

Coleman, Tammy L TRAN:EX

To: Bowman, Deborah TRAN:EX; Vanderkuip, Kristin PSSG:EX
Attachments: 2018-02-02 Action on Insurance Legislation (Eby).pdf

From: Writing Services, Transportation TRAN:EX
Sent: Wednesday, February 7, 2018 3:00 PM
To: Gilmour, Lori TRAN:EX
Subject: FW: 274279 Minor Insurance Amendments

Hello,

Forwarded for TADM's information. Thank you.

Rita Chan | Correspondence Assistant | Corporate Writing Services | Ministry of Transportation and Infrastructure | 5B - 940 Blanshard Street, Victoria BC V8W 3E6 | Tel: 250 387-7560 | Fax: 250 356-7706

From: Michael van Hemmen [<mailto:mvh@uber.com>]
Sent: Friday, February 2, 2018 3:36 PM
To: Minister, AG AG:EX
Cc: Transportation, Minister TRAN:EX
Subject: 274279 Minor Insurance Amendments

Minister Eby,

Please find the attached correspondence regarding ridesharing insurance in British Columbia.

We look forward to working with you and your officials to provide expanded transportation options in British Columbia covered by Autoplan insurance.

Best regards,

Michael

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Michael van Hemmen
Uber Canada
778-863-9906 | mvh@uber.com



Uber Canada, Inc.
698 Seymour St
Unit 204
Vancouver, BC
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February 2, 2018

VIA Email

Honourable David Eby
Attorney General and Minister Responsible for ICBC
Room 232 Parliament Buildings
Victoria, BC V8V 1X4
AG.Minister@gov.bc.ca

Dear Minister Eby,

Auto insurance is a key component of a comprehensive road safety regime. In recent years, jurisdictions across Canada and around the world have updated legislation and regulations to ensure that auto insurance products remain up-to-date and provide appropriate coverage for all vehicles and uses.

As British Columbia considers its insurance regime this spring, Uber would appreciate consideration of amendments to permit ICBC to engage in new business opportunities and more flexible insurance products that maintain current Autoplan coverages.

Similar to other jurisdictions, including Alberta, Ontario and Quebec, ICBC needs to have the flexibility to sell blanket Autoplan coverage to ridesharing companies covering ridesharing activities. Such coverage would ensure that Basic Autoplan coverages are in place at every moment that a vehicle is on the road. In addition, it would require ridesharing companies to bear the costs associated with any additional insurance risk generated by ridesharing activities at no extra cost to the vehicle owner (see below).

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We understand that significant previous work has gone into drafting similar changes to the Vehicle (Insurance) Act. As such, we do not anticipate that enacting legislative or regulatory amendments would be overly burdensome, and we expect that amendments could be introduced this spring alongside other insurance changes, if the government desires.

Requested Government Actions:

- Step 1: Enact legislation to enable ICBC to sell blanket Autoplan coverage to non-vehicle owners based on usage
- Step 2: Instruct ICBC to create the ridesharing auto-insurance policy
- Step 3: ICBC applies to the BCUC to establish the product's per kilometre charge and to make the product available for purchase at the same time ridesharing transportation legislation is enacted

As outlined above, based on minor legislative amendments, ICBC would have the ability to design the product. Subsequently, the government could determine the appropriate time for ICBC apply to the BCUC to create such a product and actuarially determine the pricing. In order to meet the government's stated objective to legislate ridesharing in the fall of 2018, it makes sense to enact the necessary insurance legislative or regulatory adjustments this spring so that ridesharing insurance can be made available at the same time the transportation changes are enacted.

Taking action at this time provides the government with clear benefits such as:

- Maximizing public safety by ensuring every ridesharing trip is covered by Autoplan insurance, and is not dependent on the individual policies of tens of thousands of British Columbians.
- Enabling ridesharing on the government's own timeframe, so that BCUC action and transportation legislation could be completed in parallel and no further insurance legislation would be needed.
- Potentially reducing insurance costs for taxi companies that currently must pay full-time taxi insurance for 100 taxis in Vancouver, which legally can only be used on weekends and holidays.
- Providing opportunities for additional mobility providers such as peer-to-peer carsharing
- Avoiding reopening the Insurance (Vehicle) Act multiple times in one year.

We would be pleased to meet with you or engage with your officials and ICBC on the minor changes needed to the Insurance (Vehicle) Act in order to generate these benefits.

Best regards,



Michael van Hemmen
Sr. Policy Manager

CC: Hon. Claire Trevena, Minister of Transportation

Backgrounder – Taxi Insurance B.C.

