Transportation Network Companies

Facilitator:  
**Richard D. Holcomb**, Commissioner, Virginia Department of Motor Vehicles

Presenters:  
**Richard D. Holcomb**, Commissioner, Virginia Department of Motor Vehicles

**James J. Whittle**, Assistant General Counsel & Chief Claims Counsel, American Insurance Association
A Transportation Network Company (TNC) is a company or organization that provides transportation services using an online-enabled platform to connect passengers with drivers using their personal vehicles. Is your state ready to handle this type of service? Should drivers be licensed in the same manner as taxi drivers? Who should regulate the companies? How are drivers and cars insured? Should background checks be performed on drivers? Listen to experts so that you can be prepared for this growing industry.
The Road to Regulations

Richard D. Holcomb
Commissioner, Virginia DMV
June 24, 2015
Background

- Transportation Network Companies (TNC) connect drivers and riders through smartphone apps
- No street hails
- Not full-time professional drivers; use personal vehicles
• 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
  – Researched other jurisdictions
  – Brought together over 100 stakeholders
Key stakeholders came together for negotiations
- Legislators
- TNCs
- Taxis
- Insurance lobby
- DMV

Result, a bill on which all could agree and model legislation for the nation
Success Story

McAuliffe signs Uber, Lyft bill

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 game of bumper cars," McAuliffe said. "However, we worked together and reached a mutual agreement that advances entrepreneurship, benefits the environment, and serves the public desire for transportation regulations, which had the House and Senate in a bind.

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.

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.
• TNCs to be 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
  – Driver’s license record checks required prior to hire and annually thereafter
• 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
- Vehicle markings required
  - Trade dress
  - DMV decals
    - In-state – color-designated registration year decal for plates
    - Out-of-state – sticker for back window display
• Insurance liability minimums during a pre-arranged ride:
  – $1 million in primary liability coverage
  – $1 million in uninsured motorist and underinsured motorist coverage
• 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
• 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
• 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
• No discrimination
• 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
• DMV to conduct periodic compliance reviews
• TNCs to maintain records for three years
• Records must be made available to law enforcement
• Estimated cost
  – Year 1 - $640,000
  – Annual recurring - $430,000
• Six additional employees hired
• Systems changes, procedures, processes for TNC licensing, registration methods for vehicles, data exchanges, compliance and enforcement program, etc.
• Continued stakeholder engagement critical
Richard.Holcomb@dmv.virginia.gov
(804) 367-6606
A view from the Insurance Side......

James J. Whittle, Assistant General Counsel & Chief Claims Counsel, American Insurance Association
Thank You.