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Transcript of the Meeting of the
Taxi and Limousine Commission
Held on Monday, October 25, 2004
40 Rector Street - 5th Floor Hearing Room
Borough of Manhattan

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1 Meeting convened at 10:04 a.m.

2 P R E S E N T

3 MATTHEW W. DAUS
Chairman

4
5 ELLIOT SANDER
Commissioner

6
7 ALBERTO TORRES
Commissioner

8 IRIS WEINSHALL
Commissioner

9
10 ELIAS AROUT
Commissioner

11 HARRY RUBINSTEIN
Commissioner

12
13 NOACH DEAR
Commissioner

14 PETER MAZER
General Counsel

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1 CHAIRMAN DAUS: In the interests of time,
2 we're waiting for one more Commissioner, we're going to
3 start, jumping out of order on the agenda.

4 Good morning everyone, sorry to keep you
5 waiting, we'll try to be as expeditious as possible
6 moving this meeting along. We're going to the
7 Chairperson's report then back to the minutes. I want
8 to thank everyone who worked on the most recent
9 medallion sales over the last couple of weeks. We
10 concluded our corporate sale last Friday and the week
11 before the individual and the alternative fuel and
12 accessible sales. I want to thank Andy Salkin, who did
13 an excellent job of spearheading the second effort, as
14 well as Peter Mazer, our general counsel. They worked
15 together with a variety of staff around the clock to
16 make this an even more successful medallion sale than
17 the first go around.

18 Just for your information, for the record,
19 the first sale was held on October 15th, it was an
20 accessible and alternative fuel sale, a stand alone
21 sale, where 27 accessible medallions and 19 alternative
22 fuel medallions were auctioned off. This was a success
23 in our view, because the first time we tried to auction
24 off the accessible medallions nobody was able to win
25 them.

1 So we went back to the drawing board and
2 then to the Board of Commissioners who I believe enacted
3 some very sound policies and rules we created an
4 adequate incentive for the purchase of these vehicles by
5 taking the purchase price and separating it from the
6 other medallions, and also by putting in a lower minimum
7 upset price, which brought many more bids than we ever
8 anticipated.

9 So our goal is to get those vehicles on the
10 road. It's certainly not an answer to the problem, it
11 is a good start and it represents progress and I want to
12 thank also the industry, the brokers and the lenders and
13 everybody who helped in the private sector to help make
14 this a success, including getting the message out to
15 prospective bidders about the value and the merit and
16 the option of accessible and alternative fuel vehicles.

17 The vehicles that we did not -- medallions
18 that we did not sell for alternative fuels we're going
19 to hold over for the next sale. We got 89 valid
20 accessible bids, ten valid alternative fuel bids, which
21 were broken down by nine mini fleet and one individual.
22 Eight of those alternative fuel medallions will be held
23 over for a future sale.

24 The average sales price for an accessible
25 medallion was \$275,730.85 and the high bid for the

1 accessibles was \$347,000.01. The alternative fuel
2 medallions sold for an average of \$220,742.59. The high
3 bid for the alternative fuel medallions being \$225,111.

4 The individual medallion sale was held a few
5 days later on October 18th. The sale auctioned 116
6 individual owner-operator medallions and we received 288
7 valid bids.

8 Just for comparison's sake, the April
9 auction of this year, we had 126 for sale and there were
10 257, bids so we actually had more bids for the second
11 auction than the first one. The average bid for
12 individual medallions at the auction was \$339,195.78.
13 The high bid for the individual owner-operators was
14 \$360,000, which is an agency and a TLC record.

15 The corporate medallion sale for the mini
16 fleets sold in lots of two was held last Friday, the
17 22nd of October. Another successful auction, we
18 auctioned off 130 medallions. We had 229 valid bids.
19 We averaged a bid of \$393,232.07. That's the
20 individual. You times that by two to get the mini fleet
21 price. The high bid was \$407,551.26, which was another
22 all time industry record. So certainly I think the high
23 prices of the medallions represent a lot of factors.
24 You could debate what factor means most, obviously, the
25 interest rates, the recent fare increase are factors.

1 I think the overall City local economy
2 coming back and doing better is a factor and we're just
3 happy to have been a part of getting the information out
4 to the public and, again, I want to really thank the
5 staff, they did a tremendous job, and our Commissioners,
6 for having the vision and the foresight to make sound
7 policy to make this last sale a success.

8 On the service improvements, just a quick
9 update on what we've been doing. We had an industry
10 summit on October 14th and DCAS at 2 Washington Street.
11 The summit was really an extension of our request for
12 information. We received a lot of proposals in the
13 mail. We actually thought it would be a great idea to
14 pull everybody together, give them an opportunity to
15 meet each other, but present even more information to us
16 in a Q and A session where people can benefit from each
17 other's ideas and we learn more about what's out there.

18 I'm happy to say thanks to the efforts of
19 Andy Salkin and Ira Goldstein, and all their staff out
20 there; Tom Stiles, Chris Montgomery, it was a tremendous
21 success. We reached out to everyone in the world, as
22 many people as we could imagine, and they all showed up;
23 from big companies, small companies, giant technology
24 companies to small businesses that are startups.

25 It was really a tremendous day and we've

1 been partnering with other City agencies, not only DOT
2 under Commissioner Weinshall's leadership but under
3 Commissioner Gino Mancini's leadership, with the
4 Department of Information Technology and
5 Telecommunications also known as DoITT really played a
6 major role in guiding us and helping to understand the
7 technology and the summit itself.

8 The next step, after this point after having
9 over 70 vendors attend this event, is to actually now
10 compile this information, digest it and provide it to
11 our group of Commissioners, which consists of
12 Commissioners Torres, Dear, Rubinstein and Giannoulis
13 and they'll be making policy recommendations to the
14 Board and making recommendations to us.

15 I want to thank in particular Commissioners
16 Torres and Rubinstein for attending at various points
17 during that day.

18 In terms of, just quickly, I know a lot of
19 people in the medallion industry as well are asking
20 about the hotels and what we're doing and the street
21 hails. Well, we're doing quite well. The new class is
22 doing very well, our new class of inspectors that we
23 recently hired.

24 Just to give you some quick numbers, so you
25 can mark the progress of our street hail enforcement

1 initiatives. In fiscal year '02, for the entire fiscal
2 year we issued a total of 2587 summonses. In fiscal
3 year 2003 we issued a total of 3,550 summonses. In
4 fiscal year '04 to date, which is not over yet, we've
5 already issued 4,453 street hail summonses and climbing.
6 That represents a 72 percent enforcement increase from
7 2002 and a 25 percent increase thus far from '03, the
8 prior year.

9 So we are listening to the industry, to the
10 drivers and we're going to continue our efforts and if
11 you have any comments about how we can better do that,
12 where we can better go to enforce the law, please call
13 311 or contact our First Deputy, our Enforcement Deputy,
14 Joe Midolo, and we can take your recommendation and act
15 appropriately.

16 Last, but certainly not least, today is a
17 very big day for the TLC and our industry, all of our
18 industries, because we are beginning to look at and
19 hopefully do whatever we can to try to help out with the
20 insurance issue. I think one of the biggest issues with
21 regard to insurance is not just the high price,
22 understanding why it is high, how it gets so high and
23 the impact it has on small businesses. This applies not
24 only in the medallion industries, but the livery
25 industry and the for-hire industry and even in the

1 commuter van and paratransit industry as well.

2 It's a consistent complaint I've heard ever
3 since I've been in office. After 9/11, this has been
4 something that has grown and grown, it got to the point
5 where we actually had meetings earlier in the year where
6 several fleet operators, especially on Staten Island,
7 were faced with the possibility of going out of
8 business.

9 The notice that we put out there and we'll
10 go into it in a little bit of detail, also touches on
11 the issues of accessibility and why the price of
12 insurance is so high and if not high, just not available
13 in a certain respect. There's a lot of disinformation
14 out there, so our purpose and goal today is to reach out
15 to as many people, whether they're stakeholders who own
16 businesses in the industry, whether they're brokers,
17 insurance brokers, insurance companies, passengers,
18 whoever you might be, to just try to get at what the
19 facts are and to this end, at the beginning of the
20 hearing or before we start the hearing, our first
21 deputy, Andy Salkin and our general counsel Peter Mazer
22 and their staffs worked very hard on this presentation,
23 are going to give a PowerPoint presentation to the
24 Commissioners that will describe the essence of
25 insurance starting from square one, what the TLC role

1 is. We don't regulate insurance companies, we don't
2 have the power to control them and tell them what to do
3 or not to do, but we do have New York City Charter
4 authority to set the limits of insurance, which can be
5 higher than the State limits and that's something that
6 has been regulated in the past, it's currently on our
7 books. There's a lot of different opinions on this
8 subject, so we want to hear from everybody and your
9 voices will be heard.

10 If the meeting goes long, we're going to
11 continue, I'll be here the entire time, but even if one
12 of our Commissioners have to leave for other
13 commitments, you can rest assured we'll be spending time
14 digesting the information, going over it in detail with
15 them, so we will be listening to what you have to say.

16 I've reached out, for the record, in
17 addition to our putting the notice in the City Record
18 and on our website and sending it out to the mailing we
19 use for industry notices, I personally sent out letters
20 to the Superintendent of Insurance, who has been
21 tremendously responsive, Gregg Serio, a good friend and
22 excellent regulator in the State Government. Gregg has
23 sent his top deputies, including Janet Glover and Joe De
24 Mauro, who are going to testify first today and also I
25 reached out and sent letters to all the insurance

1 companies that write at least 50 or more policies in all
2 of our industry including American Transit who is here
3 today, as well, the biggest carrier, the biggest
4 advisor.

5 We also sent letters to all of our Advisory
6 Boards. That's in addition to the usual distribution
7 that we have, because we want to make sure we hear from
8 everybody because it affects all of our industries.

9 Last, but not least, we have some sad news
10 for the TLC. Some good news, I guess, personally for
11 the individuals involved. We have two people that
12 you've known probably in the industry and have worked
13 for the TLC for many years who are unfortunately leaving
14 us. We're going to miss you very, very much.

15 First, many of you probably know Jed
16 Applebaum. Jed Applebaum has been working for us for 27
17 years at the TLC and Jed has been in charge of the
18 Safety and Emissions Division, which is the division
19 over in Woodside that inspects the cabs and I have to
20 say clearly and unequivocally that Jed, first of all, I
21 don't know if you've ever been late or missed a day of
22 work, if you have been, they've been few and far
23 between. He's very prompt, knowledgeable, relied on by
24 every Chairperson and Commissioner that I can imagine on
25 the technical issues and thanks to you and your efforts,

1 certainly the cabs are cleaner and better inspected than
2 they've ever been before and safer and we'll never be
3 able to measure the amount of people that benefited from
4 that tangentially, but I can tell you that everybody who
5 knows you respects you and thanks you for your years of
6 service and we wish you the absolute best as you embark
7 on your retirement and we hope you stay in touch with
8 us.

9 (Applause.)

10 CHAIRMAN DAUS: Would you like a moment of
11 personal privilege?

12 COMM. TORRES: Before we says anything, I'd
13 like to have a motion to decline his retirement
14 application.

15 CHAIRMAN DAUS: I'll vote for that.

16 MR. APPLEBAUM: Too late.

17 First, I'd like to thank the Chair, Matt
18 Daus. It's been a pleasure working with you all the
19 years. Recently, the project at Woodside, I had the
20 checkbook basically for \$10 million and not once did you
21 ever ask me, "What are you spending money on? What are
22 you doing?" So that was a plus to the City, where we
23 were able to redo the Woodside.

24 Andrew Salkin, recently on board, I'm going
25 to miss working with him. We've had some good times

1 together, good meetings. We headed in a better
2 direction than we were, under his leadership, and
3 lastly, there's hundreds of people I got to thank, but
4 three people, Joe Midolo, who is behind me -- I spent
5 probably all the time that I've been at the agency with
6 Joe, we've had a very good relationship through the
7 years and we kind of worked together; Barbara Schecter,
8 Pete Tomonelli, Nick Vanesia, so on and so forth, the
9 other people that are here.

10 Monday morning it's going to be a little
11 difficult getting up, like you said. The timekeepers
12 today told me they're going to miss me. My time is
13 probably one of the best in the agency where I've never
14 taken time off on sick leave and the last five years was
15 probably not one day was missed, but I'm going to miss
16 the employees that I work with and the industry. So I'm
17 going to start a new career starting on Monday, become a
18 house husband for a while, and I hope to see everybody
19 soon, and thank you.

20 CHAIRMAN DAUS: Thank you, Jed, thanks for
21 your service.

22 (Applause.)

23 CHAIRMAN DAUS: By the way, that's a lot
24 tougher job, believe me.

25 The last person, who may come as a shock to

1 all of you, who is leaving us, is somebody who I've
2 grown very close with. I've worked with him for many,
3 many years. He started out in the agency as an
4 Administrative Law Judge over 17 years ago. He served
5 as a judge for ten years, became the Chief
6 Administrative Law Judge for a year and a half, and
7 impressed me so with his legal knowledge and acumen that
8 I appointed him Deputy Counsel when I became General
9 Counsel and appointed him General Counsel when I became
10 Chair.

11 He has written, rewritten and played a role
12 in some major reforms, which I believe many may have
13 disputed at the time and said it was the wrong thing to
14 do, but I think a lot of us can look back now and say we
15 did the right thing in '98 and Peter was a major part of
16 the process in reworking those rules, and I think the
17 industry is better off for it.

18 We're going to miss you, Peter Mazer, if you
19 haven't figured out who is leaving us. He's going back
20 into private practice. We're going to miss you very
21 much. I wish you the best of luck, we all do, and the
22 Board of Commissioners will be missing you greatly.

23 Just so you know, in Jed's absence, the
24 Executive Director, John Finelli will be trying to help
25 out, and I've appointed Charles Federicci Acting General

1 Counsel. He's in the back. Charles, raise your hand,
2 everybody know Charles? He used to be in charge of
3 licensing. So if you have any questions, legal
4 questions and so forth.

5 Peter will always remain available to us in
6 a pinch. He promised me that we could call him. I hope
7 we have better luck in the sense of your answering the
8 phone when you're not working for the agency than when
9 you do, but Peter, I'd like to give you this moment of
10 personal privilege and we thank for your contribution.

11 (Applause.)

12 MR. MAZER: Well, first and foremost, I have
13 to thank Matthew Daus who gave me all of the
14 opportunities that I had. I started here in 1987 as
15 Administrative Law Judge and when Matt came on as
16 Special Counsel at the end of 1996, he gave me my first
17 opportunity when he appointed me to be Chief
18 Administrative Law Judge and then I've been able to
19 follow him as Deputy General Counsel and over the last
20 two years as General Counsel of this agency.

21 I've enjoyed working with Matt particularly,
22 with the Board of Commissioners and some wonderful
23 staff.

24 Particularly I'd like to thank the attorneys
25 I had the privilege of working with over the last two

1 years. I'm only as good as the people behind me and I'm
2 blessed particularly now with some of the finest legal
3 minds, in my opinion, that we have working for the City
4 of New York. I've been able to accomplish what I have
5 accomplished because of my staff, most of whom are in
6 the back and those of you who have worked with me for
7 any given time you can raise your hand so you can be
8 acknowledged. They're staying on.

9 As General Counsel I've enjoyed working with
10 the Board and doing some of the things I've done as
11 General Counsel in the last three years.

12 My finest hours here were the time that I
13 served as Chief Administrative Law Judge from 1996 until
14 the middle of 1998. Those of you who were there
15 remember the facilities we had over on 41st Street, the
16 so-called Adjudications Bureau, the problems that we
17 had, and I think we've gone far and above as far as an
18 administrative agency in taking the degree of
19 professionalism that we've come to expect in an
20 adjudications tribunal and bringing it to the TLC.

21 I'm proud particularly of the Chief Judge
22 and all the Administrative Law Judges I've had the
23 privilege of working with over the last seventeen years.
24 I think we have some of the finest people in this agency
25 and I will put this administrative tribunal up against

1 any other administrative tribunal in any other City
2 agency or any other government administrative tribunal
3 when it comes to fairness, impartiality and due process
4 of law.

5 That I believe is something we've
6 accomplished over the years. I know we have a lot more
7 to do. I'm sure as we pass the reins on to Charles and
8 other people that will be taking over that the fine
9 tradition that we've had at the TLC will continue.

10 Finally, as a note of personal privilege,
11 I'm happy that one of the things we're doing in my last
12 Commission meeting -- and I have not missed a Commission
13 meeting since 1998. I'm the only one who can say that
14 that's here --

15 CHAIRMAN DAUS: No, I've been at every.

16 MR. MAZER: I think you've missed one.

17 CHAIRMAN DAUS: Are you moderating my
18 attendance? You want to be like Jed.

19 (Laughter.)

20 MR. MAZER: One of the important things in
21 my heart is the insurance crisis facing this industry
22 and dealing with the insurance issue, so it's a fitting
23 end for me that the high point of the last Commission
24 meeting that I'm going to be up here is a meeting where
25 we're going to be dealing with an issue that I believe

1 is very important, the insurance issue.

2 With that, I'd like to say thank you to all
3 my friends here at the TLC, the staff is great and I
4 really enjoyed working with each and every one of you
5 for the last seventeen years.

6 Thank you.

7 (Applause.)

8 CHAIRMAN DAUS: Thank you. Thank you,
9 Peter. Saying goodbye is never easy.

10 I have now the privilege of asking First
11 Deputy Salkin and General Counsel Mazer to go to the
12 podium --

13 COMM. DEAR: Just on the old issue back to
14 the selling of the medallions, I know I raised it at the
15 last meeting, we raised the issue about the owner-
16 operated medallions with regard to their right to lease
17 their cars, and I just want to know if we can at the
18 next meeting, sometime afterwards, start putting
19 something together.

20 I know everybody has an idea about it and I
21 think we should move on it, especially now that we sold
22 more vehicles, so if we can do it at the next meeting or
23 quickly could staff start putting together --

24 CHAIRMAN DAUS: In terms of the impact of
25 individual owner-operators to --

1 COMM. DEAR: We have a law now that I
2 think is ridiculous, could we modify it?

3 CHAIRMAN DAUS: You're talking about the
4 owner must drive. We'll try to have a staff analysis
5 and have it by the next meeting.

6 Before we actually go to the hearing, why
7 don't we have all the Commissioners vote on the minutes?
8 Has everyone had an opportunity to read the minutes from
9 August 25, 2004?

10 COMM. AROUT: Make a motion to accept them.

11 COMM. DEAR: Just, I think Peter was
12 supposed to clarify something?

13 COMM. TORRES: That's the executive session.

14 CHAIRMAN DAUS: Why don't we do the minutes
15 of the open meeting and we'll just out of order, do the
16 executive session to get that out of the way.

17 You have some comments, Commissioner Torres?

18 COMM. TORRES: I have some inquiries. I
19 just want to put some things on the record. This is a
20 refresher.

21 Ms. Jean Ryan had suggested on page four,
22 paragraph 13, that TLC should consider hiring an expert
23 in access vehicles, and I would like to request that if
24 we could make that inquiry, similar to what we did for
25 the initiative that we have on the technology piece.

1 CHAIRMAN DAUS: Okay.

2 COMM. TORRES: I wanted to follow up more on
3 more information regarding the accessible taxis in
4 Boston and the other cities so we could do some
5 comparisons. I believe I read in the minutes that
6 Mr. Pollack testified that it was five percent of the
7 vehicles. I wanted to have clarity, because someone
8 testified that they were able to get cabs when they went
9 to convention.

10 CHAIRMAN DAUS: Was there a report I believe
11 that Barbara Schechter prepared, was that limited to
12 London?

13 MS. SCHECTER: It was limited to London. I
14 did speak to Boston since the meeting, and I'm sorry, I
15 don't remember the percentage of taxis that they had,
16 but it's not --

17 COMM. RUBINSTEIN: Five percent of Boston.

18 MS. SCHECTER: What the industry did,
19 because those taxicabs also are permitted to operate by
20 prearrangement, was to insure that every taxicab that
21 was out there was where the events were beginning and
22 ending, so they could serve the people as needed.

23 COMM. TORRES: Like a prearrangement.

24 MS. SCHECTER: Yes.

25 COMM. WEINSHALL: The other thing is those

1 cities have radios in the cabs. That's the big
2 difference between New York and those cities.

3 COMM. TORRES: That's what I wanted some
4 edification on. If we can compare that they have
5 radios, we don't have radios, what is the cost factor as
6 far as the insurance, what kind of vehicles do they
7 have, where do they get them from.

8 COMM. WEINSHALL: I think that's something
9 the staff can benchmark and get them, it's readily
10 available.

11 CHAIRMAN DAUS: We'll have them by the next
12 meeting. It is readily available.

13 COMM. RUBINSTEIN: It says counsel is in the
14 process of getting more information.

15 COMM. TORRES: The other one is Mr. Gresham
16 on page 8 at the time, he had testified that accessible
17 vehicles retrofitted for as low as 25,600 I want to
18 follow up see what kind of vehicle was it and how it was
19 retrofitted.

20 Hopefully we can follow up with Lindsay
21 Weinstock, that was the young lady with the
22 not-for-profit proposal. I thought that was very
23 interesting, if we could follow up on that.

24 That's basically it.

25 CHAIRMAN DAUS: We'll follow up on these

1 items and report back to you and the Board at the next
2 meeting. Thank you.

3 Are there any problems with the minutes? I
4 think Commissioner Arout had a motion?

5 COMM. TORRES: I second it.

6 CHAIRMAN DAUS: All in favor?

7 (Chorus of "Ayes.")

8 CHAIRMAN DAUS: You might want to poll
9 Commissioner Sander, he is out of the room, but the
10 minutes pass.

11 If we can go over item four, some parties in
12 the room are looking for clarification on the executive
13 session of August 5th.

14 MR. MAZER: We had an executive session on
15 August 25th, where the Commissioners sat on the Board of
16 Appeal of revocation decisions, and they considered the
17 appeal of Ahmed Ali, TLC license No. 5091641, who had
18 been revoked for a violation of Rule 261A, action
19 against the best interests of the public. After
20 deliberation, the Commissioners voted unanimously to
21 modify the penalty to include the license suspension for
22 time served, a fine of \$350, license probation for a
23 year, four persistent violator points, with an automatic
24 license revocation as a penalty for any conviction of
25 either Rule 234A or 261A during the probationary period.

1 The Commissioners then considered the appeal
2 of Abdou Lo, hack license No. 456447, who had been
3 revoked for a violation of Rule 260A, which was
4 passenger harassment. Commissioners voted unanimously
5 to modify the penalty to provide as follows: License
6 suspension for time served, a fine of \$1,000, license
7 probation for two years, four persistent violator points
8 and automatic license revocation as a penalty for any
9 conviction of either Rule 260A, which is harassment or
10 260B, which is assault or attempted assault within a
11 two-year period.

12 The vote was six nothing to modify the
13 chairperson's decision.

14 Finally, the Commissioners considered the
15 appeal of David Ladenheim, hack license No. 5028479, who
16 had been revoked for various rule violations, including
17 a Rule 221A, reckless driving and 260B, attempted or
18 actual assault. After hearing the Respondent's and his
19 attorney and after deliberation, the Commissioners voted
20 to modify the penalty imposed by the Chair as follows:
21 Provide for license suspension for the period of time
22 that the license was actually on suspension and to waive
23 the fine of \$2,050 which had been approved by the Chair.

24 The vote was five in favor one opposed to
25 modify the Chairperson's decision, so the Chairperson's

1 decision was in fact modified.

