

Yellow Cab Company
Testimony of Marco Henry

President, Yellow Cab Co

Insurance and Real Estate Committee

March 15, 2016

Good afternoon, Chairpersons Senator Crisco and Representative Megna and members of the Insurance and Real Estate Committee, My name is Marco Henry I am the President of the Yellow Cab Co.

I am here today to testify in regard to:

Raised Bill 5523: An Act Concerning Insurance Requirements for Transportation Network Companies

Yellow Cab Company is Connecticut's oldest taxicab company and holds the number "one" certificate dating back to 1898. It was Incorporated in 1921 and has been continually providing public transportation in the Hartford region for many years. I bought this company over twenty years ago and we have been providing jobs and tax dollars since then. Yellow Cab currently provides more than 40 corporate jobs and employs 150 drivers on a part time and full time basis. In the last three year, Yellow Cab Company has invested more than 5 million dollars into "state of art" dispatching equipment, vehicle cameras, g force sensors, back and side reader and gps locators.

As a environmentally sensitive corporation we have spent thousands of dollars updating our vehicles to clean burning natural gas thereby reducing pollution in Hartford, Bradley International Airport and other transportation centers. We have apps allowing customers to call taxicabs by phone or smartphones. With more than a 50% wheelchair accessible fleet, we are able to serve the special needs of passengers.

The State of Connecticut has put in place a very elaborate set of regulations to protect the safety of the public we transport in our taxicabs. Four State agencies oversee our operations (Department of Transportation, Department of Motor Vehicles, Department of Consumer Protection and State Insurance Department). This oversight has been designed to assure that Connecticut's consumers are safely transported. Very detailed rules and regulations have been put into place to protect passengers for hire. Our vehicles, our drivers and fares are strictly regulated for a reason. Vehicle certification and inspection, collision insurance etc. are but a few of the many protections which continue to be enforced to insure the safety and reliability of "for hire" transportation. We are required to provide transportation on a 24hr/365day schedule. We must accept all requests for transportation.

In the last year or so, various so-called "ride share" companies have entered the taxicab and livery business and **are functioning as taxicabs** without being subject to any of the regulations, requirements or oversight that is designed to protect the safety or security of the transported public. These companies are nothing more than "gypsy cabs" who are free to skirt all the rules and requirements that are design to assure clean, safe and secure transportation.

Yellow Cab Company cannot refuse a fare and must comply with all the rules designed to protect the safety of Connecticut's passengers. I have made a significant investment doing the right thing and I must impress up all of you the importance of requiring everyone to comply with the same rules and regulations if they are providing the same service.

In this regard, I am attaching proposed JFS language which will modify the language of this proposal so that we are able to compete fairly with Transportation Network Companies (TNC). As I stated earlier, TNC are currently continuing to offer for-hire public transportation services without regard to the more comprehensive consumer insurance and other protections that create an less than level operating arena.

For these reasons I request consideration and adoption of these bill amendments.

CONNECTICUT'S TRANSPORTATION NETWORK SHOULD NOT BE JUST FOR THE WEALTHY CREDIT CARD AND SMARTPHONE CROWD.

I welcome questions.

Thank you

General Assembly

PROPOSED JFS
(add Sections 4-6)

Raised Bill No. 5523

February Session, 2016

LCO No.

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Referred to Committee on INSURANCE AND REAL
ESTATE

Introduced by:

(INS)

***AN ACT CONCERNING INSURANCE REQUIREMENTS FOR
TRANSPORTATION NETWORK COMPANIES.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

Section 1. (NEW) (*Effective July 1, 2016*) (a) As used in this section:

(1) "Transportation network company" means a company, including a corporation, a partnership, a trust, an association, a sole proprietorship or a similar organization, that uses a digital network to connect transportation network company riders with transportation network company drivers who provide prearranged rides;

(2) "Transportation network company driver" or "driver" means an individual who is not an employee of a transportation network company and who (A) receives connections, in exchange for payment of a fee to such company, to potential transportation network company riders through the transportation network company's digital network, and (B) uses a personal vehicle to offer or provide prearranged rides to transportation network company riders upon connecting with such riders through the transportation network company's digital network, in exchange for compensation or a fee from such riders;

(3) "Transportation network company rider" or "rider" means an individual who uses a digital network to connect with a transportation network company driver to provide a prearranged ride to the rider between points chosen by the rider;

(4) "Digital network" means any online-enabled technology application service, Internet web site or system that is used by a transportation network company and enables prearranged rides with transportation network company drivers;