- The *Motor Vehicle Act* requires that all vehicles have ICBC insurance.
- Commercial passenger vehicles including taxis as defined under the *Motor Vehicle Act* are required to have a minimum of \$1 million in Basic third party liability insurance (Basic insurance).
- Optional insurance (comprehensive and collision) can be purchased from ICBC or from a private insurer.
- Insurance premiums for taxis are based on the rate class and territory where the vehicle operator is allowed to pick up passengers.
- Current taxi insurance premiums range from \$3,543 (Kootenays to) \$22,530 (Vancouver, Burnaby, Richmond and New Westminster). These rates represent a 'discounted' fleet rate.
- Any vehicle operated as a vehicle for hire (VFH) in B.C. falls within the *Motor Vehicle Act* definition of "taxi". As such, the statute requires those vehicles to be licensed and insured by ICBC as commercial vehicles (i.e. taxi or limo).
- To get a vehicle licence and ICBC insurance for a VFH, the vehicle owner must have:
 - A National Safety Code certificate number;
 - A Passenger Transportation certificate number; and,
 - Passed Commercial Vehicle Inspection Program (CVIP) within 6 months.
- There is no 'part time' insurance rating for the taxi class (i.e. it does not matter if a vehicle is driven 1 hour per week or 80 hours per week as a taxi, the insurance premium is the same).

Examples of Basic Insurance Premiums and Claims Frequency (provided by ICBC)

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BEFORE YOU RIDE

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BACKGROUND CHECKS

EXTENSIVE SCREENING

INSURANCE

REQUEST A RIDE

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SAFE PICKUPS

The app pinpoints your location so you can request a ride from anywhere and wait safely.

NOBODY'S A STRANGER

Your driver's name, photo, and vehicle information appear in the app.

DISGUISED PHONE NUMBERS

Communication between riders and drivers is anonymized to protect private phone numbers.

DURING YOUR TRIP

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ALWAYS ON THE MAP

The GPS-enabled map provides your driver's location and trip details in real-time.

SHARE MY ETA

Share your ETA with friends and family to keep track of your ride and safe arrival.

HASSLE-FREE PAYMENTS

Your credit card is on file so you never need to carry cash or stop at an ATM.

AFTER YOU RIDE

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ACTIONABLE FEEDBACK

You rate your experience after every trip and drivers do the same.

TRIP HISTORY

After each ride, you receive a detailed email receipt with trip route, driver name, and total fare.

24/7 SUPPORT

Lose something? Have questions? Contact our 24/7 customer support.

BETTER RELIABILITY → LESS IMPAIRED DRIVING

FLEXIBLE SUPPLY ENSURES AVAILABILITY AND RELIABILITY

- **BC's Impaired Driving Rate is 30% above the national average (2014)**
- **3/6 Canadian cities with the worst impaired driving rates are in BC**
- 43% of all DUI accidents occur during the hours of 9pm-3am

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FEWER CARS ON THE ROAD

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UBERPOOL

THE FUTURE OF RIDESHARING

What is uberPOOL?

uberPOOL allows riders going along the same route to share a ride. One driver will pick up multiple riders in a trip.

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Next Steps

Q&A

ICBC Requirements

- *Commercial vehicle* is defined in the Commercial Transport Act
- To get ICBC insurance for a vehicle for hire, the vehicle owner must have:
 - NSC #
 - PT #
 - CVIP within 6 months
 - Driver must have proper class of drivers' licence for the vehicle type
- ICBC VFH insurance
 - Basic + \$1 million liability
 - Rate class - rates for taxi or limo with subcategories by region
- Private VFH Insurance
 - Can only cover liability over the initial \$1 million that must be purchased from ICBC
- Underinsured VFH
 - Considered a breach of insurance if insured under the wrong rate class or driver has wrong class of licence
 - Victims, incl. passengers, are considered 3rd party and therefore are indemnified
 - Driver is covered for accident benefits
 - ICBC could pursue driver for damages
 - Driver with wrong class of licence could impact benefits
- Regulation
 - BC Utilities Commission defines and approves new rate classes
- Current state
 - Looking for direction from MoTI on regulatory environment before drafting a change plan
 - Risk: Systems Issue
 - A change to or new rate class could take additional time because of the current systems change underway