2 After the minutes were distributed and after
3 a letter was forwarded to the attorney for the
4 Respondent in this particular case, the Respondent
5 sought clarification with respect to the Commissioners'
6 actions, questioning whether or not the Commissioners
7 had in fact voted to modify the penalty or whether the
8 Commissioners had voted to dismiss the charges. And the
9 Commissioners were briefed on this matter this morning
10 prior to the Commission meeting, and I believe it is the
11 consensus of the Commission that the action that was
12 taken at the August 25th Commission meeting was to amend
13 the penalty, so that the penalty is license suspension
14 for the period of time served with no revocation and no
15 fine and that it was not the intent of the Commissioners
16 to dismiss the charges and in fact the Commissioners
17 understand that they had no authority to dismiss the
18 charges.

19 Is that a correct understanding of what
20 happened at the executive session?

21 COMM. DEAR: If you say so. No, the
22 question is --

23 MR. MAZER: It's not what I say, it's what
24 happened.

25 COMM. DEAR: I know we had very intent

1 discussion on this and we were upset, a lot of us. The
2 bottom line is, can we dismiss the charge of the Judge
3 or can we not?

4 MR. MAZER: Findings of fact and conclusions
5 of law by the Administrative Law Judge are final and
6 binding.

7 COMM. DEAR: So we cannot dismiss, we
8 cannot alter the decision. We can modify it, but we
9 cannot dismiss it.

10 MR. MAZER: You can modify the penalty.

11 CHAIRMAN DAUS: Or you can give, as happened
12 in the past, no penalty. I've seen that happen before.

13 COMM. DEAR: I want to ask my colleague,
14 Alberto, what do you think?

15 COMM. TORRES: I'm trying to think if we
16 ever -- my understanding before we changed the process
17 was that we could only consider the information
18 presented to us at the hearings for modification of the
19 recommended penalties, and when we changed the process,
20 the process was that the chairperson would review, make
21 a recommendation or finding and then we would review
22 that. I don't believe that we've ever actually modified
23 or changed the determination of the Administrative Law
24 Judge, just the outcome with regards to penalty.

25 COMM. DEAR: So we could change, like, the

1 Chair could change the penalty, for example, if the
2 Judge didn't revoke the license and the Chair can, and
3 we could undo that process.

4 COMM. TORRES: The Chair can only modify or
5 change the penalty. In other words, if they find him
6 guilty of this regulation, he cannot dismiss it, he can
7 just say they don't have to pay the fine.

8 COMM. DEAR: I'd like to ask the question,
9 where is it written?

10 CHAIRMAN DAUS: It's in the rules and it's
11 very, very clear. I think that as the first act of
12 Charles Federici, he should throw together a memo
13 explaining what the law says on this topic to refresh
14 everybody. It's my understanding is that it's an appeal
15 of my decision, that I have the authority to decide a
16 penalty one way or the other, and there is a standard
17 that governs this decision making.

18 So my concerns, I would like that there be a
19 primer at the next session because it's clear to me
20 there's confusion among the Commissioners at an
21 executive session where we're deciding on people's
22 livelihoods and to revoke or not to revoke, so in the
23 transition, one of the things we should do, Charles, is
24 have a primer so everyone understands what to do on this
25 executive session.

1 MR. DECKER: Mr. Chairman, may I be heard?

2 CHAIRMAN DAUS: No, we have a Commissioner
3 speaking.

4 COMM. SANDER: If this could be done in
5 other agencies -- because this is similar to what I have
6 seen in Housing and Parking Violations Bureau, and my
7 understanding has been and I'm comfortable with this
8 understanding that that's how we do that, I think it's
9 similar to how other Governmental administrative
10 processes are.

11 CHAIRMAN DAUS: Just some clarification.
12 It's understandable, after you do a lot of these
13 decisions it's important to refresh ourselves on the
14 law.

15 Mr. Decker we can't have you heard now.
16 This isn't the forum for that. We have a hundred people
17 waiting to speak. We will sit down with you after the
18 meeting with counsel and you will be heard.

19 MR. DECKER: Two sentences, sir?

20 CHAIRMAN DAUS: No, everybody has been
21 waiting for over an hour, it's unfair to the people who
22 have come, the people from the Insurance Department who
23 have busy schedules, and business to do today. So with
24 all due respect, there's a time and a place for
25 everything.

1 I would like to move we go to the public
2 hearing now.

3 COMM. DEAR: One clarification. I think
4 we need to get a ruling. As far as I know, the Appeals
5 Board at the PVB can dismissal a finding. If the judge
6 finds someone guilty, they can dismiss it.

7 COMM. RUBINSTEIN: I don't think this is the
8 forum to do that. We should move on.

9 COMM. DEAR: I think we should find out.

10 CHAIRMAN DAUS: It's clear, it's in the
11 rules. The issue is the Commissioners don't understand
12 the rules, which we will make sure they understand them.

13 COMM. TORRES: Why don't we table this --

14 CHAIRMAN DAUS: There's nothing to table
15 really, it's an open discussion.

16 COMM. TORRES: We're going to vote.

17 CHAIRMAN DAUS: There's nothing to vote on,
18 this is just a report on what happened.

19 MR. MAZER: I just reported on what
20 happened.

21 CHAIRMAN DAUS: We will clarify that for the
22 next meeting.

23 I was actually mistaken, that though Andy
24 worked very hard on the presentation, he's not going to
25 give it, he's deferring to Peter Mazer to give the

1 presentation, so why don't you go down.

2 Thank you, everybody, for your indulgences.

3 We're sorry you had to wait so long.

4 MR. MAZER: Good morning. We're going to
5 take you through a presentation, basically a primer on
6 insurance matters as a precursor to the public hearing
7 we're going to have in a few minutes to deal with
8 insurance issues.

9 The purpose of this primer is to inform both
10 the Commissioners and the public on insurance issues to
11 keep this in context. A lot of this is very basic.
12 Most of the Commissioners probably understand many of
13 these insurance concepts that I'm going to go over, but
14 I think it's important to cover this material up front
15 so everybody in the audience can fully appreciate the
16 comments we're going to hear.

17 The purpose of this presentation is to
18 provide a background and introduction to insurance and
19 then to go over some topics that are specific to the TLC
20 regulated industries and topics of concern to the
21 audience, which include premiums, limits and the
22 carriers and then we're going to move on to the public
23 hearing.

24 What is insurance and why is it mandated?

25 Number one purpose for insurance is to protect the

1 public and when we talk about protecting the public,
2 we're talking not only about the public at large, but
3 we're talking about passengers in a vehicle; we're
4 talking about the drivers of the vehicle, we're talking
5 about the industry, which is protected by the fact that
6 they have insurance, because liability then is shifted
7 from an individual who may have committed a wrongdoing
8 to a greater pool through insurance, and that's what
9 insurance does. It pools risks, by taking premiums from
10 various sources, pooling the money and using the money
11 to pay out claims and to provide benefits.

12 Insurance works on a principle where we fund
13 claims with today's money, today's money being the
14 premiums, invested and used to pay out claims that may
15 occur in the future.

16 Let me take you through some basic terms
17 you'll hear today. I realize this slide is a little
18 small, but a lot of these terms are basic.

19 Number one is voluntary insurance and you'll
20 hear a lot of comments about the voluntary insurance
21 market. We talk about the voluntary insurance market,
22 we mean this is a public and open process where an
23 individual who seeks insurance goes out and selects a
24 carrier, perhaps through a broker, to pick the best
25 insurance that works best for them at the best premiums.

1 Where in our industry do we see that? We see that in
2 the taxicab industry with respect to most vehicles that
3 are not fleets, we see that predominant throughout the
4 for-hire vehicle industry and we see it available to
5 some paratransit operators.

6 Reciprocal insurance works as a mutual fund
7 system where one group of insured insures another, so
8 you have a pool through a trade association where they
9 pool their resources and have a closed group. We don't
10 see that right now in the industry, but it may come up
11 in the comments today.

12 Captive insurance basically is a buyers'
13 market where a group of prospective insurance buyers
14 band together to negotiate the best deal with an
15 insurance carrier.

16 Self insurance exists through the taxicab
17 fleet industry today. Self insurance is a system
18 whereby the insured, meaning the vehicle owner, pays out
19 a claim directly and posts a surety bond as protection
20 so that if a claim cannot be paid out by the insured,
21 the insured defaults, a surety bond kicks in. This is
22 used right now in the taxi fleet system, but it is not
23 limited to the taxi fleet system. Under Vehicle and
24 Traffic Law, any owner of 25 or more vehicles would be
25 able to go into a self-insurance program.

1 The assigned risk plan right now exists in
2 the for-hire vehicle market, exists heavily in the
3 paratransit and commuter van market. This is the
4 insurance that we made available for individuals who are
5 unable to purchase insurance in the open market.
6 Everybody who owns an vehicle is entitled to insurance
7 irrespective of their risk, and irrespective of their
8 driving record and the assigned risk plan provides
9 insurance at very high premiums to those who cannot get
10 insurance in the open market.

11 Other general insurance terms on the next
12 slide. What do we mean by liability? When we talk
13 about liability insurance, this is fault insurance.
14 This is the money that's paid out to an injured party
15 when fault is established. It doesn't only exist in the
16 automotive industry. It can exist in every industry.
17 Liability kicks in if someone falls in front of a
18 sidewalk or building, there's liability insurance for
19 that. New York has in the automotive market something
20 known as personal injury protection, abbreviated as PIP,
21 also known as no-fault insurance, which provides
22 recovery for medical expenses as well as some lost wages
23 along a statutory formula irrespective of fault, so if
24 two vehicles are involved in an accident, no-fault
25 insurance will pay medical benefits, lost wages.

1 There's no determination as to who is liable, each
2 vehicle covers its own.

3 Property insurance exists to provide
4 protection to property. If one vehicle strikes another,
5 a vehicle goes through a fence, damages property, that's
6 what property insurance is there for. Right now there's
7 a minimum set by the State and the TLC does not regulate
8 property damage over and above what the State requires.

9 Worker's Compensation is a form of insurance
10 mandated by State law, which provides medical benefits
11 for an employee. By State law an employee, for the
12 purposes of Worker's Compensation insurance, includes a
13 taxicab or livery driver, even though under traditional
14 definitions they are not employees, they are considered
15 employees except if it's an owner-driver situation. So,
16 for example, a medallion taxicab owner who owns his own
17 vehicle and is the sole driver would not be covered by
18 Worker's Compensation.

19 Talking about limits, you'll hear a lot of
20 talk about minimum limits, maximum limits, and you'll
21 hear quotes 100/300, 25 over 50. What we're saying here
22 are the limits are the minimum levels of insurance that
23 must be provided either by State law or by TLC
24 regulations or some other authority. Although it's the
25 minimum limit, you can always get more insurance than

1 the minimum limit, you can get higher limits, the
2 minimum serves to cap the amount of recovery that's
3 available to an injured party.

4 For example, we talk about insurance in the
5 form of a hundred over three hundred liability
6 insurance. That means \$100,000 available to any
7 individual that's injured, capped at \$300,000 for an
8 occurrence. If you have four people injured in an
9 accident, and it's a 100/300 policy, the four people
10 can benefit in total of \$300,000, while no individual
11 can get more than \$100,000.

12 I'm going to stop right now. Any questions
13 of anything I said so far? If not, I'll continue.

14 Next slide shows you where we stand right
15 now in the taxi and livery industry. A little
16 description of each type of vehicle that we regulate and
17 the type of insurance that's required. We have yellow
18 cabs, which are the medallion taxicabs, allowed to do
19 street hails; typically work in Manhattan, at the
20 airports, but they're required to go in the five
21 boroughs. Highly regulated, 100/300 liability
22 insurance, plus 200,000 in no-fault mandated by TLC law
23 which went into effect September 1, 1998.

24 Same requirements for what we call FAP Tier
25 I vehicles. These are the vehicles that do point to

1 point work in the City in New York, licensed by the TLC,
2 affiliated with a car service base located in the five
3 boroughs. They're radio dispatched, they work all the
4 five boroughs and are required to have the same levels
5 of insurance.

6 TLC also gives authority to out of City
7 vehicles to obtain what is called a Tier II permit.
8 That authorizes the vehicle owner to come into the City
9 on a prearranged call to pick up a passenger within the
10 five boroughs for a destination outside of the five
11 boroughs. For these vehicles, the insurance levels that
12 are required are the insurance levels that exist within
13 the local jurisdiction where the vehicle was registered.
14 For example, if the vehicle were registered in
15 Westchester County, they have the same limits as the
16 TLC, 100/300. If the vehicle were registered in one of
17 the towns of Nassau or Suffolk County they would for the
18 most part have the State limits, which are somewhat
19 lower.

20 Paratransits are the vehicles that transport
21 passengers with medical conditions and disabilities,
22 have the same requirements as taxis and liveries.
23 Commuter vans have the same requirements based on the
24 seating capacity. If the vehicle has seats up to 12
25 passengers they have 100/300 like the other TLC

1 vehicles; if it carries 13, 14 or 15 passengers, the
2 limit is 100/500 thousand per occurrence. If the
3 vehicle has a capacity in excess of 15 passengers, the
4 liability required is \$1.5 million. That's set by
5 federal law and as an aside would also apply not just to
6 commuter vans, but also to Tier I vehicles that we would
7 call stretch limousines if they carry 16 or more
8 passengers would also be required by TLC rule and under
9 Federal law to have \$1.5 million in liability insurance.

10 Let's take you through a little bit of
11 history now, how we got to the regulations we have
12 today. 1971 was when the TLC was created by Local Law,
13 the Charter provisions enacting the TLC were put into
14 place and the Charter is the source authority for the
15 TLC Board of Commissioners to set insurance limits.
16 There's a specific provision in the Charter, 203(b)(9)
17 which authorizes the TLC Board of Commissioners to set
18 limits of insurance.

19 Up until 1990, the TLC Board did not have
20 any kind of special requirements for insurance levels
21 and followed the State requirements, which have changed
22 over time. The present State requirements, just to
23 clarify for everybody, which you'll see in a slide a
24 little bit, is 25,000 per person 50,000 per occurrence
25 in liability and 50,000 in no-fault insurance.

1 In 1990, the TLC by regulation increased the
2 PIP or no-fault requirement for the yellow taxicab
3 industry from 50,000 to \$100,000. Then in 1998 the TLC
4 enacted the comprehensive rule reforms which raised the
5 liability for virtually all vehicles regulated by the
6 TLC to a liability of 100/300 and a PIP of \$200,000.
7 That became effective, as I said earlier, on
8 September 1st of 1998.

9 Now, what has happened since the 1998
10 reforms? The first thing that happened, we saw the
11 premiums increased -- obviously, the levels of insurance
12 we saw went from 25/50 mandated to 100/300, so basically
13 four to six times the amount of insurance, and we saw
14 some increase in premiums, but we also saw some new
15 carriers enter the market.

16 Then we saw premiums decline as a result of
17 increased competition in the market. But then we saw
18 some of these new carriers being forced into
19 receivership as they found the premiums were too low and
20 were unable to pay the claims. So we have a number of
21 carriers in what is called receivership, which is an
22 administrative program by the Insurance Department, kind
23 of insurance bankruptcy where the State steps in and
24 through a fund pays out the claims of the carriers that
25 are no longer in business.

1 Today we see the premiums as of now are
2 about 20 to 25 percent higher on average than they were
3 prior to the 1998 reforms.

4 We have three topics to cover: The first
5 one is limits. Limits defines the amount of money
6 that's available for recovery when someone is injured in
7 an accident, so we're talking about it may be a driver,
8 may be a passengers, may be a motorist or a pedestrian.
9 Limits are important because it sets the maximum amount
10 available.

11 Generally, you have to prove the damages,
12 you have to show there was an injury, you have to show
13 there was some medical expenses. You have to show lost
14 wages, but the limits exist and why limits are
15 important, that sets the parameters for the recovery
16 that's available. The higher the limit the more money
17 that's available for injured parties. The lower the
18 limit, the less money that's available for injured
19 parties. Also, the higher the limit, the more
20 protection that exists for the vehicle owner or for the
21 business owner. The lower the limit, the less
22 protection that's available for the business owner or
23 the vehicle owner.

24 Let's make it very clear that the fact that
25 you have a certain amounts of insurance does not form a

1 ceiling as to what the recovery is. It forms a ceiling
2 as to what the insurance carrier will pay out. If
3 someone were injured in a taxicab and that was 100/300
4 covered, it doesn't preclude that person from suing and
5 recovering from a jury verdict \$5 million. The
6 insurance company will only pay out to the maximum
7 amount of the policy and the vehicle owner is
8 responsible for the balance.

9 Same thing with a business owner. Just like
10 any other business, whether it's in the context of
11 commercial automotive policies or any other insurance
12 protection you choose as a business owner, the
13 protection that suits your purposes to protect your
14 business, and to protect your livelihood and assets.

15 So insurance and the limits exist to protect
16 passengers, the public, the drivers, any industry.

17 Just a quick primer on the rules that are on
18 the books right now. New York State law, there's a
19 section of the Vehicle and Traffic Law, Section 370
20 which requires all passenger vehicles to maintain
21 insurance limits, sets the limits.

22 Section 3 of the Worker's Compensation law,
23 a section that provides that taxis and liveries are
24 subject to the Worker's Compensation laws, basically
25 with an owner-driver exemption. No-fault exists in

1 Section 5102 of the Insurance Law, it sets the no-fault
2 limit at \$50,000. There's a provision of the insurance
3 regulation which limits coverages to pedestrians for
4 that amount, and the TLC by regulation has gone over and
5 above, requiring 100/300 in liability and 200 in
6 no-fault for taxis and liveries.

7 Next slide shows what happened in the taxi
8 industry. Since 1998, we have mandated that 100 percent
9 of our vehicles have this 100/300 coverage. But prior
10 to 1998, 25/50 was the State mandated minimum, but a
11 number of individuals in the market decided to have
12 higher levels of insurance, particularly to protect the
13 investment of the medallion. We saw that number
14 declining. We have some numbers on the left side of the
15 screen which take you from 1989 to 1994 and you see a
16 steady decline in the percentage of the taxicab industry
17 that was voluntarily carrying 100/300 coverage. So you
18 saw a trend line prior to 1998 where fewer and fewer
19 people were having the higher levels of coverage and
20 more were dropping back to the state minimums 25/50 or
21 what's happening in the '90s, we found the individual
22 owner-operators for the most part were carrying a
23 100/300 coverage, the mini fleets and the corporate
24 owners were opting to go down to the State limits.

25 Now, is New York unique in having higher

1 levels of insurance for the taxi industry? The answer
2 is no. New York State does not mandate higher levels of
3 insurance for the taxicabs or livery vehicles registered
4 in New York State. They go with the same limits as
5 private, noncommercial automobiles because New York
6 State is a state that regulates the taxicab and livery
7 industry on a regular basis. It defers jurisdiction to
8 localities to regulate these industries. Some states
9 regulate the taxi and livery industries on a statewide
10 basis and four states that we polled here; Nevada,
11 Illinois, Connecticut and New Jersey, all have higher
12 limits for insurance on a statewide basis for taxis and
13 liveries than they do for private non-commercial
14 vehicles.

15 The next slide shows you a number of other
16 cities, including Detroit, Chicago, Los Angeles, San
17 Francisco and some other cities that have mandated that
18 higher limits of insurance for taxis and liveries
19 registered within their jurisdiction than the State
20 requires and New York City, as you can see, falls in
21 with the same limits of insurance that you see in other
22 major cities such as Detroit, Los Angeles and Seattle.

23 Chicago, as you saw from the slide before,
24 Illinois has higher levels of insurance required on a
25 statewide basis. Chicago goes even further than the

1 State of Illinois does in this regard.

2 The next topic I'm going to talk about is
3 premiums, but any questions before we go on?

4 COMM. TORRES: Go back to that screen.
5 Chicago, that is 350,000 single limit. What does that
6 mean?

7 MR. MAZER: Single limit would be \$350,000
8 for the policy. It's not broken down by person. So, in
9 other words, if you have one person injured they could
10 get \$350,000. If you have five people injured, they
11 could split \$350,000.

12 On to premiums.

13 This chart, first chart takes you through
14 two types of -- two segments of the market in the
15 taxicab medallion market for liability insurance
16 premiums in the voluntary market. The purple shows you
17 rates of insurance for owner-driver from 1989 to the
18 present, and in 1989 the average owner-driver with
19 100/300 coverage, which at that time would have been
20 voluntary coverage, paid an annual premium of 2839.
21 Last year, the same coverage, the premium was around
22 4100 on average, the driver with a good record, being
23 the sole driver of the vehicle.

24 Mini fleet is the other one. The green line
25 takes you through basically a vehicle that's operated

1 double-shifted with identified drivers on the back of
2 the rate card, so you have two or three named drivers on
3 the back of the rate card. You see that the rates have
4 gone up from an average of 6168 in 1989 to around 2004
5 about \$12,000 per policy.

6 Next slide takes you through some --

7 COMM. TORRES: One step back.

8 MR. MAZER: I'm sorry.

9 COMM. TORRES: How about when you have an
10 unnamed driver?

11 MR. MAZER: It's higher. The next slide --
12 well, the thing is, unnamed drivers in the taxicab
13 industry primarily are the fleet vehicles which are in
14 the self-insurance program, so you don't really have
15 insurance premiums. You'll see when we get to the next
16 slide, you'll see that more in terms of the for-hire
17 industry, where you have vehicles that are corporately
18 owned where the TLC does not have a driver of record
19 program for the FHV industry, so you have livery
20 vehicles that are owned by a corporation where any
21 licensee can drive and the premiums are considerably
22 higher.

23 The more information you have about the
24 driver, the better it is from an underwriting standpoint
25 as far as the insurance carriers are concerned, so if

1 you have a driver that you can identify and you know
2 their record, it will help the premiums.

3 COMM. TORRES: This is based on taxicab
4 medallions as opposed to for-hire vehicles?

5 MR. MAZER: The reason we used the taxicab
6 industry as opposed to the for-hire industry is we had a
7 lot more data. We had data from 1999 to 2004, the TLC
8 didn't track that for the for-hire industry.

9 COMM. TORRES: Could you tell me how much
10 the for-hire vehicle would have to pay for the unknown
11 driver?

12 MR. MAZER: The next slide. I have it
13 broken down by yellow taxi and for-hire vehicle as well.
14 We have premiums on the left side for the for-higher,
15 and these are current, this is not a historical picture.
16 Medallion owner-driver; individual owner, community car
17 service, individual owner differs from the owner-driver
18 in the for-hire context in that somebody else can also
19 drive the vehicle and then you get down to the bottom,
20 the corporate base owned, would be much higher, 8500 to
21 10,000, which is where the base owns the vehicle, and
22 anybody who is licensed by TLC can drive the vehicle.

23 On the other side, that's where we have the
24 double shifted vehicles in the yellow cab market.

25 COMM. TORRES: So the DOV is higher than the

1 for hires?

2 MR. MAZER: Right now. In some segments of
3 the medallion taxicab industry, that may be comparable.
4 The medallion insurance may be higher than the for-hire
5 insurance.

6 I'll take you through the next couple of
7 slides we'll show the reasons. There are some factors
8 that work towards making insurance lower in the taxicab
9 industry, some factors that make insurance lower in the
10 for-hire industry. These are some of the things that
11 you consider here; age of the vehicle, specified versus
12 unspecified, driving record, radio dispatch versus hail
13 systems, whether the vehicle is single or double
14 shifted, form of ownership and of course accident and
15 loss history, would be a major factor.

16 I'll take you through each one of these
17 factors, you can see the difference between the taxicab
18 and for-hire industry. You can see how certain factors
19 work to keep it down in the taxis and raises it in the
20 for-hire and it also reverses in other capacities.

