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Title: AN ORDINANCE relating to for-hire transportation industry insurance; and amending Ordinance 10498, Section 1, as amended, and K.C.C. 6.64.010, and Ordinance 17892, Section 20, and K.C.C. 6.64.211 and Ordinance 10498, Section 15, as amended, and K.C.C. 6.64.350.

Sponsors: Pete von Reichbauer

Indexes: Insurance, Taxicabs

Code sections: 6.64.010 -, 6.64.211 - ., 6.64.350 -

Attachments: 1. Ordinance 18338.pdf, 2. 2016-0357 legislative review form.pdf, 3. 2016-0357 transmittal letter.doc, 4. 2016-0357 fiscal note.xls, 5. 2016-0357 regulatory note.doc, 6. 2016-0357_SR For-Hire Insurance lk edits curry changes FINAL.docx

Date	Ver.	Action By	Action	Result
8/29/2016	1	Metropolitan King County Council		
8/29/2016	1	Metropolitan King County Council	Passed	Pass
8/23/2016	1	Government Accountability and Oversight Committee	Recommended Do Pass Consent	Pass
7/11/2016	1	Metropolitan King County Council	Introduced and Referred	

Clerk 07/06/2016

AN ORDINANCE relating to for-hire transportation industry insurance; and amending Ordinance 10498, Section 1, as amended, and K.C.C. 6.64.010, and Ordinance 17892, Section 20, and K.C.C. 6.64.211 and Ordinance 10498, Section 15, as amended, and K.C.C. 6.64.350.

STATEMENT OF FACTS:

1. Industry regulations for taxicab and for-hire vehicle services must ensure fair market competition and encourage innovation without compromising the regulatory safety that the public can rely on for its protection.
2. The number of insurance companies available to taxicab and for-hire vehicle licensees has

become very limited.

3. No complaints, claims or additional risks were realized by King County during the 2014 provisional period when the A.M. Best rating on insurance companies was at the B level.

4. The provisional insurance regulations included in K.C.C. chapter 6.64 are no longer in force or valid.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Ordinance 10498, Section 1, as amended, and K.C.C. 6.64.010 are each hereby amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

A. "Active on a transportation network company dispatch system" or "active on the transportation network company dispatch system" includes, but is not limited to: when the driver is logged onto the transportation network company application dispatch system showing that the driver is available to pick up passengers; when a passenger is in the vehicle; when transportation network company dispatch records show the vehicle is dispatched; or when the driver has accepted a dispatch and is en route to provide transportation services to a passenger.

B. "Application dispatch system" means technology that allows consumers to directly request dispatch of for-hire drivers for trips via the Internet using mobile interfaces such as smartphone applications.

C. "Approved mechanic " means mechanic or technician who:

1. Has successfully passed the examinations of, and met the experience requirements prescribed by, the National Institute for Automotive Service Excellence;
2. Has been awarded a certificate in evidence of competence satisfactory to the director; and
3. Is not the owner, lessee or driver of a taxicab, for-hire vehicle or transportation network company endorsed vehicle.

D. "Contract agreement rate" means the rate specified in a written agreement signed by both parties in advance of the dispatch of a taxicab or for-hire vehicle for the services identified in the contract.

E. "Director" means the director of the department of executive services or the director's designee.

F. "Engage in the business of operating a taxicab or vehicle for hire" means the pickup and transportation of any fare paying passenger from a point within the geographical confines of unincorporated King County, whether or not the vehicle is dispatched from a taxicab stand or office within any other municipal corporation, and whether or not the ultimate destination or route of travel is within the confines of unincorporated King County. A transportation network company is engaged in the business of operating a vehicle for hire if it provides application dispatch services via an application dispatch system to any transportation network company driver at any time for the transport of any passenger for a fare from a point within unincorporated King County. However, nothing in this chapter shall be construed to apply to taxicabs or for-hire vehicles licensed by any other municipal corporation and transporting passengers from a point within the licensing municipality to a destination outside the municipality, whether or not the ultimate destination or route traveled is within unincorporated King County.