(5) "Prearranged ride" means the transport by a transportation network company driver of a transportation network company rider (A) beginning when the driver accepts, through the transportation network company's digital network, the rider's request for a ride, (B) continuing while the driver transports the rider, and (C) ending when the last requesting rider departs from the driver's personal vehicle. "Prearranged ride" does not include the transport of an individual, which transport has not been arranged with a transportation network company driver through the use of a transportation network company's digital network; and

(6) "Personal vehicle" means a private passenger motor vehicle that is (A) owned, leased or otherwise authorized for the provision of prearranged rides by a transportation network company driver, and (B) used by such driver to provide a prearranged ride.

(b) (1) Not later than July 1, 2016, a transportation network company driver or a transportation network company on such driver's behalf shall procure and maintain a motor vehicle insurance policy that recognizes that the driver is a transportation network company driver and provides coverage for such driver as follows:

(A) For the period during which the driver is logged on to the transportation network company's digital network and is available to receive requests for prearranged rides but is not engaged in the provision of a prearranged ride: (i) Automobile liability insurance coverage of at least (I) fifty thousand dollars for damages by reason of bodily injury to, or the death of, any one person, (II) one hundred thousand dollars for damages by reason of bodily injury or death per accident, and (III) twenty-five thousand dollars for property damage; and (ii) uninsured and underinsured motorist coverage in accordance with the provisions of section 38a-336 of the general statutes; and

(B) For the period during which the driver is engaged in the provision of a prearranged ride: (i) Automobile liability insurance coverage of at least one million dollars for damages by reason of bodily injury, death or property

damage; and (ii) uninsured and underinsured motorist coverage in accordance with the provisions of section 38a-336 of the general statutes.

(2) (A) The coverage required under subdivision (1) of this subsection may be satisfied by an automobile insurance policy maintained by a transportation network company driver or the transportation network company or a combination of both. Nothing in this section shall be construed to (i) require an insurance company that issues automobile insurance policies in this state to issue automobile insurance policies that provide the coverage specified under subdivision (1) of this subsection, or (ii) preclude an insurance company from providing primary or excess coverage by contract or endorsement for a transportation network company driver's personal vehicle.

(B) If an automobile insurance policy maintained by a transportation network company driver has lapsed or does not provide the coverage required under subdivision (1) of this subsection, the transportation network company's automobile insurance policy shall provide such coverage, beginning with the first dollar of a claim, and the insurance company issuing such policy shall have the duty to defend a claim that arises while such driver is logged on to the transportation network company's digital network to receive requests for prearranged rides or is engaged in the provision of a prearranged ride.

(C) Coverage under an automobile insurance policy maintained by a transportation network company shall not be dependent on another insurance company first denying a claim, nor shall such other insurance company be required to first deny a claim.

(3) A transportation network company may procure the coverage required under subdivision (1) of this subsection from (A) an insurance company authorized to do business in this state, or (B) a surplus lines insurer that has at least an A minus credit rating by A.M. Best or an A or similar credit rating by another rating agency approved by the Insurance Commissioner. Any such insurance company or surplus lines insurer shall comply with the provisions of subsection (a) of section 38a-318a of the general statutes.

(c) (1) A transportation network company driver shall carry proof of insurance satisfying the coverage required under subdivision (1) of subsection (b) of this section at all times during such driver's use of a personal vehicle while logged on to a transportation network company's digital network to

receive requests for prearranged rides or engaged in the provision of a prearranged ride. The transportation network company shall ensure it provides such proof of insurance to all of its drivers to whom such transportation network company is providing such coverage.

(2) In the event of an accident, a transportation network company driver shall provide such proof of insurance coverage to the directly interested parties, insurance companies and investigating police officers. A transportation network company driver shall disclose, upon request, to directly interested parties, insurance companies and investigating police officers whether such driver was logged on to the transportation network company's digital network or was engaged in the provision of a prearranged ride at the time of the accident.

(3) In any claims investigation, a transportation network company shall immediately provide, upon request from a directly involved party or the transportation network company driver's insurance company, the precise times such driver was logged on and logged off the transportation network company's digital network in the twelve-hour periods immediately preceding and immediately following the accident. An insurance company providing any coverage required under subdivision (1) of subsection (b) of this section shall disclose, upon request by any other insurance company providing any coverage required under subdivision (1) of subsection (b) of this section, the applicable coverages, exclusions and limits under the automobile insurance policy issued to satisfy the coverage requirements under said subdivision.