21 The other thing I have to point out, when we
22 have the rates that we do in the for-hire industry,
23 for-hire industry covers a lot of ground. Doesn't
24 simply mean car service. It also includes the black car
25 industry, it means limousines, luxury, so there are many

1 nuances and variances I think in the for-hire vehicle
2 insurance market than in the taxicab market.

3 But here are some of the factors. Age of
4 vehicle. Taxicabs have mandatory vehicle retirement;
5 they're newer. For-hire vehicles, particularly in the
6 community car service market, are much older and there
7 is no mandatory vehicle retirement. On the other hand,
8 in the black car and luxury limo market, the vehicle age
9 is much closer to the age of the taxicab and there
10 you'll see that has a positive impact on reducing
11 premiums and across the board you'll see the newer the
12 vehicle, the better the premiums.

13 One of the things that we have in the TLC is
14 something we put into place a couple of years ago, the
15 safe driver program, which enables vehicle owner-drivers
16 to qualify for an insurance discount by establishing
17 certain criteria. One of the criteria that's in the
18 safe driver program is the fact that the vehicle not be
19 more than three model years old.

20 COMM. RUBINSTEIN: I have a brief question.
21 I kind of have a feeling I know the answer, but if you
22 could just clarify.

23 The DOV insurance is eight-five to ten grand
24 a year and that's specified drivers, whereas the double
25 shifted unspecified drivers raises it from eleven-five

1 to twelve-five. What would be the reason for that?

2 MR. MAZER: The difference is one has a
3 named driver, the insurance carrier knows who's driving
4 the vehicle can verify the record. The other one can be
5 driven by anyone licensed by TLC.

6 COMM. RUBINSTEIN: So a pool of drivers?

7 MR. MAZER: Yes, that is a factor. Next
8 chart is exactly that factor. Specified driver, lower
9 premium. The insurance company has more information to
10 verify the record. We say that everybody who is driving
11 a licensed vehicle should be licensed by the TLC, but
12 records vary. Some people have good records, some bad
13 records, some have more accidents than others. In the
14 taxicab industry we have a driver of record program
15 which required except in the fleet context for the most
16 part or unless there's an exemption granted, that anyone
17 who is authorized to drive the vehicle be listed on the
18 back of the rate card. That doesn't exist in the
19 for-hire industry. Anyone who is licensed to drive a
20 for-hire vehicle can drive any for-hire vehicle. This
21 fact has an impact on insurance rates and is one of the
22 things that keeps the insurance rates in the taxicab
23 industry lower.

24 The next factor is the driving record. Of
25 course, goes without saying that the better the driving

1 record, the lower your premiums are going to be. The
2 thing we track in both the taxicab and for-hire
3 industries, is the critical driver program which has --
4 the purpose of the critical driver program is to take
5 people off the road that accumulate a large number of
6 points and obviously a good driving record translates
7 into lower premiums.

8 The next factor actually works in the favor
9 of the for-hire industry where the insurance industry
10 believes that radio dispatch is safer than street hail
11 system. Street hail system there is more likelihood of
12 accidents because drivers are looking around for fares,
13 it does create some problems. One of the things that
14 will help in the for-hire vehicle industry and keep the
15 problems down, they have a radio dispatch system. Goes
16 the other way, if the drivers are violating the radio
17 system by engaging in street hails.

18 The less time the vehicle is on the road, of
19 course, the lower the insurance. A vehicle that's
20 double shifted pays more than single shifted. Accident
21 and loss history, very important. Taxicabs, liveries
22 are on the road more than other vehicles and then it's
23 one of the reasons, the main reason why the insurance is
24 higher; they're on the road more, picking up more in the
25 vehicle.

1 The following chart simply summarizes some
2 of the things we've talked about and it's included,
3 basically summarizes what we've said up to this point.

4 Before I go on, any questions?

5 COMM. TORRES: The rates that you just
6 quoted, that's not including the increase that one of,
7 the American Transit just got?

8 COMM. RUBINSTEIN: It's 30 percent in two
9 years.

10 MR. MAZER: That includes the increase that
11 went into effect April 1st this year, but not that will
12 go into effect April 1st of next year.

13 CHAIRMAN DAUS: Broken up 15 and 15.

14 COMM. RUBINSTEIN: Those rates are
15 30 percent increase on the current rates.

16 MR. MAZER: Yes. This is in the voluntary
17 medallion taxicab market, shows history from 1989 to the
18 present. Purple is the largest carrier in this market.
19 We pulled out the self-insurance piece, which are the
20 fleets that represent close to 20 percent of the
21 vehicles and it shows American Transit, the green shows
22 the second largest carrier, whoever that might be,
23 varied from year to year, and yellow at the top shows
24 you all other carriers.

25 The next chart shows you the predominant

1 carrier we have in the present market share. Present
2 market American Transit holds 80 percent of the market
3 and self-insurance is about 18 percent of the market
4 also. American Transit holds 16 percent of the market
5 in Tier I; Lancer Insurance is the highest insurance in
6 the Tier II with about 30 percent of the market. Lancer
7 does not for the most part insure vehicles registered in
8 New York.

9 Commuter and paratransit, the primary
10 carrier is AIU.

11 Why are there so few carriers in the market?
12 We've heard a lot of comments, a lot of debate. This is
13 a chart that summarizes some of the things we've heard
14 from insurance carriers and some of the carriers in the
15 industry why there aren't more carriers. One is a lot
16 of carriers went into receivership, that's market
17 conditions, monitored by the State and Insurance
18 Department. Heard premiums were too low, that again is
19 a market condition, and capacity, heard that limits are
20 too high, you have State limits and TLC limits.

21 As I demonstrated earlier, the TLC limits
22 are commensurate with limits we see in other
23 municipalities.

24 Question of insurance fraud. Any carrier
25 will tell you that eradicating fraud will have a

1 definite positive impact on insurance. We have an
2 investigations unit, Insurance Department has an
3 investigative unit that works with law enforcement to
4 eradicate fraud. We have high jury verdicts that we
5 hear that's the condition that people are afraid of the
6 New York market, and of course knowing who the driver
7 is, that's what's important too.

8 Now I'm going to move on to the public
9 hearing. If we have any questions, we have a slide that
10 states who we expect to hear at today's hearing.

11 CHAIRMAN DAUS: Before you do that,
12 Commissioner Sander, you were out of the room when we
13 voted on the minutes. Do you have a vote on the
14 minutes? Affirmative? Okay, just for the record.

15 I also would like to thank Commissioner
16 Rudolph for spearheading this issue in many respects and
17 working very hard on this, especially in Staten Island.
18 I would like to thank Commissioner Dear also for
19 prompting us to do this more quickly than we had planned
20 to.

21 Last, but not least, I'd like to recognize
22 Commissioner Matt Saplin from the Mayor's Office of
23 People with Disabilities, who has joined us. Thank you
24 for coming, Matt. You do an outstanding job, by the
25 way, and we're happy to work with you on many issues.

1 Thank you for coming.

2 Are we ready, Peter?

3 MR. MAZER: Any questions?

4 MS. RYAN: I have a request.

5 CHAIRMAN DAUS: You'll have your opportunity
6 to speak.

7 MS. RYAN: I have a request. Could we have
8 a hard copy or sent to us by e-mail, because we couldn't
9 see the screen whatsoever.

10 MR. MAZER: We'll do that. Put it on the
11 website.

12 CHAIRMAN DAUS: We'll take that under
13 advisement.

14 I think we have -- I thank you for your
15 patience. First speaker is Deputy Superintendent for
16 Insurance, Joe De Mauro. Thank you for coming, Joe,
17 thank also Janet Glover for joining us.

18 DEP. SUPT. DeMAURO: Good morning, and thank
19 you for the opportunity to participate in this public
20 meaning and hearing on issues affecting the livery
21 industry. My name is Joseph De Mauro. I'm deputy
22 Superintendent at the Insurance Department. I am joined
23 here today by Janet Glover, Deputy Chief of the Property
24 Bureau.

25 Both the Governor and Superintendent Serio

1 recognize the importance of the livery industry meeting
2 the transportation needs of the residents of New York.
3 There has been and continues to be one of the Insurance
4 Department's primary goals, to insure that mandated
5 insurance coverage is available to each and every livery
6 vehicle owner. As in the past, we continue to offer our
7 assistance to livery operators and representatives and
8 the Taxi and Limousine Commission to provide for
9 adequate and affordable coverage and address other
10 issues of interest to the livery industry.

11 As any driver or pedestrian will tell you,
12 navigating the streets of New York City can be quite a
13 challenge. That challenge is even greater for someone
14 who spends most of his or her waking hours driving on
15 those streets to earn a living. For livery vehicles to
16 offer adequate return on investment, it must be driven
17 harder and for longer hours.

18 From an insurance perspective, this means
19 greater daily exposure to congested city streets and
20 roadways, and the incidents that trigger insurance
21 claims. More miles driven means potentially more
22 claims. Because these factors have resulted in
23 relatively poor loss experience, the insurance market
24 for livery vehicles has historically been volatile.
25 Several insurers have over the years attempted to write

1 livery business, only to withdraw after experiencing
2 significant losses.

3 At the Insurance Department, we work to
4 achieve a sustainable balance between the vehicle
5 owners' need for affordable insurance coverage and our
6 equally important responsibility to insure that insurers
7 remain solvent and are able to meet their obligations to
8 pay claims on a long-term basis. As part of this
9 effort, the Insurance Department established the Livery
10 Task Force to facilitate discussions among the diverse
11 interests that collectively make up the livery
12 community.

13 The Department has hosted meetings that
14 brought together owners and operators, representatives
15 from the TLC, the New York State Department of Motor
16 Vehicles, livery trade organizations, legislators and
17 insurers to address topics of concern and to explore
18 solutions. Many of the issues discussed at the Task
19 Force also appear on the agenda for today's meeting,
20 including items related to barriers for entry into the
21 markets and efforts to combat insurance fraud and abuse.

22 I will briefly discuss each of these items
23 in this statement, beginning with barriers for entry
24 into the market.

25 Perhaps the single most significant factor

1 in the high cost of insurance, as well as a broader
2 insurance participation in the market is the TLC
3 requirement that all vehicles operating under its
4 jurisdiction carry minimum liability limits of 100 to
5 300,000 and personal injury protection limits of
6 \$200,000.

7 As you know, the statutorily mandated
8 minimum liability limits are 25,000/50,000 and personal
9 injury protection are 50. The potential loss exposure
10 resulting from TLC increased limit requirement makes it
11 difficult for insurers to accumulate the capital and
12 reinsurance capacity necessary to allow them to provide
13 the coverage. Although actual losses may rarely reach
14 the higher layers of coverages, potential maximum
15 probable loss can be staggering, since the 200,000 PIP
16 limit is available separately to every occupant of the
17 vehicle. This means a vehicle carrying four passengers
18 and a driver can trigger a potential payout of
19 \$1 million from a single incident.

20 Insurers, rightfully concerned about the
21 potential maximum loss this limit represents may be
22 reluctant to enter this market. The increased TLC limit
23 also makes it difficult to adequately capitalize newly
24 organized companies for the purpose entering into the
25 market. Because of per-risk limitations contained in

1 the Insurance Law, new insurers must capitalized based
2 on the additional TLC limits, rather than on the
3 statutory limits. Of course, the higher limits also are
4 reflected in the rates applicable to this business. A
5 comparison of the rates on file with the Department
6 shows the difference in premium for the TLC's higher
7 required limits from the statutory mandated limits is
8 approximately \$2,500 per vehicle in the voluntary
9 market, for the three insurers who currently write the
10 bulk of the livery business for the five boroughs and
11 than 5700 in the New York Automobile Insurance Plan.

12 I'll move on to insurance fraud. Insurance
13 fraud and abuse also contributes to the high cost of
14 livery insurance. The Insurance Department has made
15 fighting insurance fraud and abuse a top priority in its
16 agenda. The Insurance Department's Fraud Bureau has
17 worked very closely with federal, state and local law
18 enforcement to protect, deter and prevent fraud. We
19 have also directed the New York Automobile Insurance
20 Plan to establish a special investigations unit to fight
21 fraud in the assigned risk program, which is now up and
22 running in Brooklyn. In addition, Governor Pataki has
23 issued an Executive Order naming the Attorney General
24 and special prosecutor to coordinate the prosecutorial
25 efforts at the State level to combat auto insurance

1 fraud.

2 The results all of these efforts has been
3 seen in a significant increase in arrests and
4 convictions for insurance fraud. The Insurance
5 Department has also amended its no-fault Regulations 58
6 and 83 in order to combat insurance fraud and abuse.
7 After extensive litigation implementation staying its
8 implementation, a revised Regulation 68 became effective
9 as of April 5th, 2002, and was ultimately upheld by the
10 Court of Appeals on October 21, 2003. Among other
11 changes, the amendments to Regulation 68 modified the
12 accident notice requirements from 90 to 30 days; the
13 time frame for submitting claims for health care
14 services from 180 to 45 days, and the time for providing
15 proof of claim for work loss benefits to 90 days.

16 These shorter reporting periods help to
17 curtail much of the abusive billing practices that were
18 engaged in prior to the regulatory change. The new
19 Regulation 83 amendments adopts the Medicaid fee
20 schedule for reimbursement of durable equipment. It is
21 expected that utilizing established fee schedules
22 familiar to providers will reduce disagreements between
23 providers and insurers and avoid the necessity to
24 arbitrate or litigate often routine billings.
25 Regulation 83 became effective October 6, 2004.

1 The challenges we overcame during the
2 pendency of the major revisions of Regulation 68, our
3 successes in promulgating it along with the recent
4 revision of Regulation 83, together with the prosecution
5 of no-fault fraud is helping to stabilize costs across
6 the entire spectrum of New York's auto insurance market.
7 Although these cost savings cannot be expected to
8 favorably affect public auto loss cost immediately, the
9 new regulations have already resulted in lower costs in
10 the overall auto market. This development may encourage
11 insurers that have thus far been reluctant to
12 participate in the livery insurance market to once again
13 commit underwriting capital for this vital area.

14 Historically, insuring livery risks has
15 posed a unique challenge to insurers. The Insurance
16 Department has always been ready and has demonstrated
17 that readiness on every occasion to assist hard working
18 livery owners and operators to obtain meaningful and
19 affordable insurance coverage.

20 Throughout the years, we have met with the
21 livery industry, State legislators, City Council and
22 insurers and agents, the TLC and DMV to resolve any
23 difficulties encountered by the industry. We stand
24 ready to continue that dialogue and to assist in any way
25 we can.

1 Thank you, and I'll take any questions.

2 CHAIRMAN DAUS: Thank you, Joe. Any
3 Commissioners have questions for the Deputy
4 Superintendent? Commissioners?

5 COMM. TORRES: Subsequent to us passing the
6 100/\$300,000 insurance maximum in 1998, did you see an
7 increase in the claims filed subsequent to those years?

8 DEP. SUPT. DeMAURO: To reach that limit,
9 you're saying?

10 COMM. TORRES: Once it was instituted, from
11 25/50 to 100/300, because one of the things they were
12 talking about, they would be filing claims --

13 DEP. SUPT. DeMAURO: I don't have that
14 information with me. I have to check that. As of now,
15 we don't see that much claim activity in the higher
16 limits, I can tell you that.

17 COMM. TORRES: So you wouldn't know what
18 were the settlement amounts prior to?

19 DEP. SUPT. DeMAURO: We don't have.

20 COMM. TORRES: With regard to no-fault, what
21 is the premium if you know for the no-fault? In other
22 words, if we didn't have no-fault, what would you say
23 are the premiums being charged now?

24 MS. GROVER: We have the breakout. We don't
25 have total premium, but I think probably it is a

1 significant amount.

2 DEP. SUPT. DeMAURO: It's a substantial
3 amount. That's where we're seeing savings on Reg 68.

4 COMM. TORRES: So if there was no no-fault
5 requirement in the State of New York, like many other
6 states, the requirement would be lowered significantly?

7 MS. GROVER: I wouldn't say that. Then you
8 have the liability, it will go into the liability
9 portion of it and you'll have more suits.

10 DEP. SUPT. DeMAURO: That's probably true.
11 The claim has to go somewhere, won't stay with no-fault,
12 they'll be suing the other drivers.

13 COMM. TORRES: The medical portion would be
14 part of the lawsuit?

15 CHAIRMAN DAUS: I'm sorry, for the record,
16 that was Janet Grover.

17 COMM. TORRES: The medical part would be for
18 the lawsuit itself as opposed to the premium.

19 DEP. SUPT. DeMAURO: That would be first
20 party payment.

21 CHAIRMAN DAUS: Commissioner Sander,
22 Commissioner Dear.

23 COMM. SANDER: Deputy Superintendent, thank
24 you for testifying for us. If you were in our position
25 looking for ways to make the system easier or improve

1 the economics from either a driver standpoint, industry
2 standpoint or even from the insurance company
3 standpoint, if you were in our position, what basically
4 would you recommend that we look at? Do you think that
5 there's not much we can do with the circumstances? What
6 are the different things you think we should entertain?

7 DEP. SUPT. DeMAURO: I think, as I said in
8 the statement, that lowering the TLC limits would do
9 much and go far in increasing affordability and
10 availability in this market. As I stated, the TLC
11 limits have an effect in both the capitalization
12 requirements and the potential claim activity, so that's
13 one step that I would take.

14 COMM. SANDER: Anything else?

15 DEP. SUPT. DeMAURO: We had discussions in
16 the past about looking into self-insurance arrangements
17 and different kinds of ways of approaching the coverage.
18 Unfortunately, different items and issues came up during
19 this discussion.

20 COMM. SANDER: Any other industries or best
21 case or worst case examples that you would bring our
22 attention towards in analyzing this?

23 DEP. SUPT. DeMAURO: I think it's a pretty
24 unique industry. It's hard to make comparisons to other
25 markets out there.

1 COMM. SANDER: Thank you.

2 CHAIRMAN DAUS: Commissioner Dear.

3 COMM. DEAR: Thank you very much. I
4 always found that your agency, particularly your
5 Superintendent when he was I think Deputy, always very
6 helpful.

7 I guess to follow up in the conversations,
8 let's take it a step further. Are you saying to us that
9 you would recommend us to reduce the PIP and the
10 100/300?

11 DEP. SUPT. DeMAURO: What I'm saying, it may
12 work to increase affordabilities and availability in
13 this market.

14 COMM. DEAR: On the flip side, is that
15 going to hurt passengers or people that are injured, are
16 they going to be affected by this?

17 DEP. SUPT. DeMAURO: As far as we can tell,
18 there's not that much claim activity.

19 COMM. DEAR: It's interesting, my prior,
20 being an elected official, you always try to gather data
21 before we decide to change laws and if you felt this was
22 so important, you would also urge, you can't change it,
23 but you could urge the State Legislature in your
24 capacity and say, "Listen, you better do this because
25 this is a public need."

1 This is almost reverse, saying to us that
2 there's almost no activity at that level so we should
3 consider lowering it so we could make it affordable for
4 everybody.

5 DEP. SUPT. DeMAURO: If you weight the cost
6 benefit, that would make sense.

7 COMM. DEAR: And everybody benefits.

8 DEP. SUPT. DeMAURO: There would be more
9 coverage out there.

10 COMM. DEAR: I know this was a crisis a
11 few months ago with regard to the, one insurance holding
12 everybody hostage, all of a sudden no one else can buy
13 anything, and everything else, and nobody stepped in.
14 Is it real now that there are other opportunities, other
15 avenues for people to buy insurance or not?

16 DEP. SUPT. DeMAURO: That's one of the
17 reasons we're talking about lowering the limits, to
18 create a more viable market out there, more entrants
19 into the market.

20 COMM. DEAR: Again, I hear it again, I
21 hear clearly, I agree with you, I've been talking about
22 this, it's good to have a professional saying this to
23 back us up, I think if there's any other data that you
24 have that could help us to support that position in the
25 public safety also, I would like to get that, and I

1 think the other Commissioners as well, so you could
2 consider. It takes a lot of guts for you to do it,
3 because a lot of elected officials and public officials
4 want to just pass it on and somehow everybody gets hurt,
5 because the bottom line is, if these car services go
6 out, these livery services go out of business, people
7 are not going to be able to move around. This is in
8 many neighborhoods, including neighborhoods that I
9 encompass. This is part of our industry.

10 CHAIRMAN DAUS: I don't know, Commissioner
11 Dear, if you speak for all the Commissioners on the
12 topic. I can certainly say by referencing us in a
13 collective respect, that you certainly don't speak to me
14 in terms of that being my primary goal.

15 I strongly believe this is a balancing act,
16 that we have to be mindful of the people who are
17 seriously injured as passengers in the City. The fact
18 that Reg 68 and the Insurance Law currently doesn't even
19 provide the limits that we provided in our rules that we
20 passed years ago to pedestrians. I think we have to
21 balance those needs.

22 You talk about we lower the PIP, one thing
23 affects the other. Maybe -- maybe, there's no
24 guarantee, this was pointed out by heads of insurance
25 companies as well as officials at the Insurance

1 Department, there's no guarantee, it's a voluntary
2 market, they could decide maybe we'll take the premiums
3 down now and raise them in a couple of years. I think
4 you have to be mindful, and I'm sure you are, as we all
5 are, of the different interests here. You're talking
6 about reducing coverage, it's good for business, the
7 insurance market, but we have to bear in mind that one
8 of the reasons we exist here is to protect passengers.

9 I hope that you would agree with me on that,
10 but in terms of speaking for myself on this issue as
11 Commissioner and Chair, I think we have to very, very
12 carefully balance those interests and I think explore
13 all different opportunities.

14 I mean, I've had meetings with Joe and Janet
15 and some of the staff where we were exploring other
16 options and I guess my question is, other than just
17 reducing PIP or reducing liability, are there other
18 options that we can explore where we protect the
19 passenger and provide either the same or even greater
20 levels of protection but also do something to help the
21 industry in terms of structuring some type of coverage
22 which would serve both interests? Is there some type of
23 pool or some type of fund that could be created?

24 I know this has been extensively discussed
25 in the past, but I have not heard anything about it

1 recently.

2 DEP. SUPT. DeMAURO: We had discussions
3 talking about the surety program, see if it can be
4 expanded. There's collateral requirements, it's
5 difficult. Again, there's capitalization requirements
6 that have to be put up initially that makes it difficult
7 for an owner-driver to do.

8 CHAIRMAN DAUS: Can that be done legally
9 through a TLC regulation? Can we establish a fund? In
10 some respects, I know that was proposed by the industry
11 at some point.

12 DEP. SUPT. DeMAURO: There may be some point
13 to have an insurance layer at the minimum requirements
14 and have another fund set on top of it, because you have
15 problems satisfying the financial responsibility part
16 under State law, so you satisfy that with an insurance
17 vehicle and then you do something on top.

18 CHAIRMAN DAUS: Aren't there options now
19 under the existing framework for livery bases and so
20 forth to pool their resources and have reciprocal
21 insurance and so on and so forth? Would that in fact
22 reduce their premiums?

23 DEP. SUPT. DeMAURO: They could. Reciprocal
24 is basically inter-insurance, one company would be
25 insuring the other, insure the insurer. This would be

1 capital requirements.

2 CHAIRMAN DAUS: Are you aware of any efforts
3 in the industry to actually do that?

4 DEP. SUPT. DeMAURO: No, I'm not.

5 CHAIRMAN DAUS: My last question actually
6 is, you had testified that, and first of all, I'd like
7 to commend the State Insurance Department and Gregg and
8 yourself and Janet and everything that you're doing to
9 bring some relief in terms of the fraud, we've been
10 thrilled to work with you. We established our own
11 insurance fraud function and purpose here and we have
12 staff dedicated to that and we've been talking to the
13 insurance companies working with you, and we commend you
14 in terms of your efforts, but I think the news here and
15 something I think we should all be encouraged to hear is
16 that you testified that this has already resulted in
17 lower costs and I'm wondering, does your data show that
18 the lower costs come across the board to everybody
19 including the livery industry so far?