G. "Fare" means anything of economic value that is provided, promised or donated primarily in exchange for services rendered.

H. "For-hire driver" means any person in control of, operating or driving a taxicab, for-hire vehicle or transportation network company endorsed vehicle and includes a lessee, owner-operator or driver of taxicabs or for-hire vehicles as an employee.

I. "For-hire vehicle" means a motor vehicle used for the transportation of passengers for hire and not operated exclusively over a fixed and definite route, except:

1. Taxicabs;
2. Transportation network company endorsed vehicles;
3. Passenger vehicles carrying passengers on a noncommercial enterprise basis;

4. Vehicles or operators expressly exempt by state law from county regulation.

J. "For-hire vehicle company" means a person who represents or owns for-hire vehicles licensed by King County that use the same color scheme, trade name and dispatch services.

K. "For-hire vehicle license" means a for-hire vehicle medallion.

L. "For-hire vehicle owner" means the registered owner of the vehicle as defined by RCW 46.04.460.

M. "Lessee" means a for-hire driver who is an independent contractor or sole proprietor and who has a taxicab or for-hire vehicle lease contract or other form of agreement with a taxicab or for-hire vehicle owner or taxicab association.

N. "Licensee" means all persons, including for-hire drivers, vehicle owners, taxicab associations and transportation network of companies required to be licensed under this chapter.

O. "Medallion" means a certificate issued by the director as evidence that a taxicab or for-hire vehicle license is an intangible property.

P. "Medallion system" means the system that deems a taxicab or for-hire vehicle license to be intangible property that may be used as collateral to secure a loan from a bank or any other financial institution.

Q. "Motor vehicle" means every motorized vehicle by or upon which any person may be transported or carried upon a public street, highway or alley, though vehicles used exclusively upon stationary rail tracks or propelled by use of overhead electric wires shall not come under this chapter.

R. "Person" means any individual, partnership, association, corporation, firm, institution or other entity, whether or not operated for profit. "Person" does not include a governmental unit of or within the United States.

S. "Personal vehicle" means a motor vehicle that is not a taxicab or for-hire vehicle.

T. (~~"Provisional insurance period" means the period from the effective date of this section until the earlier of the effective date of changes in state law for insurance requirements applicable to for-hire transportation services or two weeks after the end of the 2015 session of the state Legislature.~~

~~U.)~~) "Special rate" means discounted rates for senior citizens and disabled persons.

~~((V.))~~ U. "Taxicab" means a motor vehicle used for the transportation of passengers for hire, where the route traveled or destination is controlled by the passenger and the fare is based on an amount recorded and indicated on a taximeter, on an application dispatch system linked to a taximeter, or on a special rate or contracted rate agreement as permitted by this chapter.

~~((W.))~~ V. "Taxicab association" means a person licensed under this chapter who represents or owns taxicabs licensed by King County that use the same color scheme, trade name and dispatch services.

~~((X.))~~ W. "Taxicab association representative" means a person who a taxicab association has authorized to:

1. File applications and other documents on behalf of the association;
2. Receive and accept all correspondence and notices from the county pertaining to the association or its taxicabs, taxicab owners or for-hire drivers operating within the taxicab association.

~~((Y.))~~ X. "Taxicab license" means a taxicab medallion.

~~((Z.))~~ Y. "Taxicab vehicle owner" means the registered owner of the vehicle as defined in RCW 46.04.460.

~~((AA.))~~ Z. "Taximeter" means any instrument or device by which the charge for hire of a passenger-carrying vehicle is measured or calculated either for the distance traveled by the vehicle or for waiting time, or both, and upon which the calculated charges shall be indicated by means of figures.

~~((BB.))~~ AA. "Trade dress" means the unique visual element associated with a transportation network company that is attached to a transportation network company endorsed vehicle.

~~((CC.))~~ BB. "Transportation network company" means a person licensed under this chapter that provides application dispatch services via an application dispatch system to connect drivers with passengers for the transportation of passengers for fares.

