2 complement, and do not interfere with, efforts to achieve and
 3 maintain federal and state ambient air quality standards and to
 4 reduce toxic air contaminants.

5 (e) In evaluating potential projects to be funded pursuant to this
 6 section, the state board shall give priority to projects that
 7 demonstrate one or more of the following characteristics:

8 (1) Benefit disadvantaged communities pursuant to Sections
 9 39711 and 39713 or communities with a community emissions
 10 reduction program implemented pursuant to Section 44391.2.

11 (2) The ability to leverage additional public and private funding.

12 (3) The potential for cobenefits or multiple-benefit attributes.

13 (4) The potential for the project to be replicated.

14 (5) Regional benefit, with focus on collaboration between
 15 multiple entities.

16 (6) Support for technologies with broad market and emissions
 17 reduction potential.

18 (7) Support for projects addressing technology and market
 19 barriers not addressed by other programs.

20 (8) Support for enabling technologies that benefit multiple
 21 technology pathways.

22 (f) In implementing this section, the state board, in consultation
 23 with the State Energy Resources Conservation and Development
 24 Commission, shall create an annual framework and plan. The
 25 framework and plan shall be developed with public input and may
 26 use existing investment plan processes and workshops as well as
 27 existing state and third-party research and technology roadmaps.
 28 The framework and plan shall do all of the following:

29 (1) Articulate an overarching vision for technology development,
 30 demonstration, precommercial pilot, and early commercial
 31 deployments, with a focus on moving technologies through the
 32 commercialization process.

33 (2) Outline technology categories and performance criteria for
 34 technologies and applications that may be considered for funding
 35 pursuant to this section. This shall include technologies for
 36 medium- and heavy-duty trucking, including, but not limited to,
 37 vocational trucks, short-haul and long-haul trucks, buses, and
 38 off-road vehicles and equipment, including, but not limited to, port
 39 equipment, agricultural equipment, construction equipment, marine
 40 equipment, and rail equipment.

1 (3) Describe the roles of the relevant agencies and the process
2 for coordination.

3 (g) For purposes of this section, “zero- and near-zero-emission”
4 means vehicles, fuels, and related technologies that reduce
5 greenhouse gas emissions and improve air quality when compared
6 with conventional or fully commercialized alternatives, as defined
7 by the state board in consultation with the State Energy Resources
8 Conservation and Development Commission. “Zero- and
9 near-zero-emission” may include, but is not limited to,
10 zero-emission technology, enabling technologies that provide a
11 pathway to emissions reductions, advanced or alternative fuel
12 engines for long-haul trucks, and hybrid or alternative fuel
13 technologies for trucks and off-road equipment.

14 (h) (1) In addition to the requirements of Section 44258.4,
15 commencing with the funding plan for the 2019–20 fiscal year of
16 the Air Quality Improvement Program (Article 3 (commencing
17 with Section 44274) of Chapter 8.9 of Part 5), the state board shall
18 include a three-year investment strategy that includes the immediate
19 fiscal year and a forecast of estimated funding needs for the
20 subsequent two fiscal years for zero- and near-zero-emission
21 heavy-duty vehicles and equipment commensurate with meeting
22 the goals of this chapter and the goals of the state.

23 (2) The three-year investment strategy shall do all of the
24 following:

25 (A) Describe the role of public investments in supporting the
26 demonstration and deployment of advanced technologies.

27 (B) Provide an assessment of available funding and the
28 investment needed.

29 (C) Provide a description of the state board’s portfolio of
30 investments.

31 (3) *The state board, in consultation with the Department of*
32 *Insurance, shall include in the investment strategy an assessment*
33 *of both of the following:*

34 (A) *The availability and affordability of insurance for existing*
35 *and emerging advanced fleet technologies being deployed for*
36 *heavy-duty vehicles.*

37 (B) *The role of insurance markets in meeting the goals of this*
38 *chapter and the goals of the state.*

39 (3)

1 (4) The state board, in consultation with the State Energy
2 Resources Conservation and Development Commission, shall
3 include in the investment strategy information related to milestones
4 achieved by the state’s schoolbus incentive programs and the
5 projected need for funding taking into consideration the state’s
6 schoolbus inventory, turnover, and useful life.