20 DEP. SUPT. DeMAURO: We haven't seen it in
21 the livery industry yet, to my knowledge. In the auto
22 we have seen significant reductions in no-fault
23 activity.

24 CHAIRMAN DAUS: That's only in private
25 passenger?

1 DEP. SUPT. DeMAURO: As of now.

2 CHAIRMAN DAUS: Do you currently have data
3 that would lead to some type of conclusion?

4 DEP. SUPT. DeMAURO: We're following it
5 closely.

6 CHAIRMAN DAUS: That's all I have. Anybody
7 else have questions?

8 COMM. DEAR: I spoke for myself. We are
9 individual Commissioners.

10 CHAIRMAN DAUS: It's just a slip of the
11 tongue maybe. You said "we."

12 COMM. DEAR: I know other Commissioners
13 are concerned as well, I know Commissioner Sander has
14 raised it, Alberto raised it as well. We talk among
15 each other, Commissioner Arout, we all have issues about
16 this issue and I think this is the time now that, you
17 know, let's talk about it and here you have -- you can't
18 get the highest professional, he is the pro. He's the
19 person who's independent, he's there to protect the
20 people, he wants to protect the motorist as much as
21 anybody else and the passenger and everybody else.
22 That's the Department of Insurance.

23 So I think when a professional gets up there
24 and says some strong statements about this whole PIP and
25 how to lower it and there's no other way, we should take

1 it into consideration and I would like to have, instead
2 of waiting another ten months about this, I wouldn't
3 mind if we could have some serious discussions about
4 this, I don't know how you want to propose it, if you
5 want a motion or something like that, at the next
6 hearing or after that. I want to put this to rest after
7 all.

8 COMM. AROUT: May I? Commissioner, I
9 appreciate your information, I want to thank the
10 Commission for getting this started. It's long in
11 coming. I would appreciate that if you would just put
12 that on the agenda after we complete this whole agenda,
13 meet at a meeting and straighten it out. I appreciate
14 what you said and what the State has brought forward.

15 Okay, thank you.

16 CHAIRMAN DAUS: Just one final question,
17 from me, anyway. In terms of some of the information
18 that we saw at the staff presentation, some cities have
19 eliminated no-fault and made a higher liability that
20 applies. Do you in your view, would that work in terms
21 of protecting the passenger, but also reducing costs or
22 would that have the opposite effect if you were to do
23 that?

24 DEP. SUPT. DeMAURO: That relates to the same
25 kind of answer we had before. I think you would just be

1 shifting the responsibility for payment somewhere else
2 and you would require, obviously, statutory change to do
3 that.

4 CHAIRMAN DAUS: Would it be the same or
5 worse in terms of the effect on premium?

6 DEP. SUPT. DeMAURO: I would be speculating
7 if I answered that question. So I'd rather not.

8 CHAIRMAN DAUS: And I think that there was
9 some confusion and concern about the availability of
10 insurance for accessible vehicles. I think that, if I'm
11 not mistaken, somebody from your Department had issued a
12 letter clarifying that, that if you could just edify the
13 Commissioners, because there was some concern at our
14 last meeting, I don't know if you remember, there was
15 some statements made by Commissioner Giannoulis, there
16 was a letter that was supposed to be floating around, we
17 obtained a copy of that letter from Maurice Morganstern.
18 I provided that letter, I don't know if you have
19 information on it, but we would like some clarification
20 on the availability and cost of insurance for accessible
21 minivans.

22 DEP. SUPT. DeMAURO: I understand. It's
23 available and at the same cost.

24 CHAIRMAN DAUS: Commissioner Rubinstein?

25 COMM. RUBINSTEIN: Just to emphasize, the

1 difficulty we as Commissioners have in regulating a
2 private industry as a public Commission, in that
3 obviously all of us drive cars, obviously, all of us
4 know we pay increased premiums, I certainly do, almost
5 every year or two and just a few months ago the major
6 carrier for this industry was just out, and the industry
7 numbers were 70 percent of all of the vehicles and here
8 we're trying to decide on lowering the rates when
9 somebody was just out the door.

10 All I'm saying is, we have to deal with the
11 facts here. This is an extremely difficult area, it
12 hits everybody in the pocketbook, yet we really need to
13 do a lot of factfinding here, because when you're
14 dealing with insurance companies, it's extremely
15 difficult and I just want to emphasize that, and we seem
16 to have forgotten for the moment that the major carrier,
17 again, that insures 70 percent of the industry was
18 goodbye, and now we're saying how do we lower premiums.

19 I have no problem with everything that's
20 been said. However, I think we need to have a lot of
21 options, a lot of information and definitely try to do
22 something, but it's a tough area. Very tough area.
23 That's all.

24 CHAIRMAN DAUS: Okay. Thank you so much for
25 your time and we appreciate all the work that you put

1 into your testimony and the package that you gave us.

2 Thank you very much. We'll be in touch.

3 The next speaker is Oddo Rojas. Mr. Rojas,
4 are you here? Could you just raise your hand?

5 Okay. Go to the next speaker. David Diaz.

6 Mr. David Diaz.

7 MR. DIAZ: Good morning, Commissioners,
8 General Counsel, insurance representatives, drivers and
9 anyone else who is concerned here. I am here as a
10 driver, as a Community Board member, member of Community
11 Board 3, and as a concerned citizen, because our
12 insurance is greatly affecting us. And as we just heard
13 Joe De Mauro say, the insurance fraud and abuse are very
14 important.

15 But, however, he also said that the maximum
16 insurance is not being, is not on the same level. It's
17 not being pursued by these insurance fraud and abuse.
18 So to me, that means that directly it is not connected.
19 If there is fraud and abuse, it should directly be
20 connected with approaching the higher limits, and I
21 think it should be brought down to discourage those of
22 pursuing those higher limits, because eventually someone
23 will be smart enough to approach them.

24 I'd also like to say that our costs of
25 operations are constantly increasing. The largest

1 operation costs are for vehicle purchase, vehicle
2 maintenance and auto insurance. These directly relate
3 to safe operations and compensation to insured parties
4 in the event of accidents. According to Schaller
5 Consulting, crash rates have continued to decline, and
6 yet our insurance increases. For those of you who are
7 still not awake, because it's very early, or just about
8 lunchtime, crash rates have continued to decline and yet
9 our insurance increases. Insurance costs are too high
10 and do not permit drivers to make a fair wage in this
11 industry.

12 I gear my attention to Taxi and Limousine
13 Commission to provide us with a more effective and
14 simple insurance program, one that focuses on actual
15 driving experience and driver history. Thank you.

16 CHAIRMAN DAUS: Thank you, Mr. Diaz.

17 MR. DIAZ: Any questions?

18 COMM. RUBINSTEIN: I have a question. What
19 do you suggest we do when it comes to fraud?

20 VOICE: Put on your mike, please.

21 COMM. RUBINSTEIN: What do you suggest we do
22 when it comes to fraud?

23 MR. DIAZ: As Mr. De Mauro said, when it
24 comes to fraud there aren't any maximum limits, so if
25 you keep that maximum limit it is going to be requested.

1 I believe that lowering the rates to the State's
2 requirements will make it more effective for the driver
3 to be able to focus on his job, making more money and
4 actually applying for claims.

5 COMM. RUBINSTEIN: You also are aware of the
6 fact that the insurance companies raised their rates in
7 their private companies, we had nothing to do with that?

8 MR. DIAZ: I am very well aware of that.

9 COMM. RUBINSTEIN: I'm not being
10 argumentative here, but I just wanted to clarify and
11 really ascertain the positions, so the public knows,
12 again, that this is a private industry that raises
13 rates, so obviously as a Commission we have very
14 specific limitations in terms of what we can do, and one
15 of your questions or one of your suggestions was to sort
16 of, implying at least, to do something about the rates.

17 MR. DIAZ: Yes and I also want to refer to a
18 report by Schaller for the Bloomberg administration
19 which states that traffic fatalities declined by
20 15 percent to 330. There were declines in every
21 category; motorists, passenger, bicycles and pedestrians
22 and those that relate to driving while intoxicated.

23 New York City now has about one-half the
24 traffic fatalities per 1,000 residents as Los Angeles
25 and Chicago. Now, I do not have exact numbers on taxi,

1 but I'm sure they're included on here.

2 CHAIRMAN DAUS: I'm sorry to interrupt, but
3 what is the report you're referencing?

4 MR. DIAZ: This is a report made by Bruce
5 Schaller for the Bloomberg administration.

6 CHAIRMAN DAUS: We'd love to see a copy of
7 that. I'm unaware of him doing any work for the
8 Bloomberg administration. If you're talking about the
9 Taxi Fact Book, that was a private endeavor.

10 MR. DIAZ: No, this is a separate document.

11 CHAIRMAN DAUS: We'd appreciate seeing it.

12 COMM. RUBINSTEIN: I understand what you're
13 saying. I refer to the fact that in general, as this
14 report that you're mentioning, should have reduced rates
15 even to individual drivers in this state, correct,
16 because I don't think this is focused directly on taxis
17 and limousines. Yet that hasn't happened. So all I'm
18 saying is, I agree with you, I emphasize with you, but I
19 think your focus here is a bit of a problem. It's the
20 insurance industry that really needs to be made aware of
21 this. They're the ones who can change the rates and I
22 don't want to really mislead --

23 VOICE: Change the limits.

24 MR. DIAZ: The insurance company has been
25 approached. Edward T. McGettigan, Jr. made a request to

1 the State Department in June and wrote in June back to
2 the brokers saying our rates for Taxi and Limousine
3 Commission safety program have not been approved. Our
4 discount program is therefore put on hold until said
5 filing has been approved.

6 He had made an attempt with the insurance.
7 Has he made an attempt with the Taxi and Limousine
8 Commission. I ask now that the State Department has
9 said no, TLC must regulate this. Because they have, you
10 have 75 percent of the control of the actual amount that
11 claims are worth.

12 CHAIRMAN DAUS: Mr. Diaz, you're talking
13 about the safe driver program?

14 MR. DIAZ: Safe driver program and in
15 general.

16 CHAIRMAN DAUS: Are you saying that American
17 Transit has denied their requests of drivers to
18 acknowledge the discount program?

19 MR. DIAZ: They were denied by the State,
20 according to an e-mail sent out to brokers in the
21 industry.

22 CHAIRMAN DAUS: So the State Insurance
23 Department denied their ability to do so?

24 MR. DIAZ: That's correct.

25 CHAIRMAN DAUS: I know Charles Webb is here,

1 if we can address that in your testimony. I'm
2 concerned, because the TLC signed an agreement with
3 several insurance companies, including American Transit,
4 to give discounts to drivers who meet certain criteria
5 and I have issues if it's been overruled or if those
6 discounts, the drivers apply for, they should have
7 gotten under that program are not going into the pockets
8 of the drivers, I have some major concerns with that,
9 and I would like to hear about that, because that's not
10 right.

11 MR. DIAZ: I totally agree with you.

12 CHAIRMAN DAUS: So let's talk about that a
13 little bit when Mr. Webb comes up. Maybe there's some
14 misinformation floating around up there.

15 COMM. RUBINSTEIN: I would like to see a
16 followup on whatever you said and whatever we can do,
17 we'll certainly look into it.

18 MR. DIAZ: Any other questions?

19 CHAIRMAN DAUS: All right. Thank you,
20 Mr. Diaz. Next speaker is Mrs. Barbara Pero. And we
21 also have Artie Grover and Joe Scalizzi.

22 MS. PERO: Good morning, Chairman Daus.
23 Thanks for hearing us. I am standing in for my husband,
24 Eugene Pero, who gave up getting a flue shot for
25 somebody who needed it and now is at home with the flu.

1 So here I am. I'm also the secretary treasurer of the
2 Livery Owners Coalition, of which he is the president,
3 Artie is a board director.

4 We owned Safeway Car Service for the past
5 thirty years. While he's the a member of the Livery
6 Advisory Board and I'm a member of the Disability
7 Advisory Board.

8 The coalition represents primarily fleet-
9 owned bases, and what that means is that the vehicles
10 that the base dispatches are owned by the base. The
11 drivers are our employees, they're covered by Workers'
12 Compensation and other employee benefits. Drivers
13 generally split the call with the base 50-50, some of us
14 have 60-40, however they work it, they pay for their own
15 gas and usually pay a small radio charge. The base
16 owner assumes all of the cost of running the vehicle,
17 such as insurance, licensing and DMV fees TLC fees and
18 repairs and of course the purchase of the vehicle.

19 The importance of the fleet-owned vehicle
20 and the corporate vehicle is that, as opposed to
21 independently owner operator vehicle, fleet vehicles,
22 while we only comprise 5 percent of the industry perform
23 between 95 and 99 percent of the hospital contracts, the
24 social service transportation and the other lower priced
25 charge account work. We're considered the poor man's

1 black car.

2 And I want to address something that Pete
3 Mazer said, I think, or Joe De Mauro. We do have a
4 mandatory age limit on our vehicles, because American
5 Transit doesn't want to insure anything less than
6 whatever year, so it's like a three, four year, it's
7 back door mandatory. It's not a rule of the TLC, but we
8 cannot insure an older vehicle anymore. That's been
9 said, you've been provided with the outline of our
10 problems that we gave to Eric Kim to give out.

11 In '98 when we passed that 17 rule, some of
12 them were excellent, others caused a steady decline in
13 the livery industry. The main rule which we need to
14 address what we're doing is the insurance limits. The
15 New York State limits of 25,000/50,000 and 50,000. In
16 '98 the rule increased us, as you all know, 100/300,
17 200,000 PIP. This applies to liveries and taxis. This
18 rule was forced into effect with no feasibility study
19 that you know at that time Matt. It was over the
20 objections of the New York State Insurance Department
21 which opposed this.

22 Could I just -- two more minutes, very
23 short.

24 They opposed this and the objections that
25 the insurance companies, which at that time had been

1 involved in our industry. Prior to '98 we had five
2 companies that were willing to write corporate cars:
3 Legion, Reliance, Hartford and American Transit. We now
4 have one company and we're happy to have him, American
5 Transit. It's really a virtual monopoly on our segment
6 of the industry, but we're happy, we got somebody. Our
7 premiums have risen from 4,000, 4,600 back in '98 to 61
8 to 6,500 in 2000 to the present time of 7,000 and
9 change. Some people pay more, depending on their
10 experience. We are faced with another 15 percent coming
11 up on 3/1/05, which will bring up premiums into the
12 realm of the ridiculous at 8,000 to 8,208. That's a lot
13 of money. There's just so many \$4 calls you can do and
14 these increases apply only to the corporately owned
15 vehicles, thereby making it impossible for us to compete
16 with an independent owner-operator, impossible. And we
17 are the ones that transport most of your income fixed
18 seniors, so that how much more money can you charge?
19 You can't.

20 If American Transit decides to cut its
21 corporate plan, CAP plan, we're left with the assigned
22 risk plan and that's \$25,700 a vehicle and that's a fact
23 and we would be out of business. Nobody could pay that
24 premium. It's just -- I want to address something you
25 said also, about everyone's premium in the state has

1 gone up. That's true, but you as a private individual
2 could not purchase a \$200,000 PIP from Allstate, from
3 GEICO, from any of the insurance companies that write
4 private policies. They laughed me off the phone and I
5 have a policy with GEICO for 38 years and asked him if I
6 could purchase on my private car a \$200,000 PIP and he
7 laughed at me, "No, you can't," so that also had led to
8 an increase in the premiums.

9 COMM. RUBINSTEIN: I may be fabulously
10 wealthy, you don't know. Me. I'm joking.

11 MS. PERO: Then you could self-insure.

12 Fraud in the insurance industry is running
13 rampant, whether by brokers, doctors, no-fault mills or
14 unscrupulous lawyers. The higher the limits of
15 insurance, the bigger target you are. If there isn't
16 that much insurance, a lawyer, unless he's got a great
17 case, is not going to bother to take it, and that's just
18 the way it is.

19 We have become so desperate to procure
20 insurance we have been forced to pay outrageous fees
21 including, we make payments to make payments, and some
22 of that adds \$480 a year, if you have to make nine to
23 twelve payments. In other words, if I want to pay my
24 premium all at once, can't be done.

25 In conclusion, unless our limits are rolled

1 back to the regular state limits which every other taxi
2 and livery vehicle carries in the entire State of New
3 York, the fleet portion of our industry will face
4 extinction. This is especially troubling in Staten
5 Island, since there will be no livery transportation
6 there at all. This applies to southern and western
7 tiers of Brooklyn, Forest Hills and Bayside in Queens,
8 Riverdale and Eastchester sections of the Bronx.

9 We implore you to reconsider this damaging
10 rule promulgated in 1998 and reverse your decision so
11 fleets can stay in business and continue to serve our
12 communities. Thanks very much.

13 (Applause.)

14 CHAIRMAN DAUS: Thank you. Commissioners?
15 There are questions.

16 COMM. AROUT: Mrs. Pero, thank you very much
17 for coming. I'm sure you know and Mr. Grover knows how
18 important this is and how it affects me on Staten
19 Island. Could I ask you a question? First of all, how
20 old are your vehicles, roughly? You say it's
21 mandated?

22 MS. PERO: I don't have anything less than a
23 '98. That's going to have to go to '99.

24 COMM. AROUT: Could I ask you a question? I
25 want the Commissioners to understand this. What type of

1 effort that you have done to correct this problem that
2 we're having on Staten Island?

3 MR. GROVER: Well, the problem cannot be
4 corrected by us. If a company wants to come into this
5 industry as a fleet, they can't. American Transit is
6 not taking new business and at this point right now,
7 they are the only carrier writing for us. On Staten
8 Island, just to make a statement, we are 90 percent of
9 the industry, we're hurting a lot of people. People
10 have to get to the supermarkets, people have to get to
11 the doctors and it's costing them a lot of money.

12 COMM. AROUT: Are you currently in the
13 assigned risk now?

14 MR. GROVER: No.

15 CHAIRMAN DAUS: Any companies on Staten
16 Island in the assigned risk?

17 MR. GROVER: We do have some. Basically in
18 American Transit I'm paying right now I think 5700.

19 COMM. AROUT: By paying more, this has to do
20 with your regular fee, the accidents you have or your
21 bases, the loss ratio?

22 MR. GROVER: On Staten Island they gave us a
23 set rate and they gave us 15 percent increase last year
24 and they're giving us another 15 percent this year
25 coming. There's no guarantee that American Transit is

1 going to insure corporate vehicles after this year,
2 which means, bingo.

3 CHAIRMAN DAUS: You mean next year?

4 MR. GROVER: Mm-hmm. The only thing that
5 can help us, which was also stated on the chart which it
6 really wasn't stated, that American Transit insures
7 probably 95 percent of all fleet vehicles, where it said
8 it's 70 percent all livery vehicles.

9 CHAIRMAN DAUS: Duly noted. I think we
10 would probably concur with those numbers.

11 COMM. AROUT: Thank you very much.

12 CHAIRMAN DAUS: Mr. Dear has questions,
13 Mr. Grover. It's Artie Grover, for the record.

14 COMM. DEAR: Thank you. Are you the only
15 female that runs a company?

16 MS. PERO: No, we have Eileen Kelly here, a
17 few of us fossils around.

18 COMM. DEAR: And you do a great job. A
19 few things. If American Transit goes, I ask the
20 Chairman, what happens then?

21 MS. PERO: We go.

22 MR. GROVER: We have nobody to cover us. We
23 can go into the assigned risk at \$25,000 a car.

24 COMM. DEAR: Basically that's out.

25 MS. PERO: Can't do that.

1 COMM. DEAR: I want to see the alternative
2 now and this is where I know we had discussions and I
3 want to talk about the alternatives. You talk about the
4 fleets, because they, I always, as a Commission I think
5 it's easier to deal with the fleets because you have a
6 group of cars, we can talk to you and everything else,
7 and you're responsive. What's the alternative, what
8 happens now? The local guy, and that's where the fraud
9 is, and is that still happening, and what can we do and
10 help us identify and help work with us on that.

11 A local car service doesn't buy from
12 American Transit. He insures his car as a regular car
13 and then he goes ahead and picks up?

14 MS. PERO: You're talking about, yes, going
15 back fifteen years, before we had all these good
16 enforcement, you're seeing a lot of straight plates --

17 COMM. DEAR: Talking about even when you
18 have livery plates.

19 MS. PERO: You have to have a driver that's
20 willing or able to do that. In a fleet we give
21 opportunity to people that are unable to own a vehicle
22 because they are collecting Social Security benefits or
23 they don't want to have the full time work, we do a lot
24 of part time short shift work. It's an employee
25 situation, they want to have Workers' Comp, disability

1 insurance, which they get working.

2 COMM. DEAR: Where are the smaller base
3 stations insuring their vehicles?

4 MS. PERO: Everybody is with American
5 Transit. If they're registered in the City of New York.
6 But a lot of bases have decided to go up to Westchester
7 and Long Island and I'm seeing more and more L.A. plates
8 on Ocean Parkway.

9 CHAIRMAN DAUS: Doesn't the Livery Owners
10 Coalition have a member or two that are actually
11 currently in the at-risk plan? My understanding is once
12 you join, the premiums are high, but if you have a good
13 loss ratio after a year they come down.

14 MS. PERO: It's Eileen Kelly, it's three
15 years. She's been with them many, many years and her
16 limits are based on what it was then. In order to go
17 into it now, Matt, look, if I have 40 vehicles and I
18 have to pay 25,700 a car, I won't be able to do it.
19 Eileen got into it at a time when it was lower and you
20 have all these earned credits.

21 I have Worker's Comp probably longer than
22 anybody in the room, at least fifteen years. My
23 premiums are much lower than people who got it three
24 years ago, because I have earned credits.

25 CHAIRMAN DAUS: Let's say, and let's hope

1 this doesn't happen, that more competition doesn't come
2 into the market, American Transit has some issues and
3 let's say they decide to retire and go out of business
4 and there's nobody left. That means everybody has to go
5 out of business themselves or go into the assigned risk
6 pool. Doesn't the State Insurance Department have the
7 ability to change things with the assigned risk pool and
8 maybe do things a little bit differently?

9 MS. PERO: We're working on that.

10 CHAIRMAN DAUS: Instead of 25,000 a vehicle?

11 MS. PERO: We're working on that. We sent
12 in FOIL requests, which were never answered, to see why
13 it's \$25,700. If a drunk driver can get it for \$9,000,
14 why are my drivers having to pay \$25,000 when they have
15 safety courses every year or every two years?

16 CHAIRMAN DAUS: Is there any staff remaining
17 from the State Insurance Department?

18 VOICE: Janet is there.

19 CHAIRMAN DAUS: Janet, as a point of
20 followup -- are you okay coming up or am I going to get
21 you in trouble? We just have a question about what the
22 State Insurance Department could do with respect to
23 assigned risk.

24 COMM. DEAR: The question is even further.
25 What happens if American Transit decides not to insure

1 any more taxis, liveries, what do we do then?

2 MS. GROVER: I really don't want to
3 speculate.

4 CHAIRMAN DAUS: That's fine.

5 COMM. DEAR: One other question, if we did
6 lower the rates, the PIP rates or the liability rates,
7 does that mean that the insurance rates are going to be
8 lower? Is it more that's going to come in then or we're
9 just speculating then?