~~((DD.))~~ CC. "Transportation network company driver" means a licensed for-hire driver affiliated with a

licensed transportation network company in order to provide transportation to passengers by an application dispatch system.

~~((EE-))~~ DD. "Transportation network company endorsed vehicle" means a vehicle with a transportation network company vehicle endorsement.

~~((FF-))~~ EE. "Transportation network company representative" means a person who a transportation network company has authorized to:

1. File applications and other documents on behalf of the company;
2. Receive and accept all correspondence and notices from the county pertaining to the company or its drivers.

~~((GG-))~~ FF. "Transportation network company vehicle endorsement" means an endorsement on a for-hire driver's license that allows the for-hire driver to use the driver's personal vehicle to affiliate with a transportation network company to provide transportation to passengers by an application dispatch system.

~~((HH-))~~ GG. "Wheelchair accessible taxicab" or "wheelchair accessible for-hire vehicle" or "wheelchair accessible transportation network company endorsed vehicle" means a taxicab, for-hire vehicle or transportation network company endorsed vehicle designed or modified to transport passengers in wheelchairs or other mobility devices and conforming to the requirements of the Americans with Disabilities Act and inspected and approved by the director.

SECTION 2. Ordinance 17892, Section 20, and K.C.C. 6.64.211 are each hereby amended to read as follows:

The director shall not issue a transportation network company license unless the person meets the following requirements:

- A. Requires that drivers who affiliate with the company:
 1. Possess a for-hire driver's license; and
 2. When active on the company's dispatch system, operate a vehicle that is a taxicab, for-hire vehicle

or transportation network company endorsed vehicle; and

~~B. ((During the provisional insurance period, ensures that each endorsed vehicle at any time while active on the company's application dispatch system has liability insurance in an amount no less than required by RCW 46.72.050 and minimum underinsured motorist coverage of fifty thousand dollars per person and one hundred thousand dollars per accident. The insurance policy, and any related driver contracts if applicable, must be submitted to the director. The insurance policy shall:~~

~~1. At a minimum be issued by either:~~

- ~~a. An admitted carrier in the state of Washington with an A.M. Best Rating of not less than B VII; or~~
- ~~b. A surplus line insurer with an A.M. Best Rating of not less than B+ VII;~~

~~2. Name King County, its officers, officials, agents and employees as an additional insured on the insurance policy; and~~

~~3. Provide that the insurer will notify the director in writing of any cancellation or nonrenewal at least thirty days before cancellation or nonrenewal of the policy; and~~

~~C. By the first business day after the provisional insurance period:~~

~~1. If the state Legislature in its 2015 session enacts requirements that replace the current insurance requirements in chapter 46.72 RCW, f))Files with the director on behalf of the registered owners of endorsed vehicles, or ensures that the registered owners have filed, an insurance policy, and any related driver contracts if applicable, demonstrating that each endorsed vehicle has insurance that complies with state ((law)) insurance requirements effective at that time((; or~~

~~2. If the state Legislature in its 2015 session does not enact requirements that replace the current insurance requirements in chapter 46.72 RCW, files with the director an insurance policy, and any related driver contracts if applicable, demonstrating that each endorsed vehicle at any time while active on the company's dispatch system)). The transportation network company shall provide evidence that each vehicle affiliated with a transportation network company has insurance in an amount no less than required by RCW 46.72.050 and~~

minimum underinsured motorist coverage of ~~((fifty))~~ one hundred thousand dollars per person and ~~((one))~~ three hundred thousand dollars per accident or in an amount no less than required by chapter 48.177 RCW, at any time while active on the transportation network company dispatch system. The insurance policy shall:

a. ~~((at a minimum be issued by either:~~

~~(1))~~ be issued by an admitted carrier in the state of Washington with an A.M. Best Rating of not less than ~~((B+))~~ B VII(~~(;))~~, or

~~((2))~~ show evidence that an exemption has been met allowing for the use of a surplus line insurer, with an A.M. Best Rating of not less than B+ VII ~~((with evidence that an exemption has been met allowing use of a surplus lines insurer))~~. However, the director may temporarily suspend any or all of these requirements if no other viable insurance options are available to the industry;

b. name King County, its officers, officials, agents and employees as an additional insured on the insurance policy;

c. provide that the insurer will notify the director in writing of any cancellation or nonrenewal at least thirty days before cancellation or nonrenewal of the policy; and

d. not include aggregate limits, or named driver requirements or exclusions. Other limitations or restrictions beyond standard insurance services office business auto policy form are subject to approval by the director.