Meeting w/ ICBC

ICBC Requirements

- *Commercial vehicle* is defined in the Commercial Transport Act
- To get a vehicle licence and ICBC insurance for a vehicle for hire (VFH), the vehicle owner must have:
 - NSC #
 - PT #
 - CVIP within 6 months
- To operate within the conditions of insurance:
 - Driver must have proper class of drivers' licence for the vehicle type
- ICBC VFH insurance
 - Basic includes \$1 million in third party liability
 - Rate class - rates for taxi or limo are based on rate class and territory in which the taxi/limo is operated
- Private VFH Insurance
 - Can only cover liability over the initial \$1 million that must be purchased from ICBC
- In the cases of VFH with incorrect rate class or wrong class of drivers licence:
 - Considered a breach of insurance if insured under the wrong rate class or driver has wrong class of licence
 - Victims, incl. passengers, are considered 3rd parties and therefore are indemnified
 - Driver is covered for accident benefits if the vehicle is incorrectly rated, but will not apply if the driver has an incorrect licence
 - ICBC could pursue driver for damages
- Regulation
 - BC Utilities Commission must approve new rate classes, changes in premiums or products
- Current state
 - Looking for direction from MoTI on regulatory environment before drafting a change plan
 - Risk: Systems Issue
 - A change to current state* may impact vehicle licensing and insurance which will require ICBC to review systems and could take additional time because of the current systems change (Transformation Program) underway

* current state is that ICBC can issue taxi/limo rate class for VFH and the vehicle must be licensed as a commercial vehicle under the CTA – with that, PTB #, NSC# & passed CVIP must be in place as a condition of the licence and by extension, insurance.



BRIEFING NOTE FOR INFORMATION

DATE: September 8, 2017
PREPARED FOR: Honourable Claire Trevena, Minister of Transportation and Infrastructure
ISSUE: Taxi Industry Consultation Framework

SUMMARY:

- **The taxi industry is the primary provider of passenger directed transportation services in British Columbia.**
- **Much of the current regulatory regime and legal requirements to operate in B.C. date back decades, with the most recent revision to the legislation coming into effect in 2004.**
- **Changes in technology and meeting consumer expectations for safe, reliable and affordable passenger transportation service require government to assess the existing PT framework and support the taxi industry's ability to thrive and compete should rideshare companies enter the BC market.**
- **A comprehensive consultation framework is required to identify opportunities to modernize the existing regulatory regime and support the future of the taxi industry in BC.**

BACKGROUND:

The taxi business is an established industry providing point-to-point transportation services in B.C. and is currently the primary provider of vehicle for hire services in B.C. Concurrent municipal and provincial jurisdiction over taxi operations has created a complex regulatory environment for B.C.'s taxi industry with sometimes overlapping or duplicative requirements.

As well, the lack of a part-time insurance product available for commercial passenger vehicles has discouraged rideshare operators from legally operating in B.C. However, there is a growing consumer demand for these services and the convenience, flexibility and affordability they provide.

The Minister of Transportation and Infrastructure's mandate letter directs her to work with the Minister of Public Safety and Solicitor General to create a fair approach to ridesharing and government committed to "work with taxi drivers, taxi companies and ridesharing companies to create a truly fair approach to ridesharing in British Columbia that doesn't unfairly benefit – or punish – one group over the other."

Taxi companies in B.C. are represented by two associations, the BC Taxi Association (BCTA) and the Vancouver Taxi Association (VTA). In addition, the Taxi Drivers' Association of Southern B.C. (Taxi Drivers' Association) represents taxi drivers who are not share or licence holders. The BCTA and VTA have previously put forward position papers outlining their concerns regarding the introduction of rideshare in BC., however, re-engagement with the industry is recommended to ensure the previous positions remain relevant. When engaging with local government regarding their role in the taxi industry and duplicative oversight, there may also be a legislated requirement to consult with the Union of British Columbia Municipalities and Treaty First Nations who could be affected by any future changes to regulations or legislation.

DISCUSSION:

A comprehensive consultation with the taxi industry, local governments, consumer and business interest groups will allow government the opportunity to gather the necessary information to consider changes to modernize the existing industry in a way that allows it to remain viable and compete on equal footing should rideshare services be introduced in B.C. Each of these groups could provide government with an understanding of the importance that transportation options affords both industry and the public as well as key themes that are relevant to each group (See Appendix A Stakeholder List).

INDUSTRY EXPERT:

The consultation could be undertaken by a trusted industry expert, Dr. Dan Hara of Hara Associates (see Biography Appendix B). Dr. Hara is conversant with the current passenger transportation regulatory framework in B.C. and has worked with stakeholders in the 2015 *Vehicle for Hire Dialogue* facilitated by the City of Vancouver (see Discussion Paper Introduction Appendix C).