10 MS. GROVER: The thrust of the
11 Superintendent's testimony was that the rates would be
12 lower and hopefully would encourage, because the capital
13 requirements needed to write those lower limits are
14 less, there would be more writers coming into the
15 market.

16 CHAIRMAN DAUS: But that's also
17 hypothetical. And American Transit, the ball would be
18 in their court. They could keep it as they are.

19 MR. GROVER: McGettigan stated, and he sent
20 an e-mail to the TLC, he stated if the limits were
21 lowered, the insurance on the vehicles would drop
22 between two and \$3,000 a car.

23 COMM. DEAR: We'll find out when he gets
24 up here.

25 CHAIRMAN DAUS: He's not here, his counsel

1 is here.

2 We have to move the meeting along. I
3 understand all your testimony is combined. You want to
4 say something? We'll hear briefly from Joe Scalicci,
5 briefly, from Staten Island, the Livery Owners
6 Coalition.

7 MR. SCALICCI: My name is Joe Scalicci, I'm
8 president of the Staten Island Livery Association. I'm
9 a member and a trustee of Livery Owners Coalition.

10 Before I read my statement, I just want to
11 quickly say that I don't think that we've identified a
12 reason why we needed these higher limits. We said, you
13 know, Seattle's got them and Connecticut and New England
14 and Kookamonga, and they got higher limits in these
15 other places, but we never had a reason why they had
16 higher limits in these other places. Just because they
17 have it, Pete, your father must have told you, because
18 everybody jumps off the bridge, you don't jump off the
19 bridge with them. Okay.

20 The second thing I want to say is that in
21 the light of Joe De Mauro's testimony, I believe that
22 the Government usually does not like to admit mistakes,
23 the Government never likes to admit mistakes. This
24 raising of the limit is a big mistake the Government
25 doesn't want to admit to. It's like a Government

1 program, it's the longest thing to life in perpetuity.
2 Once it happens you can never get it undone, that's the
3 way the limits are. Once the limits go in, they can
4 never get out, because of the Government's reluctance to
5 admit they made a mistake, as the State Insurance
6 Department pointed out. I believe that when the TLC in
7 its zeal to protect the riding public quadrupled the
8 limits of insurance, they neglected to see the long term
9 consequences. Clearly increased risk for the insurance
10 companies have scared away most insurance companies,
11 especially for fleet operators. I never understood the
12 rationale that a livery car, that life is more valuable
13 in a livery car within the city limits than it is in a
14 livery car outside the city limits. I don't understand
15 why that is. Still don't understand why that is.

16 Our industry should be returned to the State
17 limits. If it's good enough for the rest of the state,
18 I don't understand why it's not good enough for us. Why
19 are we different here? Why is life more valuable on
20 this side of the border and less valuable on the other
21 side of the border? This makes absolutely no sense to
22 me.

23 Lowering the risks insurance companies have
24 to take will invite new companies to come into the
25 industry. That's a no-brainer. That will insure that

1 our industry has a future.

2 Thank you. If anybody has a question --

3 CHAIRMAN DAUS: Council Member James Oddo

4 had requested we read his remarks into the record, if

5 you could take care of that.

6 MR. MAZER: I'll do that right now.

7 "Dear Chairman Daus, Commissioners. Thank

8 you for the opportunity to give testimony regarding the

9 insurance crisis in the for-hire vehicle industry.

10 "As you are aware, the for-hire vehicle

11 industry is vital to the transportation needs of the

12 citizens of Staten Island. It has proven to be a safe

13 and effective mode of transportation, especially for our

14 senior population. Insuring that my constituents are

15 able to travel throughout the city in a safe, affordable

16 and efficient manner is important to me. The viability

17 of this industry is tremendously important to the Staten

18 Island community, especially in light of the fact that

19 we have virtually no mass transportation.

20 "The livery industry in Staten Island is

21 unique, in that while only 10 percent of the for-hire

22 vehicles in the city are operated by fleets,

23 approximately 90 percent of the for-hire vehicles on

24 Staten Island are fleet operated. As you are aware,

25 after being contacted by Mr. Artie Grover and Mr. Joe

1 Scalicci of the Staten Island Livery Association, my
2 office has worked with the Commission and the State
3 Insurance Department to resolve this problem. While
4 collectively we have been able to avoid a crisis, the
5 last few years the industry is in dire need of a
6 permanent solution. The cost of insurance premiums,
7 which disproportionately impact the fleets of Staten
8 Island as compared to the owner-operator outfits that
9 predominate in the other boroughs, continues to rise,
10 with only one insurer willing to write policies for
11 these folks. Additionally, assigned risk pool premiums
12 are so high they are unaffordable.

13 "The Staten Island Livery Association has
14 linked this to a Taxi and Limousine Commission rule
15 enacted in 1998 which increased the liability limits of
16 TLC licensees operating for-hire vehicles from 25/50/10
17 with a \$50,000 PIP to 100/300/10, 50,000 PIP and 150,000
18 additional PIP.

19 "Quite frankly, I have never heard a sound
20 argument that controverted that assertion. While I have
21 been encouraged by several proposals, including the one
22 that would decrease the minimum liability requirements
23 and create a fund for which legitimate claimants could
24 supplement awards above the value of a tendered policy
25 via a schedule of injuries, none have come to fruition.

1 Let me state for the record once again,
2 should we in City Government allow the livery industry
3 on Staten Island to die, it would create a crisis
4 situation for thousands of Staten Islanders. The
5 Bloomberg administration, much like the manager of a
6 baseball team or the quarterback of a football team,
7 will get all the blame, rightly or wrongly.

8 "Let's do what Government at all levels
9 fails to do time and time again. Let's act before the
10 issue reaches critical mass, because the alternative is
11 ugly; ugly for Staten Islanders, ugly for the industry
12 and ugly for the Mayor in power at this time.

13 "Therefore, I respectfully request that you
14 give serious consideration to reducing the increased
15 limits established by the 1998 TLC rule to a level that
16 will continue to protect the public, increase
17 competition of the public and allow for the continuation
18 of this vital service. Please accord this request every
19 consideration consistent with your rules and
20 regulations.

21 "I thank you for your time and
22 consideration. Thank you. Respectfully, James S. Oddo,
23 Minority Leader."

24 (Applause.)

25 CHAIRMAN DAUS: Thank you.

1 COMM. DEAR: I just wanted on that, could
2 the City Council change the regulations if they wanted
3 to?

4 MR. MAZER: By Administrative Code? The
5 Charter gives the authority to the Commission to set
6 limits. They have to change the Charter.

7 CHAIRMAN DAUS: Sometimes the Charter could
8 be changed by the Council, sometimes not. We'll have to
9 follow up on that.

10 Next speaker is Mr. Charles Webb. Thank you
11 for coming today.

12 MR. WEBB: Thank you, members of the
13 Commission. I appreciate the opportunity to be here.
14 In fact, the last time that I was here was May 27, 1998
15 when the Commission was considering increasing the
16 insurance rates, or insurance limits.

17 Today with me is Mr. Ed McGettigan, Jr., who
18 is one of the directors of the American Transit and Bill
19 Think, who is Comptroller of the company and in the
20 event there are questions that I may not be able to
21 answer, I certainly will ask them to assist in trying to
22 supply as much information.

23 Today I want to address three things that
24 were in your bulletin. One was the misinformation
25 relating to American Transit's position regarding the

1 transportation of passengers with disabilities. Second
2 is fraud and abuse and third, what seems to have been
3 the most popular issue this morning, and that is
4 insurance rates, premiums, cost of and limits.

5 Now, American Transit has issued a producer
6 bulletin to all producers indicating that they are
7 preparing a program for the insurance of vehicles for
8 disability. It is, the newspaper that it was contained
9 in clearly did not understand what American Transit's
10 president was saying. We know they interviewed him and
11 only printed half the information. Let me disabuse that
12 notion. We are preparing a program to insure those
13 vehicles, so that we will put those to rest once and for
14 all.

15 CHAIRMAN DAUS: Its not the first time the
16 press didn't accurately portray.

17 MR. WEBB: We are having a meeting with
18 members of your Commission, Mr. Daus, on the 28th of
19 October, to try to arrange for the sharing of
20 information between us and you.

21 Fraud is a major issue, as Joe De Mauro said
22 this morning. We have created within our own company a
23 complete fraud bureau with investigators constantly
24 working to try to weed out fraud. We're working with
25 the District Attorneys, the court system, with the

1 Insurance Department, Motor Vehicle Department. How can
2 the TLC help us in working for fraud? One of the
3 problems that we have is that drivers and owners do not
4 report accidents within 24 hours of their occurrence,
5 and secondly, they do not report -- we know they receive
6 litigation papers, assuming they've received them and
7 it's not some sewer service, so what happens is we get a
8 default judgment and we know nothing about the accident,
9 nothing about the litigation and we have to fight our
10 way trying to get default judgments put aside.

11 I was able to do a major piece of
12 information for the insurance industry with the Court of
13 Appeals in a decision called Sarter versus the American
14 Transit Insurance because the claimant sued, claimant
15 was in an accident, advised the insurance company of the
16 incident, but never advised the insurance company that
17 they started litigation and there was never service and
18 finally the Court of Appeals said, wait a minute, not so
19 fast, attorney, you notified the insurance company of
20 the accident, but never notified you were suing on the
21 accident? We had no notice until after the default
22 judgment was taken, thirty days later.

23 Let me say there's a whole group of
24 attorneys out there that specialize in nothing but taxi
25 and livery litigation. You can go through a website,

1 push a couple of buttons and the names will come out,
2 Sometimes the plaintiff lives in Queens, the defendant
3 lives in Brooklyn, and then vice versa, the Queens
4 plaintiff is now a defendant. All of these are piled
5 high. We've given them to the District Attorneys in the
6 respective counties, trying to eliminate fraud.

7 How can you help? You can impose some
8 penalty on a driver-owner who doesn't report an accident
9 within 24 hours, because that's part of their
10 responsibility under the insurance policy we give them.
11 If you can work with us in doing that, I know we're
12 going to have this meeting and share a lot of other
13 information regarding statistics.

14 Now, safety programs. When I was here in
15 1998, I prepared, and listening this morning I thought
16 what I'd do is to redo the statistics I prepared for the
17 entire TLC what we felt about the increase in rates,
18 statistics as to why it should happen, everything that
19 should take place. For example, on how we can improve
20 driver training and traffic enforcement safety. I said
21 these three things: The TLC must improve the quality of
22 taxi driving, demanding the kind of familiarity with New
23 York City streets that London drivers have, demanding
24 enhanced driver training of the kind that a professional
25 driver would be required to undertake. In other words,

1 I said that and I say again, taxicab drivers are now
2 merely drivers by profession, the TLC should make them
3 professional drivers. That will cut down a lot of the
4 accidents, the safety program.

5 Now, let me get to the thing that really is
6 near and dear to everybody's heart. I know you're going
7 to have some people talk about technology and before I
8 go to the premiums, let me point out that the fact that
9 any technology that's approved for any of these vehicles
10 should include crash data, including at least five
11 seconds before the crash. That's very, very important
12 and the capability is there, it should be included in
13 the technology.

14 Reduced premiums. I'm going to go back to
15 what I said six years ago, six and a half years ago.
16 Medallion taxicabs as a whole average approximately two
17 accidents a year between '91 and '97 and that average is
18 going down. What I said then and I say today, you did
19 not need the higher limits, the 25 and 50 was sufficient
20 and secondly, you didn't need the 200,000 PIP. Reason
21 being, I checked with American Transit, since you
22 adopted those premiums, those requirements, there has
23 been only one accident that the 200,000 reached in all
24 of the vehicles we insure and guess what that was? That
25 was an owner operator, no passenger who was T-boned by a

1 U.S. Mail truck because the brakes failed and they had
2 to go to no-fault because under the Federal Liability
3 Tort Act he couldn't go against the Federal Government.

4 There was never any need to go to two, okay?
5 Let me focus on PIP. Never any need to go to 200,000.
6 As Joe De Mauro said this morning, if you have four
7 passengers in the car, you're talking about close to a
8 million dollars here and that causes premium increase.
9 There's no question about it. The premiums did increase
10 from '98 because of the increase in the PIP and the
11 increase in the liability.

12 Now, I said it then and I can say it again
13 and what I'm going to do is after we finish I'll put all
14 the statistics, update it through 2003 and give them to
15 every member of the Commission so you can have this to
16 view.

17 Now, let me tell you about the hundred
18 thousand premium. You see, on medallion cabs, the
19 hundred thousand already was there, because that was
20 adopted by the State. Fifty was for the remainder, but
21 the hundred was there, and there has only been when I
22 testified in 1998, seven accidents that reached the
23 hundred thousand level. Since that date, two more in
24 six years have reached the hundred thousand level.
25 That's the kind of thing you don't need to increase to

1 two hundred, and that difference of 100,000 will
2 directly relate to premium.

3 COMM. RUBINSTEIN: This is the PIP?

4 MR. WEBB: Yes, sir. Now, let me talk about
5 the 25/50 because what the 25/50 increased to 100/300
6 did, I referred earlier to, I'm sorry to say to those
7 rapacious lawyers who are out there waiting to either
8 stage an accident or capitalize on somebody else's
9 misfortune on a minor accident. When 25/50 was there,
10 it wasn't in their best interests to go ahead and file
11 these lawsuits, hire 5,000 and \$10,000 experts to come
12 in and testify. When it went to 100/300 they had a
13 reason to go forward, because they had a reason, as
14 somebody said about the lotto, you never know.

15 Did accidents increase? Absolutely it
16 increased, ten fold. We were trying to get a study on
17 how many lawsuits occurred after that, because after
18 that we received over 2,000 dismissals because they
19 couldn't reach the threshold, even though they filed in
20 Supreme Court. 2,000. That's the kind of thing that
21 causes premiums to go up.

22 Somebody said, and I respect the Commission
23 very much, and Matt, you and I know we're trying to work
24 together, and you've done a tremendous job, one of the
25 things we're concerned with is how did the 100/300 come

1 about? In the New York Times, February 7, 1998,
2 "Accidents Involving Taxis Rise Sharply in New York."
3 That was part of the impetus as to why the TLC at that
4 time looked at it. We gave The New York Times different
5 statistics. They didn't agree, because they had their
6 own. Subsequently, on November 17, 1998, front page
7 story, "Livery Cabs Get the Blame for Increase in
8 Accidents."

9 The number of yellow cab crashes in the
10 city, the analysis found, has dropped significantly
11 since 1994. The New York Times found that the original
12 information that they couldn't get they now have and as
13 it relates to medallions the accident rate has gone down
14 so that the real increase, what it has done, the 25/50
15 increase has really caused all the lawyers in the
16 business, it doesn't help the passenger, it only hurt
17 the driver-owner who has to buy insurance.

18 Somebody says, well, why are you here
19 talking about insurance premium? If you eliminate what
20 you did in 1998 to a significant extent, the cost of
21 insurance is going to go down. That works against
22 American Transit, doesn't it, but they're here to
23 provide a market. They're the only game in town right
24 now and they want to provide the basic market at the
25 basic rate. We're regulated by the Insurance

1 Department. Whatever our rates are, they have to
2 approve, but when you increased your rates, your limits,
3 they had to increase their rates and they permitted us
4 to increase their rates, but that was only with the
5 approval of the Insurance Department.

6 So what I'm saying here today is, you want
7 to reduce premium, then what you do is you roll back
8 that PIP to what it was.

9 Secondly, you take a very hard look at the
10 25/50 and the number of accidents in the industry that
11 are over the 25/50 to see if that really is the right
12 thing. I heard speaker after speaker saying why is
13 going across the border life any differently? Well, I
14 think you really have to do a hard look study at it. I
15 know it's tough, I was in Government for many years, we
16 used to say's easier to break an egg than it is to bring
17 it back together again and I know it's tough to reverse
18 yourself, but if you want to look at premiums you look
19 at the increases in rates, which probably doesn't have
20 an effect in protecting the public, but did have an
21 effect in increasing the premium.

22 CHAIRMAN DAUS: What is the average premium
23 for PIP at 200?

24 MR. WEBB: The cost of PIP itself.

25 CHAIRMAN DAUS: When you break it down in

1 the endorsement, when you have an insurance premium it
2 will be broken down into the endorsements, it will have
3 the premium and then the PIP.

4 MR. WEBB: I'll let Mr. McGettigan answer
5 that.

6 COMM. AROUT: Mr. Webb, could you be so kind
7 to give us that statement, make a Xerox copy so we'll
8 distribute it to our Commissioners?

9 MR. WEBB: I took it from my file, I have it
10 marked up, but I can get a clean copy in my office and
11 have it back this afternoon.

12 MR. McGETTIGAN: Your question is probably
13 on industry average, 25 percent roughly of the premium
14 is PIP. If you go across the industry, usually the
15 liability premiums are split 60/40, liability to
16 property damage. Our PIP is probably loaded a little
17 bit more.

18 CHAIRMAN DAUS: I guess maybe you can help
19 me out on this point, because this is really where the
20 true disconnect comes in in my mind. I understand,
21 being a scrupulous attorney, but nevertheless having
22 been in that profession handling those types of cases, I
23 understand what you're saying in practice with regard to
24 the liability going up and how attorneys would behave in
25 terms of settlement strategy.

1 What I don't understand is and what I do
2 recollect from the 1998 hearing is that it wasn't
3 necessarily just the amount of claims that would bring
4 us to the threshold, it was to guard against that one or
5 two people that may have unfortunately a catastrophic
6 injury and to make sure if there wasn't any fault
7 involved to be able to have the PIP. What I don't
8 understand is that the argument was made you would be
9 able to bring down your premium significantly if you
10 were to get rid of PIP, yet you're also testifying only
11 one person over the last six, seven years has reached
12 the threshold, so I don't understand when you're talking
13 about loss ratio, you're talking about losses the
14 company incurred as a result of paying out, I don't
15 understand how we can argue, if only one person reached
16 the limit, how is it costing you so much money that you
17 would then have to do that and take the limits down in
18 order to reach the premiums.

19 MR. McGETTIGAN: I think you're confused
20 between meeting the limit and the threshold. Threshold
21 is a liability action, we expect to double that on the
22 next year because of the 100/300.

23 CHAIRMAN DAUS: Because of the liability
24 problem?

25 MR. McGETTIGAN: You have attorneys working

1 on my dime now, instead of their own, to talk in the
2 vernacular. At 25/50, they're not willing, they're
3 getting a third of the value of the case, they're not
4 willing to spend their own money in order to adjudicate
5 it, to bring in the doctor that's going to testify at
6 six grand a sitting, because they're not going to get
7 that much money back.

8 At 100/300, it encourages more lawsuits,
9 which increases our expense. That's what we're talking
10 about.

11 The other aspect is, that in PIP when the
12 initiative first came through, and in fact I don't
13 recall who the Chair was in '89, not the Chair, the
14 Chair, before McKechnie.

15 CHAIRMAN DAUS: Fidel? Jack Gloss.

16 MR. McGETTIGAN: Right. They wanted to
17 change liability to 100/300 a medallion. And we said
18 "why?"

19 They said, "We think we assessed more people
20 are getting injured." So they felt as an incentive,
21 they wanted to give the medallions an additional 50 PIP.
22 That's been like that since 12/31/89. When this
23 initiative came in, and Mr. Webb testified, we tried to
24 illustrate to you that to hit 50,000 in ten years in
25 over 135,000 or 110,000 cases, we paid it out seven

1 times. So when you have 50 and 150, how many -- I mean,
2 I can't tell you how many times in peer review, we're
3 looking at a single case of one person had 18 MRI's.
4 Why 18? Because they know when they send six, in peer
5 review we pay three. They said we'll send them for 18,
6 they'll pay six.

7 The fraud is so rampant, it keeps on being
8 encouraged after being encouraged after being
9 encouraged. So something has to be done from a
10 legislative sense. I know Reg 95 states provides I have
11 to have one special investigator and a special
12 investigative unit. I issue 46,000 policies, I have 29
13 investigators. So it just goes to show you about the
14 PIP.

15 MR. WEBB: I think your question, Matt, was
16 since there was only one that ever reached that 200, why
17 is that cost so much.

18 CHAIRMAN DAUS: Yes.

19 MR. WEBB: But there's a big difference
20 between what the insurance probability may be in terms
21 of the cost of the policy versus what may happen, so
22 that there's a whole differs. The underwriters have to
23 look at it from the standpoint that that's what it
24 costs.

25 CHAIRMAN DAUS: Don't the underwriters look

1 at past experience when they calculate premiums going
2 forward? Don't they look to see what your losses have
3 been.

4 MR. WEBB: That's all actuarial.

5 CHAIRMAN DAUS: I'm trying to understand
6 what the actuaries do.

7 MR. McGETTIGAN: Everybody is trying to
8 understand that.

9 CHAIRMAN DAUS: The devil is in the details,
10 here. I understand your point, there are not many up
11 there in the upper limits, but are there more at limits
12 that were higher than before we put this into effect?

13 MR. McGETTIGAN: No. Your bottom line is --

14 CHAIRMAN DAUS: Let's say it's \$200,000. If
15 I understand your testimony, please clarify if I'm
16 misstating anything, that because we have these
17 unscrupulous trial lawyers out there that are looking to
18 build a case with the medical mills, let's say, what
19 they do, now they have 100/300 and 200 PIP, immediately
20 if they get a client they send them for MRI after MRI,
21 if that's accurate. If you compare the amount of money
22 you paid out in PIP, even under the old limits to what
23 it was today it would have to be more. Even if it's not
24 coming in at 200,000 --

25 MR. McGETTIGAN: Closer to the 50. Where

1 you might pay six to ten on a no-fault claim, it's
2 probably now fifteen to eighteen.

3 CHAIRMAN DAUS: And before that it close to
4 the 50?

5 MR. WEBB: It was like \$6,000. The biggest
6 fraud is under the no-fault.

7 CHAIRMAN DAUS: I want to make a very brief
8 statement. I think you always worked with us on these
9 issues. For the sake of, just from my standpoint
10 sitting here, I understand that fraud, it is a problem
11 and I think the Government needs to do everything it can
12 to make sure it eradicates fraud, but I just have a
13 conceptual problem with making public policy. When you
14 make public policy, you try to take the fraud aside and
15 say if the world worked without fraud, we need to
16 protect the passengers, we need to protect the people
17 that we have insurance there for and the businesses as
18 well, so they don't have to pay out of their own pocket.

19 While I in my own mind view the fraud as a
20 separate thing, I don't think necessarily we should when
21 we're setting limits say, oh, the fraud is so rampant we
22 have to reduce what people who are going through the
23 system legally are entitled to. That's just how I feel.
24 Yes, we have to do something about fraud, we've been
25 helping as much as we can, the State Insurance

1 Department is making progress, but I have just a
2 conceptual problem with saying we should lower insurance
3 for people who are decent, hard-working and abiding by
4 the law because people are committing fraud. I
5 understand there's a trickle-down effect, that's not
6 reality, but when we make public policy, I think that's
7 a little unsettling when we're trying to make up our
8 minds.

9 MR. WEBB: Commissioner I separated fraud
10 from how do you reduce premium.

11 CHAIRMAN DAUS: Ed brought it back in. I
12 understand, from a business standpoint, that's his
13 concern.

14 MR. WEBB: We thought the public was well
15 protected with the previous limits. That's why we took
16 the position we did. I think everybody will see them.
17 I'm not here today to say I told you so, but if you read
18 what I wrote in 1998, a lot of things we predicted, such
19 as rapacious trial lawyer conduct, is not unexpected.
20 We anticipated it was going to happen. The court system
21 got clogged bigger and bigger, they had to go to
22 arbitration, do a lot of things because of that increase
23 as it relates to our business.