SECTION 3. Ordinance 10498, Section 15, as amended, and K.C.C. 6.64.350 are each hereby amended to read as follows:

A. ~~((During the provisional insurance period, the applicant shall provide an insurance policy declaration or insurance binder proving that each vehicle to be licensed has liability insurance in an amount no less than required by RCW 46.72.050 and minimum underinsured motorist coverage of fifty thousand dollars per person and one hundred thousand dollars per accident at any time while active on an application dispatch system, radio, computer, taxicab or for hire dispatch system or when a taxicab or for hire vehicle is operating~~

~~which includes when: a passenger is in the vehicle; the taxicab is parked in a taxi zone; the taximeter is engaged; the office dispatch records show that the vehicle had been dispatched; the taxicab top light is illuminated; the trip records shows that the vehicle has started a shift and there is no entry for ending a shift; or the for-hire driver has offered transportation services to a passenger. The insurance policy shall:~~

~~1. At a minimum be issued by either:~~

~~a. an admitted carrier in the state of Washington with an A.M. Best Rating of not less than B VII; or~~

~~b. a surplus line insurer with an A.M. Best Rating of not less than B+ VII;~~

~~2. Name King County, its officers, officials, agents and employees as an additional insured on the insurance policy; and~~

~~3. Provide that the insurer will notify the director in writing of any cancellation or nonrenewal at least thirty days before cancellation or nonrenewal of the policy.~~

~~B. By the first business day after the provisional period:~~

~~1. If the state Legislature in its 2015 session enacts requirements that replace the current insurance requirements in chapter 46.72 RCW, file with the director an insurance policy demonstrating that each vehicle to be licensed has insurance that complies with state law.~~

~~2. If the state Legislature in its 2015 session does not enact requirements that replace the current insurance requirements in chapter 46.72 RCW:~~

~~a.) 1. The applicant shall provide an insurance policy proving compliance with chapter 46.72 RCW, or chapter 48.177 RCW if approved by the director for the limited purpose of determining minimum insurance compliance, for each taxicab or for-hire vehicle to be licensed. However, the director may temporarily suspend any or all of these requirements if other viable insurance options are not available to the industry. The policy shall also provide that the insurer notify the director of any cancellation in writing at least thirty days before cancellation of the policy((;)).~~

~~((b.)) 2. The policy shall be issued by an admitted carrier in the state of Washington, with an A.M.~~

Best rating of not less than ~~((B+))~~ B VII ~~((or a surplus line insurer with an A.M. Best rating of not less than B+ VII with evidence that an exemption has been met allowing use of a surplus lines insurer;))~~.

~~((e.))~~ 3. King County, its officers, officials, agents and employees shall be named as an additional insured on the insurance policy.

~~((d.))~~ 4. The policy shall not include aggregate limits or named driver requirements or exclusions. Other limitations or restrictions beyond standard business insurance services office business auto policy form are subject to approval by the director~~((; and))~~.

~~((e.))~~ 5. All applicants shall maintain a policy of underinsured motorist coverage which runs to the benefit of passengers. The policy declarations or a certificate insurance shall indicate a minimum coverage of ~~((fifty))~~ one hundred thousand dollars per person and ~~((one))~~ three hundred thousand dollars per accident.

~~((C.))~~ B. If an insurance policy is cancelled, proof of a new policy must be filed before the date of cancellation or the taxicab or for-hire vehicle license is automatically suspended and must be surrendered to the director.