

# TNCs in Virginia

## *A Model for Success*

**Richard D. Holcomb**  
**Commissioner, Virginia DMV**  
**November 4, 2015**

# Background

- Transportation Network Companies (TNC) connect drivers and riders through smartphone apps
- No street hails
- Not full-time drivers; use personal vehicles

# The Beginning

- Drivers were operating for-hire with no government oversight
- TNC position
  - “Technology” not “transportation” companies
  - Existing regulations didn’t apply
- Rather than seek legislative authority, TNCs moved into Virginia with the expectation that laws would be adapted for their business models

# Finding a Solution

- Short-term
  - Attempted dialogue with TNCs
  - Issued cease-and-desist letters
  - TNCs engaged
  - Granted temporary operating authority
- Long-term
  - Conducted 10-month legislative study
  - Brought together over 100 stakeholders
  - Researched other jurisdictions

# The Legislative Process

- Key stakeholders came together for negotiations
  - Legislators
  - TNCs
  - Taxi/ Limousine industry
  - Insurance lobby
  - DMV
- Result - a bill on which all could agree and model legislation for the nation



# Success Story



## GENERAL ASSEMBLY 2015 McAuliffe signs Uber, Lyft bill

Law makes rules on background checks, liability insurance  
 BY JACOB GEIGER  
 Richmond Times-Dispatch

Gov. Terry McAuliffe signed new rules for Uber and Lyft into law Tuesday and called the legislation a national example as cities and states decide how to regulate the ride-hailing services.

"With so many diverse interests involved, we could have ended up in a state of bumper cars," McAuliffe said. "However, we worked together and reached a mutual agreement that advances entrepreneurship, benefits the environment, and meets the public desire for transportation."

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gulations, which passed the House and state are the subject of negotiation with companies, drivers and the Motor Vehicle Board largely will be the result of Uber's influence or other serious moving violations. Drivers must submit to zero-tolerance policies regarding the use of drugs or alcohol, and the companies agreed to hire only licensed drivers 21 and older.

The regulations include background checks for drivers that would review felony histories and disqualify drivers who had a history of delinquent

After signing a bill Tuesday allowing such companies as Uber and Lyft to operate in the state, Gov. Terry McAuliffe shook hands with DMV Commissioner Rick Holcomb as Attorney General Mark R. Herring (right) looked on.

Another key regulation governs insurance. Drivers now are required to

age from the moment a driver accepts a trip request until the passenger leaves the vehicle, and liability insurance for drivers who are logged on to the companies' software but not providing services. This month, Geico launched an insurance policy in Virginia

The insurance policy covers drivers when they are using their cars for personal use and when they are driving for the ride-sharing companies, said Othello Powell, director of Geico commercial lines.



BOB BROWN/TIMES-DISPATCH

# Law Highlights

- TNCs licensed by DMV
- Driver screening the responsibility of each company
  - Drivers must be at least age 21 with valid driver's license
  - Criminal and sex offender background checks required prior to hire and every other year with certain barrier crimes as a bar to entry
  - Driver's license record checks required prior to hire and annually thereafter

# Law Highlights

- Driver's personal vehicles must:
  - Meet standards, i.e. registration and safety inspections
  - Seat no more than seven passengers, excluding the driver
  - Have insurance coverage for commercial operations
  - Register with DMV for TNC use



# Law Highlights

- Vehicle markings required:
  - Trade dress
  - DMV decals
    - In-state – color-designated registration year decal for plates
    - Out-of-state – sticker for back window display



# Law Highlights

- Insurance liability minimums during a pre-arranged ride:
  - \$1 million in primary liability coverage
  - \$1 million in uninsured motorist and underinsured motorist coverage

# Law Highlights

- Insurance liability minimums at all other times a TNC driver is on the app
  - Anticipate insurance industry introducing new products so requirements established for 2015 and 2016
  - 7/1/15 – 12/31/15 : TNC insurance provides **secondary** liability coverage of \$125,000 per person/\$250,000 per incident for death and bodily injury, and at least \$50,000 per incident for property damage

# Law Highlights

- 1/1/16 and on: TNC insurance must provide - **primary** liability coverage of at least \$50,000 per person/ \$100,000 per incident for death and bodily injury/ and at least \$25,000 per incident for property damage

# Law Highlights

- TNC must disclose insurance requirements provided to TNC partners
- TNC must credential each driver; may be displayed through the app
- App must provide passenger with driver name, photo, and license plate
- E-receipts required
- Zero-tolerance policy for drugs and alcohol
- No discrimination

# Law Highlights

- Street hails prohibited; drivers may only accept riders through the app
- If a driver engages in off-app rides, the TNC is required to remove the driver from the app for at least 12 months
- No airport operations unless pre-approved by the airport authority

# Law Highlights

- DMV to conduct periodic compliance reviews
- TNCs to maintain records for three years
- Records must be made available to law enforcement

# Implementation

- Implementation planning began in February
- More than 180 employees, 14,000 hours
- Estimated cost
  - Year 1 - \$640,000
  - Annual recurring - \$430,000
- Six additional employees hired



# Licensed TNCs

- Rasier, a subsidiary of Uber, and Lyft applied for and were granted permanent operating authority under the new law
- No other TNCs applied; Sidecar has expressed interest

# Vehicle Registrations

- Registration began June 4
- Registration options include:
  - Customer service centers
  - [dmvNOW.com](http://dmvNOW.com)
  - Mail
  - Fax
  - TNC-initiated registration through a new secure portal

# Vehicle Registrations

- Most registrations received through the secure portal
- More than 23,000 TNC vehicles by July 1
- Now more than 50,000 vehicles registered
  - 27,000 in-state
  - 23,000 out-of-state
- Most registrations from Virginia population centers

# Enforcement

- DMV enforcement efforts show compliance increasing each month
  - Minor violations
  - Education ongoing
- Virginia will study if TNCs have effect on drunk driving
- MADD and Uber DUI study:  
<https://newsroom.uber.com/wp-content/uploads/2015/01/UberMADD-Report.pdf>

# Planning Ahead

- The technology of transporting passengers and property continues to evolve
- Next trend – property/goods transport arranged via apps

# Autonomous Vehicles

- Partnership to research and develop automated-vehicle technology
- Industry wants no proactive legislation
- Governor issued proclamation of support

- Better known as drones
- Virginia is part of the Mid-Atlantic Aviation Partnership
- Will DMVs have a role?



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