24 CHAIRMAN DAUS: The point is understood.
25 Commissioner Torres.

1 COMM. TORRES: I'm a lawyer by profession.

2 MR. WEBB: I didn't mean to cast a spell over
3 all lawyers.

4 COMM. TORRES: My experience has been not
5 only lawyers, but basically the medical industry, these
6 fly-by-night companies who actually solicit lawyers,
7 there are companies that go out and solicit lawyers to
8 have relationships with them to get into more practice
9 and make it more lucrative to commit fraud. We've seen
10 this in the papers, the attorney has conducted and
11 produced arrests.

12 I was there in 1998, my impression at that
13 time was the increase was a knee-jerk reaction to a few
14 accidents that were taking place at that time, it was
15 politically motivated, there was no study done and
16 that's why, those seventeen rule proposals, I agreed
17 with many of them, and the difference between that
18 Commission and this Commission is now we do conduct
19 these types of studies to get this information.

20 I appreciate the information you have given
21 us today.

22 The other piece is with regard to the
23 Chairperson and the remark of protecting that one person
24 for the \$200,000. Why isn't it a million? Why not make
25 it two million, five million? Maybe there will be that

1 one case in the future where someone will have injuries
2 of a million dollars.

3 MR. WEBB: As you recall, Commissioner, at
4 that meeting there was a gentleman in the wheelchair,
5 the taxi flipped over and he lost his fiance. All of
6 the increases that were taking place that day or being
7 considered would not help him. He was way over that
8 anyway.

9 COMM. TORRES: Now that we have six years of
10 information which indicates there's only been one
11 incident where it went over \$200,000 PIP, now, you also
12 made the statement where there was about seven to nine
13 incidents in the last six years that went up to 100,000.
14 I mean, Mr. Webb, that's what I had written down here on
15 the PIP.

16 MR. WEBB: That's the best information you
17 can get.

18 MR. McGETTIGAN: I would have thought it
19 would be closer to 50. The only serious accident
20 Mr. Webb alluded to was an owner-driver that got hit by
21 a mail truck.

22 COMM. TORRES: That was 200.

23 MR. McGETTIGAN: It probably a lot more than
24 that. I'm only saying 200 because he was in a coma for
25 a week.

1 COMM. TORRES: If we reduced the PIP to
2 100,000, how many incidents took place in the last year.

3 MR. WEBB: I can get that.

4 COMM. TORRES: Because I thought you made
5 the statement that there was seven incidents.

6 MR. WEBB: I thought it was another nine, but
7 it may be just in the medallion. I don't know. But it
8 was 100 for medallions anyway.

9 MR. McGETTIGAN: We increased it from 100 to
10 200. Medallion went from 100 to 200; everything else
11 went for 150.

12 COMM. TORRES: With regards to the 25/50,
13 100/300, once again for clarity the expenses you incur,
14 also the litigation cost in defending these actions,
15 because there's more actions and more that don't meet
16 that threshold and I know the insurance industry has for
17 the last ten years cracked down across the board in
18 telling attorneys to take it to trial, because at one
19 time there was a value to pay nuisance and the industry
20 has curtailed what they call paying the nuisance value,
21 so you're making it more difficult for attorneys.

22 My question to you, there was an increase of
23 30 percent; 15 this year 15 next year. What was the
24 basis for that increase, based upon the information one
25 individual gave us, about fatalities, and you just gave

1 us information there was less cost involved.

2 MR. McGETTIGAN: Unfortunately, the fleet
3 business in general, in my opinion, is fraught with
4 fraud. I know for a fact, a person who is not eligible
5 for any of my owner-driver programs agrees to register
6 his car in a fleet name; six months later he's in an
7 accident.

8 COMM. TORRES: For-hire vehicles?

9 MR. McGETTIGAN: Yes. Like that car
10 service, I DNR'd or cancelled. He registers his car. A
11 guy that I DNR'd would not renew if a fleet is paying
12 \$8,000 a car, he charges the guy, the owner of the fleet
13 charges the guy 12,000, pockets four and four months
14 later the same guy is in the accident.

15 So I'm not going to tolerate it anymore.
16 This year, unfortunately, we moved in December, so in
17 answer to Ms. Pero's question, you will be allowed if
18 you want to to pay your premiums annually next year. We
19 did it this year because we couldn't do it.

20 I will say this about Staten Island and
21 Artie, you know this well, you were DNR'd for loss. You
22 were DNR'd for loss and when the Insurance Department
23 through the political initiatives, I'm sure, of some
24 Councilman here, went to the Department and said, "Hey,
25 how come they're cancelling? There's no place else to

1 go."

2 We filed a 30 percent increase, our actuary
3 wanted 65 percent on the fleet business. We made
4 accommodation, we said 15 percent this year 15 next
5 year. Taking 30 percent on the cars DNR'd in Staten
6 Island, they would have been on the cusp at a 30 percent
7 increase, so we made that accommodation. Saying I'll
8 giving you a flat rate plus 15 percent, you think it's
9 onerous, but you were not going to be renewed.

10 There were many fleets, not only just in
11 Staten Island, but many fleets on that same road.

12 MR. GROVER: Sir, I want to --

13 COMM. TORRES: Let's not get into
14 discussion.

15 MR. GROVER: I sat down with your
16 underwriter and I showed him where you had me down for a
17 half million dollars payment that wasn't made and we
18 clarified that, so we were okay.

19 MR. McGETTIGAN: We'll do this off line.

20 CHAIRMAN DAUS: I would appreciate if we
21 could work this out outside of the hearing.

22 MR. McGETTIGAN: But we haven't increased
23 our rates in years. It might go to a different
24 classification, like that driver that was here, he says
25 losses go down by a report, yet my premium goes up. He

1 might have an older car, he's in a different
2 classification. He buys a newer car, he gets less
3 premium.

4 Conversely, a clean license, enjoys a lower
5 premium. If all of a sudden he has property damage,
6 it's higher rate. We have not increased our rates other
7 than this 15 and 15.

8 COMM. TORRES: Now, when you respond in the
9 future, just make a hypothetical as opposed to pointing
10 out anyone.

11 MR. McGETTIGAN: I was just rebutting their
12 direct statement.

13 COMM. TORRES: With regards to the 24-hour
14 requirement to report that you said you wanted us to
15 enforce, what is the average time, the reporting time
16 that you experienced with accidents; a week, two weeks,
17 a month for drivers?

18 MR. McGETTIGAN: Our problem is not in
19 reporting the accident. Everybody has a cell phone
20 they're on the gurney reporting the claim. I'm talking
21 about our driver's report. We don't get it so we can't
22 act on the file until we have a report.

23 CHAIRMAN DAUS: If they didn't report within
24 a time frame, you would deny coverage.

25 MR. McGETTIGAN: We cancel them. Normally

1 we have enough in the file to work on. You can't deny
2 coverage if the guy was cited, for example, but we need
3 our drivers' report that's the key thing.

4 CHAIRMAN DAUS: If you have no actual notice
5 from the person who was involved with the accident, I
6 thought you could basically get out of providing
7 coverage under insurance law.

8 MR. McGETTIGAN: You could disclaim.

9 CHAIRMAN DAUS: What would be the basis for
10 us for fining people for not doing that if it ultimately
11 won't affect coverage because you won't pay out on that?

12 MR. McGETTIGAN: I'm sure it will compel
13 them to do that. 40 or 50 percent of the owner-drivers
14 I insure have accidents where the driver is other than
15 the insured and in many cases are not TLC licensed. The
16 broker wonders why I cancel somebody without a TLC
17 license. I say, "What do you think is the reason he's
18 not licensed?"

19 CHAIRMAN DAUS: Can't you cite them for
20 illegality?

21 MR. McGETTIGAN: That's a different issue.
22 It's a TLC or DMV initiative, not me.

23 CHAIRMAN DAUS: Somebody outside the
24 for-hire vehicle, you deny coverage, you're free and
25 clear. Here if somebody doesn't report within the

1 24 hours, because they were involved in an accident,
2 they didn't have a valid or they had a suspended license
3 you would still have to cover, but they wouldn't report
4 and you would be at a disadvantage.

5 MR. McGETTIGAN: True. But also, when a
6 claimant reports to us, it increases our expenses, we
7 have to send out an SIU investigator to actually get the
8 driver.

9 CHAIRMAN DAUS: You would have less control
10 over that person. If they're in suspension --

11 MR. McGETTIGAN: You have no control. I'm
12 bringing a point up to you.

13 CHAIRMAN DAUS: If we put a rule in place,
14 it would have little or no bearing on somebody, you
15 would have to put some basic accountability in there,
16 that's the only way it would probably work.

17 MR. WEBB: The cost of disclaiming, though,
18 means you have to go back into court once they sue, if
19 you can correct it ahead of time --

20 CHAIRMAN DAUS: Understood.

21 Okay, Commissioner Torres and Commissioner
22 Dear.

23 MR. WEBB: Matt, you had a question, though,
24 for Mr. McGettigan, regarding a requested rate for
25 safety driver --

1 CHAIRMAN DAUS: Safe driver. I think a lot
2 of people in the industry, Mr. McGettigan and Mr. Webb,
3 are very concerned about this, especially members of
4 LOMTO. I'm getting phone calls that the safe driver
5 program where we agreed to a certain percentage discount
6 for drivers who have demonstrated a good record over the
7 years and if they take the training course that we put
8 together, they would get that discount. I know other
9 insurance companies we have no problems, they are giving
10 the discount, and it was recently brought to my
11 attention that there was some type of issue.

12 MR. McGETTIGAN: I spoke to Peter. He
13 called me saying some have complained saying they're not
14 getting discounts, it wasn't approved, the Insurance
15 Department deemed it too high, there wasn't any
16 actuarial information to support such a filing.

17 I said okay. I figured we'd wait a year to
18 this renewal, where those carriers that did produce a
19 big discount on their behalf, would have some
20 documentation saying that they've successfully passed
21 the second course, they've had no accidents, they're
22 still risk free --

23 VOICE: How much was the discount?

24 MR. McGETTIGAN: 7 percent first year, 8
25 percent the second year.

1 COMM. TORRES: The State denied it?

2 MR. McGETTIGAN: They said there was no
3 actuarial support. We perceived that because it's a TLC
4 initiative, that it would help people. As far as we're
5 concerned, it was only about 80 to 100 people that
6 really were affected, because it was clean license,
7 clean with the TLC; newer car through model years, all
8 that kind of good stuff. You might have had more people
9 that took it, I don't know, but it was a small amount of
10 people.

11 We were hoping that we would have, could
12 have an actuary contact the Department, or contact any
13 other company that's issued that program, and see if
14 they have any actuarial data to support --

15 CHAIRMAN DAUS: Would you be willing to
16 refile with State Insurance --

17 MR. McGETTIGAN: Sure.

18 CHAIRMAN DAUS: And then honor these people
19 who filed previously if they're still eligible --

20 MR. McGETTIGAN: If they're still in good
21 standing on the second year. I'm looking for actuarial
22 data to rely on.

23 CHAIRMAN DAUS: This is something the
24 industry has relied on. We've reached an agreement,
25 we've signed an agreement. I know other insurance

1 companies had obtained State approval. We'll work with
2 you and the State Insurance Department about it.

3 MR. GREENBAUM: Our insurers made us raise
4 everybody's premium to institute a discount for the safe
5 driver. It reduces the overall premium on everybody.
6 So it did have an effect for the safe driver, but it had
7 an adverse effect on the rest of the world.

8 COMM. TORRES: I just had two more
9 questions. If you wanted the TLC to impose, getting
10 back to that 24-hour reporting, would that have an
11 impact on the premium?

12 MR. WEBB: Maybe long run if we started
13 cutting down the litigation abuse, because it's not just
14 reporting the accident, it's reporting the presence of a
15 lawsuit, that's just as important as the accident. The
16 accident we investigate, but the lawsuit, if they get a
17 default judgment, you have to work like hell to try to
18 get it reversed.

19 COMM. DEAR: With regards to the
20 technology where you mentioned something about crash
21 data that could be made available five seconds --

22 MR. McGETTIGAN: These people will give a
23 demonstration on that, so that will dovetail on that.

24 COMM. TORRES: Okay, and will that decrease
25 premiums?

1 MR. McGETTIGAN: Ultimately.

2 CHAIRMAN DAUS: Commissioner Dear?

3 COMM. DEAR: I was glad there was someone
4 behind American Transit, because I've had this vision of
5 this terrible, big company. Welcome here and thank you.

6 MR. McGETTIGAN: It's amazing what a new
7 suit will do for you.

8 COMM. DEAR: Everybody blamed you for the
9 world. The only thing they didn't blame you for was for
10 the World Trade Center yet, but if you stay here longer,
11 they'll do that too.

12 MR. McGETTIGAN: Not to interrupt you, but
13 when the World Trade Center hit, it may be a little-
14 known fact, but voluntarily American Transit gave a 2
15 percent credit back to all insured under TLC aegis. It
16 cost us \$2.4 million.

17 (Applause.)

18 COMM. DEAR: The question was always, it's
19 no secret how I feel about this issue, is if we are to
20 roll back, if that ever happens, are we going to see a
21 reduced rate?

22 MR. McGETTIGAN: Just to give you an
23 example, clean driver is roughly 6200 in car service.
24 It would go down to 4800 immediately.

25 COMM. DEAR: Immediately. What do you

1 need to see go down? What do you need to change to see
2 that happen?

3 MR. McGETTIGAN: 100/300 to 25, 50/150 to 50
4 and it would go down from roughly 62 or 6400 to 4800
5 immediately.

6 COMM. DEAR: You don't mind, I know you're a
7 large insurance company, but would it also encourage
8 other companies to come in?

9 MR. McGETTIGAN: I don't know that. The
10 industry itself, with all due respect to the industry
11 because it's what we do for a living, but the industry
12 brought in all these companies coming in at 50 percent
13 of my rate, you bought into it. You went for the golden
14 dollar. I'm not talking TLC, everybody here, you bought
15 into this stuff.

16 Eighteen companies came in, they all went
17 out. PRG, Sureco, white collar companies, employers.
18 Wausau got murdered because of some brokers that were
19 less reputable, but everybody that gave all the money to
20 these characters, the \$3,000, they bought into the whole
21 thing. To a certain degree, the industry is responsible
22 for the industry's situation today.

23 COMM. DEAR: Meaning what's that?

24 MR. WEBB: Commissioner, in answer to your
25 question, I think Joe De Mauro had the answer, in fact.

1 He said probably, because once you get it down there,
2 then the competition can come in. The competition
3 couldn't come in at that level because of what
4 Mr. McGettigan said, they couldn't handle it. They were
5 going out.

6 COMM. DEAR: He said they're going out for
7 something else, not because of the increase.

8 MR. WEBB: They were selling policies at a
9 lot less than what American Transit was doing, they
10 couldn't handle it. If you brought it down, would that
11 encourage others to come in? Possibly, but that's
12 something the Insurance Department has to make a
13 determination on.

14 MR. McGETTIGAN: What you're saying is true.
15 In '97, Merchants Bankers, they were writing 103 at
16 \$3,600. That's \$1,200 less than I was writing it for
17 25/50 and they were being sold as black cars, because a
18 guy that had a '90 Chevy bought a '96 Lincoln, they got
19 a radio rights letter and they called it black car, they
20 bought it, the whole nine yards. And I gave them ten
21 months and I think they were out in nine.

22 COMM. DEAR: There was fraud there. We
23 hear that all the time.

24 MR. McGETTIGAN: But in '98, though, these
25 guys were writing. There's a dozen stories. Reliance,

1 Hylan. Legion, CGU.

2 MR. GREENBAUM: And the fund has no money to
3 pay their claims any more.

4 MR. McGETTIGAN: They were writing at an
5 inadequate rate and that's what happened.

6 COMM. DEAR: What percentage is driving
7 your business; livery, taxi?

8 MR. McGETTIGAN: Like unsaturated oil.
9 99 percent.

10 CHAIRMAN DAUS: I apologize to the other
11 members who wanted to speak. We wanted to spend some
12 extra time with American Transit because of their high
13 level of involvement in this issue.

14 One more question from Mr. Rubinstein.

15 COMM. RUBINSTEIN: I know we're running late
16 on this, but I want to emphasize something the Chairman
17 brought up and in the past few years you had said
18 increases were not put in only recently with the fifteen
19 and fifteen, and Commissioner to my left here, my buddy,
20 said that, which was a question I wanted to ask about,
21 was there a necessity for a 30 percent increase and you
22 explained that correctly.

23 I just wanted it clarified for my own brain
24 here in terms of what Commissioner Torres said. I would
25 have thought, now, perhaps incorrectly, with this

1 information, that if only one injury reached the max of
2 200 in all these years, and now you had said that there
3 were lower claims and the lower claims with the
4 attorneys and all that increased the premium, is this, I
5 mean, this is a fact that, did you at all consider
6 lowering the rates at any point, because only one person
7 had this \$200,000 max since '98?

8 You understand my question.

9 MR. McGETTIGAN: I understand your question.

10 COMM. RUBINSTEIN: Is your answer that there
11 was a significant amount of lower claims --

12 MR. McGETTIGAN: You're talking about in
13 no-fault.

14 COMM. RUBINSTEIN: Whatever you said invoked
15 this increase in premium, and I think you had said it
16 was in the \$50,000 --

17 MR. McGETTIGAN: You invoked the increase.

18 COMM. RUBINSTEIN: Was it in the \$50,000
19 category?

20 MR. McGETTIGAN: Across the board.

21 COMM. RUBINSTEIN: Across which board? Give
22 me a number. Was it 10,000? 20,000?

23 MR. McGETTIGAN: You went from 25/50 to
24 100/3.

25 COMM. RUBINSTEIN: So all of those

1 increased?

2 MR. McGETTIGAN: Everything increased, under
3 TLC aegis. You file a rate for that. Just because
4 you're not experiencing any losses in that layer now,
5 because you can't reduce your rate unless you have prior
6 approval.

7 COMM. RUBINSTEIN: What you're saying is if
8 we go back to the 25/50, a lot of these claims will go?

9 MR. McGETTIGAN: They don't hit. They're
10 imagined.

11 COMM. RUBINSTEIN: And the attorneys, they
12 won't have enough incentive to bring it up, that's your
13 words.

14 MR. McGETTIGAN: That's my words.

15 COMM. RUBINSTEIN: I want it clarified for
16 the record, that's all, you understand.

17 CHAIRMAN DAUS: We'll move on to the next
18 speaker.

19 MR. MAZER: Very quickly, I just want to
20 clarify one thing for the record. Are you saying that
21 next year you will not be requiring monthly premium
22 payments and you will allow any licensee to pay in full
23 without the monthly service charge?

24 MR. McGETTIGAN: That's true. We only had
25 maybe 20 people at most. Everybody complained, but it

1 was only about 25, 30 people.

2 MR. MAZER: That paid annually?

3 MR. McGETTIGAN: That's correct.

4 MR. MAZER: But next year, anybody that has
5 an American Transit policy will be able to pay in full
6 at the beginning of the year and not pay a service
7 charge?

8 MR. McGETTIGAN: That's correct.

9 CHAIRMAN DAUS: I want to, first of all,
10 applaud you for clarifying that issue regarding
11 accessibility. Do you have any details to offer the
12 public right now about the accessible program in terms
13 of the premiums and insurability?

14 MR. McGETTIGAN: We're going to file it, but
15 from my understanding, your sale, one fellow bought all
16 the wheelchair accessible vehicles and he's self-
17 insured, so --

18 COMM. TORRES: We have to address it in the
19 future anyway.

20 CHAIRMAN DAUS: Do you have a filing in
21 there now?

22 MR. McGETTIGAN: We're about to make it.
23 We'll be happy to talk to you about it off line. Not
24 for a public hearing.

25 CHAIRMAN DAUS: Once it's approved, you will

1 be able to inform the disabled communities?

2 MR. McGETTIGAN: Once it's filed, it's
3 public information. You can get it from the Insurance
4 Department.

5 CHAIRMAN DAUS: Thank you very much. It was
6 very informative.

7 MR. PLAFKER: I want to thank you for the
8 opportunity to speak. My name is Alan Plafker,
9 president of Member Brokerage Service, which is a
10 division of Melrose Credit Union, one of the major
11 lenders to the industry. I also serve as director on
12 the Board for the Professional Insurance Agents for New
13 York.

14 I'm concerned about an important insurance
15 issue which has not yet been discussed here and I'm kind
16 of curious if anyone is aware of, which affects the
17 industry. There is a guarantee fund for any companies
18 that become insolvent to pay claims on or protect policy
19 holders, as well as the public, because they could be
20 passengers as well, and the guarantee fund is insolvent.
21 They have been denied claims on companies that became
22 insolvent a few years ago and there is no mechanism to
23 create this fund to be solvent.

24 Now, this is a separate and distinct fund
25 from the general insurance fund. The general insurance

1 fund is in good shape, there are mechanisms to keep it
2 solvent. For some reason the legislators have kept this
3 fund separate and it is not solvent, so this is
4 something that in the event of the insolvency, there
5 would be no protection, and it's kind of like the FDIC
6 is to a bank account. You go to a bank that's FDIC
7 insured, you think you're protected and in this case a
8 policy holder that buys a policy from an admitted and
9 licensed insurance carrier in New York believes they
10 will be protected by New York State.

11 So there was one legislative movement to
12 consolidate the fund, with the general insurance fund,
13 that did not happen. I have asked the PIA to propose
14 something to the legislators to have some communication
15 to correct the problem.

16 I'm just addressing the TLC and the
17 Commissioners that I question whether anybody is aware
18 of this and if there's some way that we could have some
19 cooperative effort to support some changes in the
20 Insurance Department and the Legislature to protect the
21 public and the policy holders. A lot of the insurance
22 companies mentioned before, a lot of them -- as a matter
23 of fact, Barbara had mentioned some of those companies
24 that came in, McGettigan, also these companies that came
25 in and went have left these policy holders without any

1 protection, so if anybody has any questions or if
2 there's any other information you need, I would be glad
3 to help in providing that.

4 CHAIRMAN DAUS: That would be accomplished
5 through a legislative change to the State law?

6 MR. PLAFKER: To my knowledge it's a
7 legislative change. We don't know what the solution
8 should be. The question is why has it become insolvent,
9 why isn't there a mechanism to improve it and for some
10 reason they did not consolidate it with the general
11 fund.

12 CHAIRMAN DAUS: We'll look into that and
13 we'll talk to you and we'll also talk to the State
14 Insurance Department on that issue. Thank you for
15 bringing it to our attention. It's pretty scary
16 actually.

17 MR. PLAFKER: I'm just curious, has anybody
18 known about this?

19 CHAIRMAN DAUS: I was under the impression
20 that the general fund had applied to this situation.
21 You're talking about Highlands and some of these
22 companies that went under, these people have no
23 recourse.

24 MR. PLAFKER: I know Legion, Reliance, these
25 are carriers that have gone insolvent and policy holders

1 have gotten letters from the State Insurance Department
2 saying they cannot protect the claim, there's no funds
3 available and they must go out and hire their own
4 attorneys to protect a claim they've been involved with.

5 CHAIRMAN DAUS: I was certainly unaware of
6 this. We'll look into this.

7 MR. GREENBAUM: They're licensees of the
8 TLC, people who have gotten these letters.

9 MR. SCALICCI: They were supposed to move
10 \$50 million from the general fund into this fund.

11 CHAIRMAN DAUS: That's Joe Scalicci, for the
12 record. It's becoming very difficult for the court
13 reporter. Let's try to keep to the people who are
14 speaking. Sorry, gentlemen. It's very confusing up
15 here.

