



NEW YORK CITY TAXI & LIMOUSINE COMMISSION

- [Home](#)
- [About TLC](#)
- [Taxi of Tomorrow](#)
- [TLC Rules and Local Laws](#)
- [Court Administration](#)
- [Passenger Information](#)
- [Licensing](#)
- [Safety & Emissions](#)
- [Industry Information](#)
- [Commission Meetings](#)
- TLC News**
 - [- Proposed Rules](#)
 - [- Newly-Passed Rules](#)
 - [- TLC Regulatory Agenda - Fiscal Year 2011](#)
 - [- Average Medallion Prices](#)
 - [- Photo Gallery](#)
 - [- Industry Notices](#)
 - [- Press Releases](#)
 - [- Public Notices](#)
 - [- Informational Presentations](#)
 - [- Testimony](#)
 - [- Newsletters](#)
 - [- Sign up for official e-mail updates, news and Industry Notices from the TLC](#)
- [Current Licensees](#)
- [Employment Opportunities](#)
- [FAQ](#)
- [Contact / Visit TLC](#)
- [TLC Site Map](#)

TLC NEWS | TESTIMONY

The TLC testified on the purpose behind the issuance of insurance directives to TLC licensees

Delivered June 19, 2003 Good morning, Chairman Liu and members of the Council Transportation Committee. My name is Matthew Daus, and I am the Commissioner and Chair of the New York City Taxi and Limousine Commission (TLC). Thank you for inviting me to testify about the TLC's insurance initiatives and to clarify agency procedures as they relate to insurance compliance and enforcement.

The TLC's mission is set forth in the New York City Charter, enacted in 1971 by the New York City Council. The Charter charges the TLC with the responsibility of setting mandatory levels of for-hire vehicle insurance, and enforcing the law to ensure that insurance is maintained. When hiring a TLC licensed vehicle, the public rightly expects it to be driven by a qualified professional driver with the appropriate amount of insurance. Although the TLC has no control over the costs charged by insurance companies for purchasing for-hire insurance, rising premiums make it difficult for transportation providers to make a living. To this end, the TLC has also undertaken the task of doing whatever it can to try to reduce the cost of insurance – not only by reducing fraud and enforcing the law, but also by gathering facts and information which it plans to present in the near future to the insurance industry to encourage more carriers to enter the market. More competition may lead to reduced premiums for TLC licensed owner/drivers.

TLC regulations require that licensed taxicab and for-hire vehicle owners maintain levels of automobile insurance that exceed the levels mandated by State law. New York State presently requires that each vehicle registered in the State maintain \$25,000/\$50,000 in liability insurance, and \$50,000 in No-Fault coverage (also known as Personal Injury Protection, or PIP coverage). Since 1992, the TLC has required that taxicabs maintain \$100,000 in No-Fault coverage. In 1998, mandatory minimum liability insurance levels were increased by the TLC to \$100,000/\$300,000 and minimum No-Fault insurance levels were raised to \$200,000. Since the TLC's levels exceed the mandatory minimum requirements established by State law, the TLC cannot rely upon the New York State Department of Motor Vehicles' records to verify whether its licensees have the required levels of insurance. Therefore, the TLC must look to other sources and methods to enforce its insurance laws.

In order to effectively enforce its laws and solve insurance related problems, the TLC has developed a comprehensive plan. This plan includes: (1) the provision of incentives for drivers to improve their records and become better and safer at driving – which can both reduce insurance costs and benefit the riding public; (2) the dedication of additional TLC resources and methods to more effectively enforce the law; and (3) proactively providing relevant facts, information and enhanced assurances of accountability to the insurance industry so they can make informed underwriting decisions.

One facet of the plan is the creation of the TLC's Safe Driver Program, which rewards and promotes safe driving, and allows specially certified drivers to receive discounts of up to 15% on their insurance premiums if they remain in the program for two years. This program, which is unprecedented both nationally and internationally, has thus far benefited many vehicle owner/drivers. The program also, for the first time, includes a training component for livery and for-hire vehicle drivers. We strongly encourage any interested TLC licensed owner/drivers to call 3-1-1 or to contact us through our website to apply, as the benefits of participation are tangible.

In terms of additional resources and enforcement methods, in January 2003, the TLC's Special Investigations Unit was charged with the primary of task of investigating for-hire vehicle insurance fraud. To this end, TLC investigators have been working closely with the State Department of Insurance, insurance carriers and other law enforcement authorities to institute and assist in both civil and criminal investigations of insurance fraud. This unit has already achieved results in terms of revoking licenses for insurance fraud and is engaged in a number of active investigations.

One useful enforcement method for ensuring levels of coverage is the administrative directive. Administrative directives and summonses have been used many times in the past by the TLC and have been proven to be effective.

In terms of insurance-related directives, on January 21, 1999, the TLC issued a directive to provide certificates of insurance with the TLC by February 28, 1999. This directive was issued to ensure that licensees were complying with the higher insurance limits that the TLC had established. The TLC's most recent insurance directives were forwarded to all TLC licensed vehicle owners in April 2003. The intention of this directive was to ensure that all vehicle owners are maintaining coverage, to identify and address any instances of fraud, and to gather accident and other information to compile statistics to be presented to insurance companies. The only goal was compliance in a timely manner.

The most recent directives asked for information verifying the existence of insurance coverage at appropriate levels over a consistent period of time. It is for this reason that two dates were selected that fell at pivotal points during the insurance cycle – namely September 15, 2002 and March 15, 2003. Subsequent to issuing the directives, the TLC learned that some vehicle owners did not maintain paperwork to prove coverage and were having a difficult time obtaining this paperwork from the industry's largest insurance carrier - American Transit Insurance Company. When we confirmed that American Transit was charging fees and experiencing delays in providing replacement documents, the TLC modified its policies to give vehicle owners additional time to comply. Those individuals who made a good faith effort to comply with the directive on time will be granted at least an additional 60 days to provide proof of coverage. If such proof is provided during this grace period, the licensee will not be fined. The limited number of licensees who may have pleaded guilty during the early stages of the initiative will have the ability to withdraw their guilty plea and be given the same grace period in which to comply.

Every TLC licensee has a professional obligation to comply with the requirements of their licensing agency. Those who simply ignored the directive and made no effort to comply will receive a fine for non-compliance. In light of the unexpected circumstances that presented themselves, the TLC reacted swiftly to ensure that well-intentioned licensees are treated fairly.

After we retrieve, analyze and compile the information we requested of the industry, the TLC plans to present updated facts to the insurance industry by holding a seminar and preparing policy documents to demonstrate that the New York City for-hire market is not as great of a risk as some carriers may now believe. The lack of information now leads carriers to rely on false assumptions of the past when the TLC believes the industry has improved dramatically over the last several years.

I am confident that together – the City Council and the TLC - can accomplish our shared objectives of greater compliance and reduced insurance costs. A little faith and extra effort now by the industry will yield concrete results if we hold the course.

I would be happy to answer any questions that the Committee members might have.