(4) For any claim covered under the collision or comprehensive coverage of a transportation network company's motor vehicle insurance policy, the insurance company shall make payment on such claim directly to the business repairing the motor vehicle or jointly, if applicable, to the owner of the motor vehicle and the primary lienholder of such vehicle.

(d) Notwithstanding the provisions of sections 14-112, 38a-334, 38a-335 and 38a-336 of the general statutes, an insurance company that offers automobile insurance coverage in this state may offer automobile insurance policies to individuals that exclude any or all coverage afforded under such policies for any loss or injury that occurs during the period an insured is logged on to a transportation network company's digital network and available to receive requests for prearranged rides or engaged in the provision of a prearranged

ride. Such exclusions may include, but are not limited to, (1) liability coverage for bodily injury, death or property damage, (2) personal injury protection coverage, (3) uninsured and underinsured motorist coverage, (4) medical payments coverage, (5) collision physical damage coverage, or (6) comprehensive physical damage coverage. Nothing in this subsection shall be construed to require an insurance company that clearly and conspicuously discloses such exclusions to use any particular policy language or reference to this subsection to exclude any or all coverage pursuant to this subsection.

(e) (1) An insurance company that excludes coverage pursuant to subsection (d) of this section shall have no duty to defend or indemnify any claim against a transportation network company driver for which coverage is expressly excluded in such driver's automobile insurance policy. If an insurance company defends or indemnifies a claim against a transportation network company driver for which coverage is expressly excluded in such driver's automobile insurance policy, the insurance company shall have a right of subrogation against other insurance companies that provide automobile insurance coverage to such driver to satisfy the requirements of subdivision (1) of subsection (b) of this section.

(2) Nothing in this section shall be construed to invalidate or limit an exclusion contained in an automobile insurance policy, including any such policy in use or approved for use in this state prior to July 1, 2016, that excludes coverage for vehicles used to transport property or passengers for a fee or available for hire by the public.

(3) In the event of a claim against a transportation network company driver in which there is disagreement between such driver's insurance company and the transportation network company's insurance company as to which insurance company has the duty to defend, the insurance company issuing the transportation network company's automobile insurance policy shall have the duty to defend such claim.

(f) Prior to initially permitting a transportation network company driver to accept a rider request for a prearranged ride through the transportation network company's digital network, a transportation network company shall disclose, in writing, to such driver the following:

(1) The insurance coverage, including the types of coverage and the limits for each type of coverage, that the transportation network company provides during the period such driver is using his or her personal vehicle while logged on to the transportation network company's digital network and available to receive requests for prearranged rides or engaged in the provision of a prearranged ride;

(2) A statement that such driver's automobile insurance policy might not provide coverage while such driver is logged on to the transportation network company's digital network and available to receive requests for prearranged rides or engaged in the provision of a prearranged ride; and

(3) A statement that if such driver's personal vehicle has a lien on it, the use of such vehicle for such purposes without physical damage coverage may violate the terms of the contract with the lienholder.

Sec. 2. Section 13b-95 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

The term "taxicab" includes any motor vehicle operated upon any street or highway or on call or demand accepting or soliciting passengers indiscriminately for transportation for hire between such points along streets or highways as may be directed by the passenger or passengers being transported, provided nothing in this chapter shall be construed to include, as a taxicab, a motor bus, as defined in section 14-1, [or] a motor vehicle in livery service when such motor vehicle is hired for a specific trip or trips and is subject to the direction of the person hiring the same, or a personal vehicle operated by a transportation network company driver, as both terms are defined in section 1 of this act.

Sec. 3. Section 13b-101 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

The term "motor vehicle in livery service" includes every motor vehicle used by any person, association, limited liability company or corporation which represents itself to be in the business of transporting passengers for hire, except (1) any motor bus and any taxicab operated under a certificate of public convenience and necessity issued by the Department of Transportation, (2) any school bus, as defined in section 14-275, or student transportation

vehicle, as defined in section 14-212, when used for the transportation of children under the age of twenty-one years, (3) any school bus, as defined in section 14-275, when used for the transportation of passengers (A) by virtue of a contract with any public or private institution of higher education, (B) pursuant to a contract for service to a special event held at a location or facility which is not open for business on a daily basis throughout the year, not to exceed a period of ten days, or (C) pursuant to a contract with a municipality for which the carrier provides school transportation service, (4) any motor vehicle operated by or through a community-based regional transportation system for the elderly established pursuant to section 55 of public act 05-280, [and] (5) any motor vehicle operated by or through a community-based regional transportation system for the visually impaired, and (6) any personal vehicle operated by a transportation network company driver, as both terms are defined in section 1 of this act.