Hara Associates also has previous experience analysing the impacts of ridesharing on the taxi industry in a number of other Canadian jurisdictions. For example, Hara Associates played a key role in the City of Ottawa’s 2015 taxi industry review. The review was aligned to the City’s guiding principles of safety, accessibility and consumer protection and was conducted in three phases which included research, publishing of discussion papers, consultation and workshops to develop policy option papers, analysis and publishing of a final report to assist the City of Ottawa’s decision making process.

The Terms of Reference for the engagement and consultation led by Dr. Hara could include a number of the concerns that the industry and other stakeholders have raised previously including maintaining high safety, insurance and training standards, eliminating overlapping regulatory oversight, ensuring adequate accessible service levels and protecting the investment of licence or shareholders. It could also include key deliverables such as consultation summaries, discussion papers and recommendations.

TIMELINE AND APPROACH:

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. These groups could include:

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FINANCIAL IMPLICATIONS:

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Attachments: APPENDIX A: Vehicle for Hire Consultation Groups
APPENDIX B: Bio: Dr. Dan Hara
APPENDIX C: City of Vancouver Discussion Paper

PREPARED BY:

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Deborah Bowman, Assistant Deputy Minister
Transportation Policy and Programs

Nancy Bain, EFO
Finance and Management Services Department

INITIALS

DB

CONFIDENTIAL

APPENDIX A VEHICLE FOR HIRE CONSULTATION GROUPS

- Vancouver Taxi Association
- BC Taxi Association
- Taxi Drivers' Association of Southern BC
- BC Limousine Association
- Union of BC Municipalities
- Treaty First Nations
- Passenger Transportation Board
- RoadSafetyBC
- Insurance Corporation of British Columbia
- BC Association of Chiefs of Police
- Port Metro Vancouver
- CERES Cruise Terminals
- YVR & other airport operators
- Disability/Accessibility & Seniors Associations
- Justice Institute – Taxi Host Program
- Association of Beverage Licenced Establishments
- BC Hotel Association
- BC Chamber of Commerce
- BC Business Council
- TransLink
- BC Transit

APPENDIX B
BIO: DR. DAN HARA, HARA ASSOCIATES



Dr. Dan Hara has 21 years of experience advising government agencies on regulatory and transportation policy. A specialist in industrial organization, his work has covered many regulatory environments, including taxi regulation.

Hara Associates is a firm of economists that has been working with policy makers and regulators in the United States and Canada since 1987. They provide advice on policy, evaluate programs, and assess economic impacts. Services include public consultation, presentation to elected officials and senior management, benefit/cost, value-for-money audits, and managing change.

Past clients of Hara Associates' Taxi Regulation Program include Los Angeles, Edmonton, Washington, D.C., Halifax, Sudbury, Calgary, Kitchener-Waterloo, and Ottawa-Carleton.

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APPENDIX C
CITY OF VANCOUVER DISCUSSION PAPER - INTRODUCTION

**A Framework for Choice:
Discussion Paper on
Future Regulation of Vehicles-for-Hire in Vancouver**

A *Vehicle for Hire Dialogue* process was established to respond to a motion of the City of Vancouver of October 1, 2014, and confirmed in a set of understandings reached among the interests the “Ensuring Expectations are Clear” Ground Rules approved and endorsed by all participants in June 2015. The purpose of the process is to provide the opportunity for users, providers, regulators and other stakeholders to exchange ideas and search for new and innovative approaches to address the challenging questions related to the vehicle for hire sector.

Areas of interest identified by the Council motion included:

- Measures necessary to expand service, while ensuring the industry responds to the needs of consumers and stakeholders in the tourism, hospitality and the disability community through innovation and best-in class standards for environmental standards, safety and service;
- A process to respond to the Passenger Transportation Board decision to allow 38 taxis from suburban municipalities to work in Vancouver during certain periods;
- The Vancouver Taxi Association's proposal to add 78 full-time accessible taxis to the city fleet, which is now under Passenger Transportation Board review;
- Measures to ensure customers achieve the full benefits of new "ridesharing" technology without undermining the existing industry's standards for safety, accessibility, driver training and green technology.

To support the dialogue and provide a framework for choices, the following discussion paper was developed.

The paper provides some important facts and context to the choices facing the Vancouver area, indicate what additional information would be useful, and to put some order into the different dimensions of choice that currently exist. Also provided is a preliminary assessment of potential market opportunities in the sector.