16 MR. PLAFKER: Just to clarify, there had been
17 a lot of rumors as to why that the funds are taken out
18 of the fund, or that there's supposed to be funds moved
19 into the fund. I'm trying to get to the bottom of it,
20 if there's anything the Commissioners can do to help in
21 that effort, maybe if they could work with the PIA, they
22 could help look into that as well.

23 COMM. RUBINSTEIN: Could you just repeat
24 who you are representing?

25 MR. PLAFKER: I represent Member Brokerage

1 Service, we're an insurance brokerage. I also happen to
2 be a director at PIA, and have asked them to put that on
3 their agenda for their legislative people to work with
4 the Legislature to look into it.

5 CHAIRMAN DAUS: What is PIA?

6 MR. PLAFKER: Professional Insurance Agents
7 of New York, it's an association of insurance agents.

8 CHAIRMAN DAUS: Thank you. We appreciate
9 that.

10 Next speaker is Jim Watters.

11 MR. WATTERS: My name is Jim Watters, I'm
12 currently a reinsurance broker. I'm not going to
13 identify my firm, because I have no doubt that some of
14 my opinions, which are my personal opinions based on
15 years of work in the industry might not agree with my
16 superiors or my colleagues. You asked several questions
17 principally about insurance availability in the
18 voluntary markets and your presentation was very
19 pertinent to that. According to the State of New York,
20 there are 70 companies that have Departmental approval
21 to write public auto or have a specific livery filing.
22 Of those seven organizations, there are only five shown
23 on your website. Of those five, really only three are
24 active in the market. Those three companies have about
25 \$45 million in total surplus, significant reinsurance

1 recoveries. Six to one premium of the surplus ratio,
2 not much room for error in that.

3 My point is, the experience of insurers and
4 reinsurers in this market over the last fifty years has
5 not been particularly advantageous. Numerous companies
6 that were mentioned by previous speakers have come into
7 the market, underpriced the market, for lack of good
8 statistics, and gone out of the market. I've spoken to
9 companies and reinsurers who have loss ratios of three
10 to 400 percent, 200 percent, 150 percent and the issues
11 generally comes down to issues, as you pointed out, of
12 fraud and abuse in the industry and it's not simply
13 claimant abuse; PIP fraud, Worker's Comp., that
14 certainly exists, not simply provider abuse, medical
15 practitioners, trial lawyers, although that exists as
16 well. Not necessarily insured abuse, by that I mean
17 misclassification of my vehicle, what my vehicle is
18 doing, who is driving my vehicle, the fact I don't lend
19 out my vehicle for someone else to drive; renting of
20 radio base certifications to secure a lower rate, black
21 cars stopping at subway stations to pick up passengers.

22 There has been carrier abuse by companies
23 who are no longer with us. Thankfully there are a lot
24 of reputable carrier people in the room right now.
25 Inappropriate claim response, claims denials, coverage

1 denials, probably the one thing that impacted the
2 insurance and reinsurance community the most over the
3 past thirty years has been producer abuse. Simpler part
4 of that has been simply misclassifying what the vehicles
5 and drivers did, but there's also been charge of
6 excessive fees and there have been outright thefts of
7 premiums that were supposed to go to a particular
8 insurance carrier but ended up someplace else.

9 May I continue for a couple of minutes?

10 CHAIRMAN DAUS: Yes.

11 MR. WATTERS: You also asked what the TLC
12 and/or the New York Insurance Department might be able
13 to do to encourage participation of insurer and
14 reinsurer. The simplest thing you can do is lower the
15 100/300/100 requirement to minimum statutory limits, but
16 that doesn't mean that insureds won't have the option to
17 buy coverage over that. You could encourage the excess
18 and surplus lines carriers which are not filed in New
19 York to write coverage over the minimum statutory
20 limits. They can in fact charge the premium that they
21 think is necessary.

22 Risk retention groups, theoretically, can
23 operate in New York State, although practically the
24 Insurance Department has said the risk retention, risk
25 coverage does not meet statutory requirements, financial

1 responsibility requirements. Which means you can write
2 a commercial automobile policy, but you can't then
3 register your vehicle.

4 That's one thing I think the Insurance
5 Department can do to encourage additional carriers to be
6 on the market. Probably the principal thing that the
7 Taxi and Limousine Commission and New York's Insurance
8 Department could do would be to collect statistics,
9 specific statistics in terms of how many accidents, what
10 premiums were charged, what the classification was, what
11 the incurred loss was, paid loss was, what medical
12 providers were involved, what insureds were involved,
13 what drivers were involved; information that you can use
14 internally and once it was sanitized to remove any
15 proprietary data, could be provided to the insurance and
16 reinsurance industry in general, because all they really
17 have right now, other than those who participated in the
18 programs where they've lost \$4 in claims for every
19 dollar they took in in premium, any other information
20 they have is anecdotal.

21 Insurance industry, reinsurance industry
22 really is founded on some statistical basis of some
23 kind. In the absence of statistics, if they can make a
24 15 percent return running homeowners in Westchester
25 County, they're not going to come in in New York State

1 and run a half million dollars loss on CSL bases and
2 livery insurance.

3 It's been my experience for a long time that
4 if insurance carriers, the 72 or 75 companies that are
5 licensed to write this coverage, if they really thought,
6 if they had the data to show that they could make money
7 in this line of business, they'd all be racing into New
8 York to write the business. Insurers need to make
9 money, need to pay their shareholders.

10 Thank you.

11 CHAIRMAN DAUS: Thank you. Next speaker is
12 Mr. Michael Harris. Michael Harris.

13 Good afternoon.

14 MR. HARRIS: Good afternoon. Chairman Daus,
15 Commissioners. My name is Michael Harris. I am the
16 Chair of the New York State Young Democrats for
17 Disabilities Issues Caucus and just to clarify, because
18 looking through the minutes from the August 25th meeting
19 it has me listed as the 88th compliance officer for the
20 Young Democrats of America; it's the ADA compliance
21 officer, not the 88th.

22 CHAIRMAN DAUS: We could clarify that. We
23 could vote right now to clarify that. Do we have a
24 motion?

25 COMM. RUBINSTEIN: Motion.

1 COMM. TORRES: Second.

2 CHAIRMAN DAUS: All in favor?

3 (Chorus of "Ayes.")

4 CHAIRMAN DAUS: We'll clarify that right

5 now.

6 Two years ago today, as we sat here and
7 listened to this Commission vote to only approve 27 new
8 accessible taxis we heard time and time again, drivers,
9 fleet owners and advocates for the taxi industry
10 testified that insurance rates would be prohibited from
11 having accessible vehicles that could service the
12 disability community. This was one of the prime reasons
13 given in the testimony on August 25th against the
14 issuing of 300 new medallions for accessible vehicles,
15 which ultimately led to the issuance of only 27 new
16 accessible medallions.

17 The New York Times article which appeared
18 that day, stated the Taxi Commission is also finally
19 enforcing a three-year-old rule requiring that all black
20 car and livery cab companies, more than 700 in all,
21 either buy their own wheelchair accessible vans or
22 contract with another company to provide it on demand.
23 To this day, this is still not happening. The rule is
24 in effect and it is being enforced. However, it is
25 being misenforced, because companies are not able to

1 comply.

2 There are still less than 25 accessible
3 vehicles that can be contracted with or used by these
4 companies, serving five boroughs in the City of New
5 York. It is not reasonable nor feasible to expect them
6 to be able to provide service in the same amount of
7 time. Many of the companies have tried to buy their own
8 vehicles and they faced obstacles with insurance, being
9 unable to get it. As you stated at the auctioning of
10 the new medallions for taxis last week, that it would be
11 difficult or impossible for those buying the accessible
12 vehicles to get insurance. Now we hear from American
13 Transit that they will be coming out with a proposal,
14 which we have no idea how much it will be for.

15 The fact of the matter is, it was stated in
16 the introduction on insurance, the paratransit services
17 are subject to the same insurance rules as car services
18 are. That may very well be true, but they don't use the
19 same rules. They require advance reservations, can take
20 you out of the way and are quite unreliable. Car
21 services are a direct route which allow people with
22 disabilities much greater access to our society, and
23 insurance has been cited time and time again as an
24 obstacle for that.

25 So I ask that if that is the problem of

1 insurance, something needs to be done, and there's a
2 very simple solution. It was stated when you were
3 discussing the minutes about Boston and Chicago and yes,
4 I was one of the two people who testified about how easy
5 it was to get an accessible cab in Boston. The fact of
6 the matter is the way Boston and Chicago are able to
7 have accessible vehicles and get insurance for them at
8 the same rate is quite simple, and it's a solution that
9 this Commission in and of itself could most likely
10 resolve. In Chicago and Boston they do not distinguish
11 between accessible and non-accessible vehicles, they are
12 just car services or taxis.

13 If the Taxi and Limousine Commission were to
14 simply consider all vehicles to be vehicles as opposed
15 to distinguishing between accessible and non-accessible
16 vehicles, there could be no way that insurance companies
17 could have such distinctions and it would solve the
18 problem easily. But instead, as we see, they are
19 distinguishing, which is providing a discriminatory
20 impact and is affecting service.

21 It was stated earlier that if you were to
22 actually keep the insurance as it goes now, it would
23 shut down car service companies. What is going to
24 happen if this Commission enforces Rule 607F as it
25 presently exists that you are going to fine and shut

1 down car service companies for failure to comply with
2 the rule that it is not their fault or unable to comply
3 with? 607F should be complied with, but it can't be and
4 it's not the car service base's fault, it is not my
5 local car service's fault they can't comply. They may
6 have a contract with A-Ride-for-All, but I have to call
7 them two and a half days ahead of time to get a trip.
8 Even ten days ahead of time I can't get a trip.

9 Something needs to be done quickly before
10 you start shutting down companies for no reason.

11 Basically, my point is this. Wheelchairs
12 are not used by just the elderly. They're used by
13 everybody. They're used by college students such as
14 myself; teachers, doctors, lawyer, professionals, many
15 different people from many different backgrounds from
16 all over the city and by this Commission having a rule
17 which is not working and is not being enforced and is
18 spreading disinformation about insurance and
19 contradicting yourself constantly, is doing a disservice
20 to the disability community and society at large.

21 The plain and simple solution is this:
22 Something needs to be done and it is unfortunate that
23 wheelchair users are denied a spontaneous social life
24 because of the actions of this body.

25 The fact of the matter is this:

1 Access-a-ride requires advance reservations. I can call
2 a car service company and get a car at my house in ten
3 minutes, except that I can't, because 607F is not
4 working. You stated the solution to lack of accessible
5 taxis is the use of livery cabs. It's not working and
6 something needs to be done and this Commission has the
7 authority and the ability to do it and it needs to act
8 on that.

9 The bottom line is this: New York City
10 refers to itself as the greatest city in the world.
11 I've lived here all my life and it is a great city, but
12 there are many problems, including transportation and
13 the ability to get around for the several million people
14 with disabilities who live and work in this state. I
15 find the actions of this Commission and the actions of
16 this City to be in direct contradiction with the
17 doctrine of equal protection under the law.

18 The plain and simple bottom line is this:
19 As David Dinkins once said, we are all temporarily able
20 bodied. I would challenge every one of you standing
21 before me today to this: If you ended up using a
22 wheelchair and tried to use car service companies, I
23 will guarantee you that unless you identified yourself
24 as from the Taxi and Limousine Commission, you, too,
25 would have a similar problem to the one that I face and

1 the one that several million people with disabilities
2 face of being unable to get an accessible vehicle in
3 spite of the rules requiring it.

4 Insurance is a major issue. Everyone cites
5 it, the industry cited it, you cited it last week and
6 you need to do something to solve it. Plain and simple,
7 you put a rule on the books and you started to enforce
8 it. But issuing summonses and fining bases is not going
9 to solve it. I brought companies here time and time
10 again on complaints and had them been fined and call
11 them again the next week and they were not able to
12 provide the service again. I cannot blame the bases,
13 unfortunately. Unfortunately, find myself blaming this
14 Commission for their inaction. I don't like to do that,
15 but unfortunately I find that's where the blame needs to
16 rest.

17 Thank you.

18 CHAIRMAN DAUS: That's why we're here is
19 we're trying to do something about that. I just want to
20 point out for the record, too, I'd like to make a letter
21 that the State Insurance Department wrote a part of the
22 official record of this hearing and if we could append
23 that as a copy, Mr. Mazer, it's a letter dated August 5,
24 2004 to Mr. Richard Brown from Fried, Frank, Harris,
25 Shriver and Jacobson from Maurice Morganstern, the

1 Assistant Chief of the Property Bureau of the State
2 Insurance Department. I'd like to provide a copy.
3 We're not going to read it. There is a pertinent
4 section in that letter which applies to this situation
5 where, just to paraphrase it, the State Insurance
6 Department is saying that there should be no difference
7 in rates, there is currently no basis in law or filings
8 for difference in rates between wheelchair accessible
9 minivans and other vehicles, and that on the voluntary
10 market, even though there's an issue that's being taken
11 with the extent of the survey, there was some type of
12 survey, though limited, that was conducted where the
13 voluntary insurers classified, would classify such
14 policies as general transportation.

15 And the second point to be made is that if
16 you go into the assigned risk pool now and to the
17 residual market, that insurance is available and is
18 classified similarly to any other type of vehicle that
19 provides general transportation in the assigned risk
20 pool. There is no separate classification. Yet a
21 wheelchair minivan could classify as an ambulette under
22 the definitions in the assigned risk pool and actually
23 pay less than a livery that's classified for general
24 for-hire transportation purposes under assigned risk.

25 That's why we moved forward with our

1 medallion sale, for the record, is that there is
2 insurance that's available, it's out there. What
3 remains to be seen is that after one year of people
4 operating these medallions, what is the loss ratio going
5 to be and how is that going to affect their premiums,
6 but, for the record, I think it's important that as part
7 of the transcript we have this letter included.

8 Thank you.

9 Next speaker is Mr. Andrew Kurzweil.

10 Good afternoon.

11 MR. KURZWEIL: Good afternoon, Chairman Daus,
12 Commissioners. My name is Andrew Kurzweil. I'm a
13 member of the Disabilities Advisory Board. Basically,
14 the information I found out today has been very
15 enlightening but I feel, at least for the Disability
16 Advisory Board, is being presented to the disability
17 community in the wrong fashion and not the fashion that
18 the TLC has instrumented.

19 We have not had a disability advisory
20 meeting in about thirteen months, from my recollection,
21 and I think it would have been much easier for the
22 disability community to have understood this information
23 that was given today for the PowerPoint presentation and
24 other information between the drivers and fleet owners
25 and the insurance companies in a Disability Advisory

1 Board meeting. I think it would have been much easier
2 for us, I think we would have been much more attuned to
3 it and it would have taken a hell of a lot less time.

4 CHAIRMAN DAUS: We actually will be
5 scheduling one in November.

6 I don't necessarily agree with you. I think
7 in addition to working even more closely, and
8 congratulations on your appointment to the Board, we'd
9 like the Board to focus on even more types of working
10 issues, but I think it's very important, because there
11 are members of the disability community who are not
12 members of the Board, people who don't even want to be
13 part of it, that we still feel we have an obligation to
14 communicate with, including the general public.

15 Your point is well taken, it's that we
16 should have met with you first.

17 MR. KURZWEIL: Yes, that was my point.

18 CHAIRMAN DAUS: I agree with you. Mea
19 culpa, we will meet in November.

20 MR. KURZWEIL: Plus, I feel it's a travesty
21 that the medallion sales went out, especially with the
22 planning and everything went out without us meeting with
23 accessible cabs. I'm not trying to be unfair here, but
24 unfortunately, this is your game, your game is to inform
25 us of things that's going on. You want to create a

1 dialogue, we're not having it, and this is to me, I'm
2 very disappointed.

3 CHAIRMAN DAUS: I stand here to reassure you
4 that we will be dealing with the Boards in general more
5 frequently. We have been -- it does take a lot of work
6 getting the Boards together, and we've decided over the
7 last couple of months we would defer meetings over the
8 summer and spring because we have a lot on our plate.

9 That doesn't excuse on such an important
10 issue us not meeting with you. I apologize for that.
11 However, we have had meetings with the disability
12 community and other groups outside the Board, but shame
13 on us for not meeting with the Board first.

14 Joe Rappaport has been meeting with other
15 groups, Taxis For All, it's an oversight on our part.
16 Thank you, and we look forward to working with you.

17 Fernando Matteo. Somebody is going to read
18 it into the record.

19 MR. MAZER: Good morning, ladies and
20 gentlemen. I am reading this statement on behalf of
21 Fernando Matteo, President of the New York State
22 Federation of Taxi Drivers.

23 "The Federation appreciates that the Taxi
24 and Limousine Commission has brought forth this public
25 hearing to explore the matter of insurance in our

1 industry with respect to wheelchair accessible vehicles.
2 We believe this is very crucial matter in our industry
3 and one that needs to be resolved as quickly as possible
4 so we can move forward and properly serve the
5 handicapped citizens that insurance companies have
6 seemed to overlook thus far.

7 The demand for handicapped accessible
8 vehicles far outnumber the supply of these vehicles in
9 the taxi and livery cab fleet throughout the city. This
10 is not the choice of the many bases in operation, but a
11 direct result of the denial of insurance of this type of
12 vehicle. Insurance companies refuse to insure these
13 vehicles at a reasonable cost to the operators and the
14 rates offered are so high that the cost of insuring a
15 handicapped vehicle will put the operator in a financial
16 stranglehold.

17 "In other words, over time an operator will
18 lose money by paying the premiums of insuring a
19 handicapped vehicle and eventually be forced out of
20 business. Therefore, this amounts to a denial of
21 insurance, because without an alternative, a business
22 person will not risk their livelihood to provide a
23 service.

24 "So, the number of vehicles that should be
25 serving handicapped citizens throughout the city and

1 meeting the high demand of their transportation remains
2 out of service.

3 "The Federation wants it to be known that
4 the community demands this service and our industry is
5 ready to meet this demand, but without the cooperation
6 of the insurance companies, we cannot move forward.
7 Although our industry does not have the legal obligation
8 to provide this service, we feel a moral need to comply,
9 and so far we have taken the first step. Bases
10 throughout the city have purchased handicapped
11 accessible vehicles and are trying to make a concerted
12 effort to meet the demand of those who need this
13 service.

14 "But now we need insurance companies to step
15 up and do their part. They remain the missing piece
16 that completes the puzzle.

17 "We hope that a workable solution can be
18 reached soon for the sake of our community and to insure
19 the humane progress of our industry.

20 "Thank you for taking the time to listen and
21 for considering this very important matter. We look
22 forward to working together to meet the demands of our
23 industry.

24 "Sincerely, Fernando Matteo, President, New
25 York State Federation of Taxi Drivers."

1 CHAIRMAN DAUS: All right, next speaker.

2 Actually, we have you both down together I don't know if
3 you're testifying together or separately.

4 Jean Ryan and John Gresham.

5 MR. GRESHAM: I am John Gresham, New York
6 Lawyers for the Public Interest. As you probably
7 remember, I represent Disabled in Action of Metropolitan
8 New York. Obviously, we have a moving target. We've
9 been hearing that there is either no insurance for
10 accessible vehicles or that it's very costly. We've
11 heard various statements from people representing the
12 industry, from this Commission and its staff. In fact,
13 when I was in this room at the beginning of I think the
14 week before last, the opening of the accessible bids,
15 the information from the Chair was that anybody who
16 needed insurance was going to have to go to the pool for
17 an accessible vehicle.

18 Today we hear from American Transit that
19 they will be filing at some time that they don't state,
20 papers for a rate for accessible vehicles with the State
21 Insurance Department. They didn't say so, but I assume
22 that that means a rate different from what they charge
23 for inaccessible vehicles, or I'm at a loss to
24 understand why they would be filing. I was not able to
25 get any more information out in the hall after their

1 testimony as to when they'll be filing or what other
2 experience they would have looked at in other cities.

3 CHAIRMAN DAUS: Did you interpret Maurice
4 Morganstern's letter as saying even if they made a
5 finding for the first year it would have to be at the
6 same rate as everybody else?

7 MR. GRESHAM: I don't know whether to
8 interpret it that way, but my understanding as a
9 nonspecialist in insurance is if there is to be a
10 different rate it would have to be justified by either
11 actual claims experience or reasonably anticipatable
12 experience, and so let me turn to that.

13 As we have told you in the past, we have
14 surveyed other places in this country which have
15 considerably more experience. New York City has only a
16 tiny number of accessible vehicles on the road, but
17 there are places that have dozens, scores, hundreds, and
18 have had them for a number of years, so there's a
19 substantial body of claims experience to look at.

20 We ourselves have looked at a number of
21 places; Fort Lauderdale, Boston, Chicago, Los Angeles,
22 and uniformly, have found from talking to people in the
23 industry, from talking to insurers and from talking to
24 regulators that nobody distinguishes in how much they
25 charge. Likewise, the City Council has recently had its

1 staff do some inquiries in Miami, Baltimore, Boston,
2 Chicago and L.A., and they found the same thing. Nobody
3 distinguishes.

4 I'm going to hand up a chart that summarizes
5 our own findings. It's headed "Taxi Insurance
6 Availability and Rates in Other Cities and States," and
7 then attached to that in the back, I'm afraid you've
8 already got it, the Insurance Department's letter. That
9 being the case, I don't know what actuarial basis
10 anybody could come up with to charge a different or
11 higher rate. I guess we'll have to see.

12 I think Jean is going to want to speak to
13 what we look to you for when this rate filing occurs.

14 CHAIRMAN DAUS: Sure. We just have one
15 quick question from Commissioners, and then we'll turn
16 it over to Jean.

17 COMM. TORRES: Mr. Gresham, at the
18 August 25th hearing you stated that one could purchase
19 an accessible vehicle retrofitted for as low as 26,500.
20 Could you give me more specific information what type of
21 vehicle that information is where we could get that
22 information from?

23 MR. GRESHAM: Freestar. Okay, both exist.
24 That's a quote that the insurance did. It would be a
25 Ford Freestar, retrofitted so the floor is lowered,

1 there's a ramp to enter from the back.

2 The company that would retrofit in that
3 fashion which made that quote, is Liberty Motors, which
4 has a relationship with Ford. That was one particular
5 quote.

6 A number of other companies made quotes in
7 the high 20s and several of them below 30,000 for
8 vehicles like that or Chevies. Some rear entry, some
9 side entry. The prices vary a little bit according to
10 which vehicle you start with and which converter you
11 look to and the details of the conversion. Bottom line
12 is there's no question you can get an accessible vehicle
13 that is a retrofitted U.S.-built minivan prepared for
14 taxi service from a company that specializes in
15 preparing vehicles for taxi service, as opposed to
16 personal use.

17 COMM. TORRES: When you said the industry,
18 would you happen to know what organization from the
19 industry got this information?

20 MR. GRESHAM: Metropolitan Taxi Board of
21 Trade. We can get it, we have a number of quotes they
22 secured and we secured, which were all pretty
23 consistent. There's some fluctuation according to who
24 you ask and exactly what model you're talking about, but
25 there are a number of vehicles available.

1 COMM. TORRES: They're all vans?

2 MR. GRESHAM: All minivans retrofitted for
3 side or rear entry, U.S. made. Also higher priced ones,
4 if you want to spend more money, you can, but I don't
5 imagine that anyone would.

6 CHAIRMAN DAUS: Thank you. Ms. Ryan.

7 MS. RYAN: I'm Jean Ryan from Disabled in
8 Action and Taxis For All campaign. I'd like to briefly
9 say in light of what we've heard today and what we've
10 been hearing, just so many rumors and so many things
11 said about the high cost of insurance for accessible
12 vehicles and then versus the letter from the State
13 Insurance Company, our position is that if there is
14 discrimination, we want the TLC to do something about
15 it.