7 (i) *On or before January 1, 2025, the state board, in consultation*
8 *with the Department of Insurance, shall create a strategy to*
9 *address current and future insurance gaps for new heavy-duty*
10 *truck technologies, including consideration for establishing a risk*
11 *pool and other tools to offer insurance to truck fleet businesses*
12 *and individual truck owners who are unable to find insurance in*
13 *the private insurance markets. This strategy shall include an*
14 *evaluation of all of the following:*

15 (1) *The number of companies offering insurance for*
16 *zero-emission truck fleets, or individual zero-emission trucks, in*
17 *the current market.*

18 (2) *Availability of actuarial loss data for zero-emission trucks,*
19 *or fleets of those trucks.*

20 (3) *Coverage limits most appropriate for zero-emission truck*
21 *fleets, based on the common size and characteristics of*
22 *zero-emission trucking fleets.*

23 (4) *Additional insurance-related information, including*
24 *information collected pursuant to Section 938 of the Insurance*
25 *Code.*

26 (5) *Important timelines and specific checkpoints for monitoring*
27 *insurance accessibility in advance of major regulatory deadlines*
28 *for transitioning medium- and heavy-duty fleets to zero-emissions*
29 *technologies, and state goals for increasing the percentage of*
30 *zero-emission trucks and buses in the state.*

31 (6) *Additional factors related to insurance availability and*
32 *affordability that may accelerate or inhibit the objectives of*
33 *subdivisions (a) and (b).*

34 SEC. 3. Article 10.9 (commencing with Section 938) is added
35 to Chapter 1 of Part 2 of Division 1 of the Insurance Code, to read:

36
37 Article 10.9. Zero-Emission Heavy-Duty Truck Data Reporting

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39 938. (a) The Department of Insurance shall implement specific
40 data collections on the availability and affordability of insurance

1 for heavy-duty trucks and truck fleets that utilize advanced fuels
2 and related technologies to better understand emerging markets
3 important to the State of California’s climate change goals, expand
4 insurance options by establishing more robust data for consumers
5 and insurers, and identify potential barriers to zero-emission
6 technologies in the transportation sector. The focus of the data
7 collections shall be zero-emission technologies that reduce
8 greenhouse gas emissions and improve air quality when compared
9 with conventional or fully commercialized alternatives, including
10 those defined by the State Air Resources Board.

11 (b) The department shall issue a bulletin on or before February
12 1, 2024, to initiate the first data collection. Admitted insurers shall
13 respond on or before May 1, 2024. Data collections shall include
14 surveys and data calls from insurance companies licensed to write
15 insurance through the admitted market. The surveys and data calls
16 shall include, but are not limited to, all of the following
17 information:

18 (1) Whether an insurance company offers insurance for
19 zero-emission truck options.

20 (2) Loss experience information per claim over a specified time
21 period, such as annually, including, but not limited to, all of the
22 following:

23 (A) Type of loss, which may include both liability and physical
24 damage type losses.

25 (B) Type of medium- and heavy-duty truck.

26 (C) Date of loss.

27 (D) Amount of losses incurred and paid in United States dollars.

28 (3) The number of vehicles covered under insurance policies,

29 (4) Policy level experience, including, but not limited to,
30 premium per type of medium- and heavy-duty truck insured, the
31 time the truck is insured from effective start date to end date of
32 coverage, and type of coverage, which may include both liability
33 and physical damage type coverage.

34 (5) Minimum, maximum, and average overall coverage limit
35 of the policy, and per type of medium- and heavy-duty truck within
36 a truck fleet.

37 (c) The information required by this section shall be submitted
38 to the commissioner. The commissioner may specify, by bulletin,
39 the manner of submission and format of the reporting required
40 pursuant to subdivision (a).

1 (d) Information submitted to the commissioner, as required by
2 this section, shall be confidential pursuant to Section 7929.000 of
3 the Government Code and exempt from the California Public
4 Records Act (Division 10 (commencing with Section 7920.000)
5 of Title 1 of the Government Code). Additionally, that information
6 shall not be subject to subpoena or subpoena duces tecum.
7 Testimony by the commissioner, the commissioner’s staff, an
8 employee of the department, or a person to whom the reporting
9 required by this section was disclosed, regarding the contents of
10 any report submitted pursuant to this section, shall be inadmissible
11 as evidence in a civil proceeding.

12 938.1. The Department of Insurance, in consultation with the
13 State Air Resources Board, shall create a tool for the public to use
14 to readily find information and insurance options for
15 battery-powered, hydrogen-powered, or other zero-emission
16 advanced truck technology to provide a “one-stop” for the public.

17 SEC. 4. The Legislature finds and declares that Section 3 of
18 this act, which adds Article 10.9 (commencing with Section 938)
19 to Chapter 1 of Part 2 of Division 1 of the Insurance Code, imposes
20 a limitation on the public’s right of access to the meetings of public
21 bodies or the writings of public officials and agencies within the
22 meaning of Section 3 of Article I of the California Constitution.
23 Pursuant to that constitutional provision, the Legislature makes
24 the following findings to demonstrate the interest protected by this
25 limitation and the need for protecting that interest:

26 In order to protect proprietary insurer information, it is necessary
27 for information reported to the Insurance Commissioner by insurers
28 pursuant to Section 3 of this act to remain confidential.