Sec. 4. (NEW) (Effective July 1, 2016) Any applicant who meets the requirements for a public passenger transportation permit and intends to use the endorsement to drive a taxicab or vehicle in livery service, shall be issued a ninety-day temporary permit pending completion of a national criminal history records check and receipt of notice of the applicant's national criminal record, provided such applicant shall submit to and the department has completed a state criminal history records check prior to the issuance of such temporary permit. Any applicant for renewal of a permit shall be issued such renewal pending completion of a national criminal history records check and receipt of notice of the applicant's national criminal record, provided such applicant shall submit to a state criminal history records check prior to the issuance of such renewal.

Sec. 5. Section 13b-96 is repealed and the following is substituted in lieu thereof:

(a) Each person, association, limited liability company or corporation owning or operating a taxicab is declared a common carrier and subject to the jurisdiction of the Department of Transportation. The Commissioner of Transportation is authorized to prescribe adequate service and reasonable rate[s and charges] calculation equipment which shall not require the use of traditional taxi meters, but include modern rate calculation equipment including, but not limited to, cellular phone and internet applications. The

commissioner may adopt regulations, in accordance with chapter 54, for the purpose of [establishing fares], service, operation and equipment as it deems necessary for the convenience, protection and safety of passengers and the public.

[(b) The rates and charges established pursuant to subsection (a) of this section shall not apply to any person, association, or corporation (1) operating a taxicab engaged in the transportation of passengers for hire pursuant to a contract with, or a lower tier contract for, any federal, state or municipal agency, (2) certified pursuant to section 13b-97 prior to May 22, 1998, and (3) registered pursuant to section 13b-99 prior to May 22, 1998.]

(c) Notwithstanding the provisions of subsection (a) of this section or any regulation adopted pursuant to said subsection (a) concerning wheelchair accessibility requirements for motor vehicles, any motor vehicle in compliance with the provisions of the Americans with Disabilities Act 42 USC 12101 and the registration requirements of the Connecticut Department of Motor Vehicles may be used to provide taxicab service for persons requiring such wheelchair accessibility.

(d) Notwithstanding the provisions of subsection (a) of this section or any regulation adopted pursuant to said subsection (a) concerning wheel base requirements, any sedan or station wagon type vehicle powered by a clean alternative fuel and having a wheel base of not less than one hundred two inches may be used to provide taxicab service.

(e) Notwithstanding the provisions of subsection (a) of this section or any regulation adopted pursuant to said subsection (a) regarding insurance, the insurance requirements shall be deemed to be adequate if the policy meets the requirements set out for transportation network companies set out in Section 1 of this act.

(f) Notwithstanding the provisions of subsection (a) of this section or any regulation adopted pursuant to said subsection (a) regarding taxicab identification, the taxicab identification requirements shall be deemed to be adequate as long as they include a removable rooftop light which clearly displays the licensed company logo.

Sec. 6. Section 13b-99 is repealed and the following is substituted in lieu thereof:

(a) Upon the granting of a certificate of public convenience and necessity as provided in section 13b-97, the holder thereof **or the owner of the vehicle to be utilized under such certificate** may apply to the Commissioner of Motor Vehicles for the registration of any taxicab [of which the holder is the owner or lessee and] which is to be used as specified in such certificate, and the Commissioner of Motor Vehicles shall have jurisdiction over the registration of any taxicab and its exterior lighting equipment and over the licensing of its operator. Each registered taxicab shall have an [permanently] attached electric rooftop light. Each registered taxicab shall indicate, in three-inch type [permanently] affixed to the outside of such taxicab, the phone number of the company operating such taxicab. **A holder of a certificate choosing not to register their private vehicle as a taxicab may utilize that vehicle as a taxicab if it meets the safety and signage requirements set forth in this Section.**

(b) Each such taxicab shall be inspected, biennially, at the time of renewal of registration of such taxicab, by a repairer or limited repairer licensed and authorized by the Commissioner of Motor Vehicles to perform such inspections. The commissioner shall set a fee for such an inspection.

(c) Each such taxicab shall be exempt from the provisions of subsection (d) of section 14-100a.

(d) The Commissioner of Motor Vehicles shall adopt regulations, in accordance with chapter 54, to carry out the purposes of this section.