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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION



Rulemaking Pertaining to Minimum :
Insurance Requirements for Motor : Docket No. L-2017-2604692
Carriers of Passengers, 52 Pa. Code :
Chapter 32 :

COMMENTS OF
YELLOW CAB COMPANY OF PITTSBURGH AND
PENNSYLVANIA TAXI AND PARATRANSIT ASSOCIATION

These Comments are filed on behalf of Yellow Cab Company of Pittsburgh ("Yellow Cab") and the Pennsylvania Taxi and Paratransit Association ("PTPA") in response to the Notice of Proposed Rulemaking Order ("NOPR") entered by the Pennsylvania Public Utility Commission ("Commission") on February 9, 2018 and published in the *Pennsylvania Bulletin* on July 7, 2018. By the NOPR, the Commission proposes to amend its regulations governing minimum insurance coverage requirements for motor carriers of passengers. The existing regulations require motor carriers of passengers to maintain liability insurance on each motor vehicle capable of transporting fewer than 16 passengers in an amount not less than \$35,000 to cover liability for bodily injury, death or property damage incurred in an accident arising from authorized service. The \$35,000 minimum coverage is split coverage in the amounts of \$15,000 bodily injury per person, \$30,000 bodily injury per accident and \$5,000 property damage per accident. This coverage must include first party medical benefits in the amount of \$25,000 and first party wage loss benefits in the amount of \$10,000 for passengers and pedestrians. 52 Pa. Code § 32.11.

Under the NOPR, the Commission proposes to raise the minimum level of liability insurance for motor common carriers of passengers operating vehicles with a capacity of less than 16 passengers to \$100,000 for bodily injury and \$25,000 for property damage. The Commission further proposes that this coverage amount will be split coverage of \$50,000 for death or bodily injury per person, \$100,000 for death or bodily injury per incident, and \$25,000 for property damage. Additionally, the NOPR proposes to maintain current first party medical benefits of \$25,000 and first party wage loss benefits of \$10,000 for passengers and pedestrians. In proposing this coverage, the Commission noted that it is consistent with coverage amounts and types required for vehicles used in transportation network service that are available for service but not engaged in a ride. NOPR at p. 11.

The rationale for the Commission's proposed modifications to the minimum liability insurance coverage maintained by motor carriers operating vehicles with a capacity of less than 16 passengers is that the levels have not been reviewed since May 2000, at which time the Independent Regulatory Review Commission expressed concerns about the adequacy of \$35,000 per accident. In 2000, the Commission was mindful of the need to avoid placing an insurmountable burden on taxicab companies and sought to balance the interest of protecting the public with the interests of making it financially feasible for taxicab companies to continue providing adequate, safe and reasonable service to the public. NOPR at 9. However, in view of IRRC's concerns in 2000 and also due to the filing of comments submitted in response to its Advance Notice of Proposed Rulemaking Order entered on June 14, 2017 in this proceeding, the Commission now believes that the existing levels may be insufficient. NOPR at 10. The Commission also discussed the minimum liability insurance limits in Maryland, Michigan, New York, and Ohio, as well as federal requirements for motor common carriers of passengers, noting that the current levels are

significantly lower by comparison to these jurisdictions. NOPR at 10. As a result, the Commission determined that its proposed increases were in the public interest and would not place an insurmountable burden on carriers. NOPR at 11.

Yellow Cab holds a certificate of public convenience authorizing it to provide call or demand services between various points in Pennsylvania.¹ As a provider of taxicab services, the revisions to the liability insurance coverage limits would directly impact Yellow Cab's operations. PTPA is an association that represents the diverse interests of varying sizes of taxicab companies operating in cities (other than Philadelphia), small towns and rural areas of Pennsylvania. Yellow Cab and PTPA appreciate this opportunity to provide feedback on the proposals set forth in the NOPR and looks forward to a continuing dialogue with the Commission and interested stakeholders as the Commission makes a final decision on the proposed revisions.

While Yellow Cab and PTPA understand the Commission's concerns regarding the adequacy of the existing insurance coverage levels, an increase of \$90,000, or more than 250 percent, for each vehicle operated in call or demand service would have a significant impact on all sizes of taxicab companies. The sheer costs of obtaining coverage at this much higher of a level would directly and adversely affect the bottom line of call or demand carriers. For Yellow Cab, the actual dollar impact from premium increases would be massive, while smaller carriers would experience large percentage increases in this line item of their operating budgets. So drastically increasing the minimum financial responsibility could force some carriers out of business, causing

¹ Docket Nos. A-2010-2189197; A-00049926, F0006, Am-B. Yellow Cab also operates as a dual carrier, holding authority to provide transportation network services, Docket No. A-2017-2605629. Since the NOPR does not propose to revise the insurance coverage limits applicable to transportation network services, these Comments are filed in Yellow Cab's role as a taxicab provider.

a disruption in access to traditional taxicab services, or leave other carriers with no choice but to increase prices for transportation, which would make it difficult for the public to continue using taxicab services.

Particularly given the advent of transportation network companies and the Commission's eased entry standards for motor carriers of passengers, taxicab providers are already experiencing narrower profit margins than in the past. Responding to the demands of the riding public in this competitive market requires call or demand carriers to constantly strive to improve the quality of service that is being provided. Coupled with those challenges, a requirement to so substantially increase the minimum liability insurance coverage levels would threaten the ability of taxicab companies to earn a profit and deliver the services that today's consumers expect.

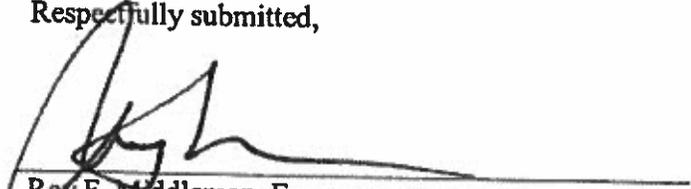
Besides the magnitude of the costs of obtaining coverage at the levels proposed by the NOPR, Yellow Cab and PTPA also have a concern about each individual company's ability to obtain coverage at these levels. Existing insurance carriers may not offer these higher coverage levels to all taxicab companies.

The impact on rural companies also needs to be taken into consideration. Although they are not operating in the volume of traffic with the attendant risks that are faced by companies offering transportation services in towns and cities, they would be expected to maintain the same higher levels of liability insurance coverage as those companies under the NOPR. The Commission should consider having lower minimum requirements for companies operating in rural areas.

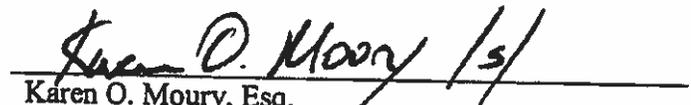
Overall, given the need to avoid placing an insurmountable burden on taxicab companies and the Commission's efforts to balance the interest of protecting the public with the interests of making it financially feasible for taxicab companies to continue providing adequate, safe and

reasonable service to the public, Yellow Cab and PTPA urge the Commission to implement more manageable increases in the liability insurance coverage requirements. Through a more moderate approach, such as increasing the minimum by a lesser percentage, such as 50 percent, to arrive at \$50,000 of coverage per accident, the Commission would be ensuring a protection of the public while also making it more financially feasible for taxicab companies to remain in business, earn a profit and deliver the safe, affordable and reliable transportation services that the public expects.

Respectfully submitted,



Ray F. Middleman, Esq.



Karen O. Moury, Esq.

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Attorneys for Yellow Cab Company of Pittsburgh
and the Pennsylvania Taxi and Paratransit
Association