16 We don't want you to say, well, you know,
17 this isn't going to work because the insurance is too
18 high for accessible vehicles. We want you to find out
19 why, if there is a difference in insurance, why there is
20 and we want you to stop -- we don't want to have
21 discrimination in the availability of these vehicles
22 anything that impedes the availability of these
23 vehicles, because it's our civil right to have access to
24 transportation. We live in the City and we want to go
25 places. Thank you.

1 CHAIRMAN DAUS: Thank you, Miss Ryan. Thank
2 you for coming.

3 The next speaker is John Reiersen from the
4 Robert Plan, or Rearson. I'm not sure if I'm
5 pronouncing it correctly.

6 MR. REIERSON: You pronounced it very well.
7 I've been in the business 41 years, 25 years as a
8 regulator with the New York State Insurance Department.
9 And I used to regulate taxi insurance.

10 I found the hearing very interesting. I
11 only got notice of it late Friday, so I was unable to
12 prepare some written testimony.

13 Robert Plan is the managing general agent
14 for AIU Insurance Company in the assigned risk public
15 auto pool and in the PAP CLAD program, those are the two
16 vehicles within the Plan that insure for-hire vehicles.

17 I think currently, I think you're right to
18 have this hearing, because there is I think a crisis. I
19 think when you only have one carrier that's handling the
20 majority of the marketplace, that's always a serious
21 situation, should something happen to that one carrier.
22 Market concentration in one, two or three carriers means
23 rates are not as competitive as they could be. Up until
24 1990 or so, virtually all for-hire vehicles were in the
25 plan and they were subsidized. They weren't subsidized

1 by any statutes, just that the Department wouldn't grant
2 rate increases over a certain amount.

3 Unfortunately, when all of the bad actors
4 came in in '94 starting with New York Merchant Bankers
5 and charging, as McGettigan said, ridiculous low rates
6 that caused market disruption in that the for-hire
7 vehicles left the plan and when they left the plan, the
8 experience of the plan turned really sour, because there
9 were only a few vehicles left and the rates today
10 reflect those vehicles.

11 2002-2003, we only had 100 for-hire vehicles
12 in the plan, other than ambulettes, paratransit. Today
13 we have 600. I guess anybody who American Transit turns
14 down either ends up going uninsured, going with private
15 passenger plates or coming into the plan, and I do agree
16 plan rates are very high. I would point out, though,
17 that there currently is a filing before the State
18 Insurance Department from the plan that increases
19 taxicab rates 6.5 percent, increases social service
20 ambulettes and medi-car by 44.6 percent. Now, the
21 actual experience for social service ambulettes and
22 medi-cars in the plan called for a rate increase of
23 95.6, so experience in the plan for paratransit vehicles
24 is not very good.

25 Most of the paratransit asks for limits

1 above 500. If you ask for limits above 500, and that's
2 because they generally do work for our New York City
3 Health and Hospital, other administrative agencies that
4 require higher limits, you don't go into the public auto
5 pool, you go into a different mechanism called SRDP,
6 specialty risk distribution. Robert Plan is not a
7 carrier for that, thank goodness. And the experience in
8 that ambulette category, most of it comes from the SRDP
9 carriers.

10 We need to do a number of things. I agree
11 with the speakers that limits were increased far too
12 high, 100/300 automatically increased taxi insurance
13 50 percent. The 200 PIP limit, I want to point out,
14 while there haven't been any claims, I think the reason
15 for that 200 limit going in was to protect pedestrians
16 and in fact the 200 industrial PIP does not protect
17 pedestrians. Pedestrians today are still protected for
18 only 50. If a small carrier wants to get into the
19 marketplace, and I'm president of Commercial Mutual
20 Insurance Company in addition to being an officer of the
21 Robert Plan, we write -- the only livery we write is
22 physical damage for black cars. We're the only admitted
23 market for that product.

24 But as a small company we depend on
25 reinsurance and I think there was a reinsurance broker

1 who spoke today. Reinsurers look at exposure. They
2 don't look at actual loss history. Since 9/11 the
3 reinsurance market has severely tightened up. If I look
4 at four passengers in a car at 200,000 each, that's the
5 potential and also the liability, I'm looking at a
6 million dollar claim and that's the way they price that
7 product, not necessarily having had the loss, but that's
8 my potential for loss, and since there's been so few
9 people who have, one or two people who might have gotten
10 benefit out of that coverage, I think it would help the
11 taxicab industry to bring that down to 50 or 100,000.

12 The other possible solutions I would
13 suggest, I agree with prompter claim reports from
14 drivers. We need to get control over who's driving the
15 vehicle. Those are the two main factors. 25 percent of
16 the premium today is no-fault coverage and there is
17 no-fault reform and bodily injury reform that's been in
18 the Legislature for years languishing and I think TLC
19 could help this year in trying to get that legislation
20 through, and what we're talking about here is things
21 like more time to investigate claims. If we suspect
22 fraud, if we don't pay or deny in thirty days we have to
23 pay regardless of whether we think the treatment is
24 necessary or related to the accident. That's a Court of
25 Appeals decision. We need to get more time to

1 investigate fraud.

2 Runners are the real bane of the BI and the
3 PIP. Runners get paid a price by providers and
4 lawyers--

5 COMM. TORRES: Could you clarify "runners,"
6 please?

7 MR. REIERSON: That's the intermediary, the
8 person who works for lawyers and health providers and
9 either sets up accidents, stages accidents --

10 COMM. TORRES: So, in other words, it's
11 illegal to be a runner.

12 MR. REIERSON: It's not illegal, not today,
13 but there is a bill in the Legislature to make it a
14 Class B felony.

15 COMM. TORRES: Not to interrupt this, but,
16 once more, a runner's purpose is what?

17 MR. REIERSON: To facilitate getting the
18 accident victim to health providers and attorneys.

19 COMM. RUBINSTEIN: Could you go through a
20 runner; what he does, there's an accident --

21 MR. REIERSON: They have runners in the
22 emergency rooms, within police departments --

23 COMM. RUBINSTEIN: A runner would be sitting
24 at an emergency room?

25 MR. REIERSON: No, at home, some location.

1 They monitor police reports, frequencies --

2 COMM. RUBINSTEIN: He's on a scanner. All
3 right, go ahead.

4 MR. REIERSON: And they go to the scene and
5 they encourage the person to go to particular attorneys
6 and pick particular health providers.

7 COMM. RUBINSTEIN: How does he get paid?

8 MR. REIERSON: By the attorney, health
9 providers.

10 CHAIRMAN DAUS: The fact they're runners
11 isn't illegal. They do go to jail or get charged with
12 crimes if insurance or other fraud can be proven?

13 MR. REIERSON: If they're setting up an
14 accident.

15 COMM. RUBINSTEIN: How prevalent are
16 runners?

17 MR. REIERSON: Very.

18 COMM. RUBINSTEIN: You said there's
19 something before the Legislature?

20 MR. REIERSON: Senate Bill 123, which would
21 make it a crime.

22 COMM. RUBINSTEIN: Why isn't it being
23 passed?

24 MR. REIERSON: You have to ask Sheldon
25 Silver. It's passed the Senate for the last four years.

1 There's a certification procedure for health
2 providers, it would help to get more money for law
3 enforcement to fight these claims.

4 CHAIRMAN DAUS: Do Reg 68 and 83 apply to
5 the New York Auto Insurance Plan as well?

6 MR. REIERSON: Absolutely. Reg 68 will help
7 a bit, Reg 83 will help with the fraud with orthotic and
8 prosthetic appliances.

9 CHAIRMAN DAUS: What was the assigned risk
10 plan's experience with our higher minimums of insurance?
11 American Transit testified in the voluntary market as to
12 what impact it had. Did it have the same impact or
13 different impact on the plan?

14 MR. REIERSON: There are very few claims
15 that go above 50,000 on PIP. That has always been the
16 case and is still the case today. If there are few that
17 go above 50, there are fewer above 100 or 200.

18 In liability claims, you're going to have
19 somebody who is really hurt. In New York you have a
20 serious injury threshold to sue, you have to be
21 seriously injured. If somebody is seriously hurt, given
22 our courts in the City of New York, you're going to get
23 100, whereas you would have gotten 25. So undoubtedly
24 what has happened is not the frequency of claims, but
25 the severity, and the premium is the severity times the

1 frequency. The severity has doubled, okay, so the
2 average cost per claim has doubled. The frequency has
3 stayed about the same maybe gone down a bit.

4 CHAIRMAN DAUS: You've had less claims since
5 our rules went into effect in the assigned risk plan,
6 but more severe claims?

7 MR. REIERSON: Absolutely. The average cost
8 per claim is up.

9 CHAIRMAN DAUS: Do you have any actual
10 statistics or numbers to share with us?

11 MR. REIERSON: APSO can provide those. I
12 can get those for you.

13 COMM. RUBINSTEIN: I want to note here what
14 you're saying is contradicting American Transit.

15 MR. REIERSON: I don't think so.

16 COMM. RUBINSTEIN: They said they have a lot
17 less claims and no severe claims. I was here, I heard
18 it. That's the basis of their increase of 30 percent
19 over two years.

20 MR. REIERSON: I'm not testifying for
21 American Transit.

22 COMM. RUBINSTEIN: I don't want to obviously
23 pit them against you, but it's contradictory.

24 MR. REIERSON: It's not that many more
25 claims go from 100 to 300, it's now you have the

1 coverage for 25/50, so if you're seriously hurt we're
2 going to pay out a lot more money. They are correct in
3 saying that the higher limits will encourage more
4 attorneys to take cases.

5 COMM. RUBINSTEIN: That's not what I'm
6 focussing on. I'm focussing on you're saying there
7 aren't that many claims.

8 MR. REIERSON: The BI claims, bodily injury,
9 over 25/50 have increased enormously.

10 COMM. RUBINSTEIN: No.

11 MR. REIERSON: They have.

12 COMM. RUBINSTEIN: So there are more claims.

13 CHAIRMAN DAUS: I think he was referring to
14 PIP, Commissioner Rubinstein. Am I right?

15 COMM. RUBINSTEIN: I apologize, I'm not
16 trying to put you --

17 CHAIRMAN DAUS: They're two separate plans.
18 You stated, did you not, that the amount of claims for
19 PIP that the Robert Plan has paid out has declined.

20 MR. REIERSON: For PIP?

21 CHAIRMAN DAUS: Yes, the number of overall
22 claims has declined.

23 MR. REIERSON: No, I said there weren't many
24 claims over fifty thousand for PIP. For Robert Plan
25 we've been running good loss ratios on the for-hire

1 business. There has not been a rate increase for
2 taxicabs and livery and medallions for about three
3 years.

4 CHAIRMAN DAUS: Could that also be because
5 the amount of premium is so high that people who have
6 very bad records don't bother?

7 MR. REIERSON: I think it's unaffordable.

8 CHAIRMAN DAUS: Right.

9 MR. REIERSON: The one thing we do note, we
10 also insure a lot of private passenger vehicles in the
11 plan and we have a unit that just looks to see if we're
12 not getting a taxicab coming in on a private passenger
13 application and we catch four or five hundred a year.

14 If you multiply that by the whole industry,
15 there's probably over 4,000 vehicles operating as livery
16 here that are being insured under private passenger.

17 CHAIRMAN DAUS: I think it's important for
18 some of the Commissioners, I just want to clarify your
19 role. The Robert Plan, there's one insurance company
20 that administers the assigned risk pool. So if you
21 can't get insurance with American Transit, or anywhere
22 on the volunteer market, you end up going with the
23 assigned risk, but somebody has to step up and act like
24 an insurance company, pay out claims for that premium.
25 So that's what the Robert Plan does. Is that accurate?

1 MR. REIERSON: Yes.

2 COMM. DAUS: And so, Mr. Reierson is in
3 charge of that.

4 COMM. TORRES: So you're the administrator
5 of Allstate, and State Farm, if they get assigned, they
6 come to you?

7 MR. REIERSON: There's only two carriers
8 that handle for-hire vehicle risks, other than
9 paratransit.

10 COMM. TORRES: Who are they, please?

11 MR. REIERSON: That would be AIU and
12 American Transit, they handle their own. Everyone else
13 is in the pool.

14 Within the plan I worked hard to put in
15 safety group programs. When I started within the
16 program I used to examine self-insured taxi groups.
17 These were groups of medallion cabs that got together
18 and self-insured themselves, and they paid significantly
19 low rates, and I think that the answer is to get the
20 better drivers and the better bases into a safety group.
21 There are safety group dividend plans available in the
22 plan now. They do have certain features, they do
23 require drivers to be 23, you have to have -- you can't
24 have a ton of violations and accidents, and you have to
25 take defensive driving courses, ten safety meetings,

1 have your vehicle inspected frequently, et cetera.

2 There is also a \$500 liability claim
3 deductible in that program, which would encourage some
4 more risk management at the base, since there will be a
5 penalty for every claim they're involved in. They pay
6 that, and a \$500 late claim reporting penalty. If the
7 claim is not reported within fifteen days, the insurers
8 charge them additional \$500.

9 These are I think what risk management,
10 bases or fleets can really significantly reduce their
11 premium and the program and the plan provides for a
12 retrospective dividend, so if it turns out that their
13 experience improved, they get a refund of the premium.

14 COMM. TORRES: Who would coordinate that?

15 MR. REIERSON: The broker. The broker, an
16 insurance broker --

17 COMM. TORRES: The Association can do that
18 also.

19 MR. REIERSON: The agent, but in the plan
20 everybody who is a broker would, and primarily there are
21 a number of brokers who specialize in writing the livery
22 market today. They can get a higher commission, instead
23 of getting 5 percent they get an 8 percent commission if
24 they put together a safety group dividend program.

25 COMM. TORRES: What's the minimum number

1 of--

2 MR. REIERSON: You need a minimum of ten
3 vehicles.

4 COMM. TORRES: Is there a max?

5 MR. REIERSON: No, but in order for a
6 retrospective dividend to apply, there has to be 350 in
7 the entire program.

8 COMM. TORRES: Do these individuals have to
9 pay the premium all at once or can they work out payment
10 schedules? The other issue, if you have someone --

11 MR. REIERSON: The plan has, I believe, a
12 seven pay installment plan. If they participate in the
13 safety group dividend program they get a 25 percent
14 deduction up front that includes the 10 percent base
15 discount, 10 percent defensive driving course discount
16 and an additional 5 percent, so I think the Department
17 could maybe work with some of the taxi organizations to
18 try to establish safety group dividend programs and I
19 think if they demonstrate good experience, then they
20 will find an entrance into the voluntary market.

21 And, finally, I know the Robert Plan used to
22 administer a quarterly sticker program for taxis and it
23 was done away with by the Commission. It worked very
24 well if it did. This quarterly sticker would only be
25 given by those companies who write for-hire vehicle

1 business, and there aren't too many of them, so it would
2 be easy to control and that would eliminate the use,
3 that would eliminate the ability to drive a private
4 passenger and it that would make sure the vehicle is
5 buying the higher limits of coverage.

6 COMM. TORRES: What is that?

7 MR. REIERSON: Quarterly insurance sticker.
8 I know whenever I'm in a cab in another city I try to
9 sit in the front seat and look at all the stickers and
10 most jurisdictions have an insurance sticker.

11 COMM. TORRES: So the insurance sticker they
12 have to put up every three months?

13 MR. REIERSON: Yes, it's a different color
14 every month and insures everyone who is licensed by TLC
15 has in fact got the proper insurance.

16 COMM. TORRES: Who would administrate that,
17 the insurance company? The carriers?

18 MR. REIERSON: Could be TLC. Robert Plan
19 was the administrator of it for the industry.

20 COMM. TORRES: I hear stories about people
21 buying insurance and letting it lapse --

22 MR. REIERSON: Then they wouldn't get their
23 next quarterly sticker.

24 Thank you, unless there are other
25 questions--

1 CHAIRMAN DAUS: One more question.

2 MR. REIERSON: I'm going to look in the
3 voluntary market myself.

4 CHAIRMAN DAUS: We would like to have some
5 followup with you to attain the statistics you referred
6 to. We'd like to understand what the claims experience
7 has been since these rules we passed in '98 went into
8 effect. How it affects, even in your situation, where
9 you're dealing with residuals, the effect on the plan in
10 terms of liability and claims for PIP, in particular, if
11 we can get the average amount that was paid out, how
12 that impacted upon the difference in premium, and also
13 the quantity of claims before and after and however you
14 can break it down.

15 Commissioner Torres?

16 COMM. TORRES: Two more questions. What's
17 your name again, I'm sorry?

18 MR. REIERSON: John Reiersen.

19 COMM. TORRES: The second question is, you
20 had made a statement when we passed the regulation for
21 \$200,000 PIP, you said it does not apply to pedestrians.
22 Why is that?

23 MR. REIERSON: The no-fault law is an
24 occupant coverage, so if you have additional PIP, it
25 only applies to the occupants of the vehicle.

1 CHAIRMAN DAUS: I can speak to this. I
2 actually wrote an article on it once. When we passed
3 the insurance reforms in '98, we had a problem. The
4 problem was, we have the authority to do whatever we
5 want in terms of the limits, but there was a reg on the
6 books from the State Insurance Department from many,
7 many years ago, for reasons which had nothing to do with
8 what we were doing, restricted pedestrians from being
9 able to recover no-fault insurance, and the reasons had
10 nothing to do with us, and we made I think a case to the
11 Insurance Department, I had meetings with the
12 Superintendent, we actually put it on our legislative
13 agenda for Albany to change that. It never went
14 anywhere.

15 It is an issue, I think, of concern how
16 pedestrians are treated differently. I think the
17 reasons why that reg was passed have nothing to do with
18 what the reality is today, where most people, in
19 Manhattan in particular, are pedestrians, and aren't
20 entitled to the same benefits. The whole theory,
21 no-fault is something you voluntarily purchase to
22 protect your family members and people that are in the
23 car, so the Legislature and the State Insurance
24 Department, at the time they passed these regs weren't
25 thinking about the TLC, they weren't thinking about the

1 fact that somebody might come along one day and mandate
2 this for people who had no choice. The whole thing was
3 you purchased this to protect you and your family, not
4 the pedestrians on the street.

5 MR. REIERSON: Part of the statute, the
6 no-fault statute since the 1970's.

7 COMM. TORRES: If I'm in my car and I hit
8 someone, that person is not entitled to no-fault?

9 MR. REIERSON: They're entitled to fifty
10 thousand.

11 COMM. TORRES: And the taxi driver is in the
12 same situation?

13 MR. REIERSON: If they have additional PIP--

14 COMM. TORRES: The minimum is 50? I don't
15 understand, why can't we increase it to 200, the
16 mandate.

17 MR. REIERSON: There have been bills in the
18 Legislature to do that, but they have not passed.

19 CHAIRMAN DAUS: Because there's a difference
20 in the State law between mandatory PIP and voluntary
21 PIP. You and I are required to get mandatory PIP
22 coverage of fifty thousand for our personal vehicles.
23 However for an additional premium we could buy 100,000
24 or a million to protect our family.

25 There's a reg that deals with this that

1 prohibits pedestrians from recovering for that
2 additional layer of insurance that you or I would buy.
3 However, what we did, instead of going to the State to
4 get the State to change the regs and the law, the
5 Commission used its Charter authority, which is
6 pre-empted by the State reg which was on the books for
7 those reasons, so we kind of mandated this additional
8 PIP, but the State still kind of conceptually views it
9 as a voluntary thing for purposes of that reg.

10 MR. REIERSON: Article 51 only applies to
11 mandatory coverage. You give up your right to sue in
12 return for getting \$50,000 in benefits. Additional PIP
13 is not part of Article 51. Companies can place a lien
14 for what they pay on additional PIP, they can subrogate
15 for additional PIP. You cannot subrogate for the first
16 fifty thousand. That's something you also can't sue
17 for. But you can sue for an additional fifty thousand.
18 And in order to change it so pedestrians get a higher
19 amount, you have to change Article 51.

20 On the statistics you requested, you have to
21 understand that for 2001, 2002, 2003, there's only like
22 a hundred for-hire vehicles in the plan, so the
23 experience is extremely limited. The main business in
24 the plan today is really the paratransits, they're
25 probably about \$65 million worth of business in the

1 plan, so there should be a little more experience. That
2 started coming in when Frontier went out of business.

3 CHAIRMAN DAUS: Would these statistics be
4 subject, if they come through NYIAP, to the FOIL law and
5 public disclosure?

6 MR. REIERSON: APSO is the rating agency for
7 the assigned risk plan and they're pretty good. They're
8 all part of rate filings, so they should become a public
9 record.

10 COMM. TORRES: Are there any yellow taxicabs
11 in your assigned risk?

12 MR. REIERSON: Not many, a handful. I think
13 the fleet cabs are starting to come in or they can't get
14 insurance elsewhere. If you own a medallion, I hear the
15 price of a medallion is unbelievable. When I started
16 out it was like \$60,000 but if you have an investment of
17 350,000 you're going to make sure you have insurance, so
18 if you can't be written by the voluntary market, you're
19 going to come to the plan.

20 CHAIRMAN DAUS: You're saying if you'd do it
21 all over, you'd buy a medallion instead of going into
22 insurance?

23 MR. REIERSON: I think so.

24 COMM. TORRES: One more question. Someone
25 testified earlier that to get an assigned risk plan, the

1 premium would be about \$25,000.

2 MR. REIERSON: For what we call an all other.

3 There are only two classes in the plan. Owner-driver
4 and all other, okay? In the voluntary market you might
5 have more classes. In fact, I did away with all the
6 other classes because there was so much fraud in people
7 actually lying about what they really were.

8 So really owner-driver is one class of
9 business where the only people who can drive that
10 vehicle are the owner and the spouse of the owner and
11 then there's everybody else, and in the all other class,
12 the premium today, 400/300 with 200 PIP is about 25,000.
13 You can reduce that by the base discount, which
14 everybody gets, you can reduce that by taking defensive
15 driving courses, you can get it down to like 21,000.

16 CHAIRMAN DAUS: Thank you for your time,
17 Mr. Reiersen, we appreciate your patience. We also
18 appreciate the patience of Mr. Dave Pollack, our next
19 speaker.

20 MR. POLLACK: Good morning, Mr. Chairman,
21 Commissioners. First of all, I'm going to miss Peter
22 Mazer, I'm going to miss Jed Applebaum, sorry to see
23 them go. I want to thank the Commission for your
24 positive efforts regarding the wheelchair accessible
25 medallions. I think it's a very good start and the

1 industry appreciates all your efforts regarding the
2 wheelchair accessible medallions.

3 I think one thing I've learned here today,
4 the last gentleman spoke very eloquently. American
5 Transit, it was a world of information for me. I
6 haven't been an insurance broker in the state for quite
7 a few years so it was quite enlightening. I think one
8 thing we learned was the higher the limits, the higher
9 the premium; the lower the limits ultimately the lower
10 the premium.

11 I wanted to make a comment also, somebody
12 commented about all other cities and wheelchair
13 accessible vehicles. Most other cities are not strictly
14 hail and that's a big difference, because if you do call
15 for a car it's prearrangement and I wanted to make that
16 clarification.

17 People from New York State, Joe De Mauro, I
18 don't know if anybody is still here, they were talking
19 about livery taxis in their presentation. I wanted to
20 ask them if that applied to yellow taxis also. They
21 mentioned the liability insurance would be the same for
22 a wheelchair accessible vehicle as a regular vehicle and
23 I just wanted to know where they got that, what
24 statistics they used or with whom, where they got that
25 information from.

1 I'm glad to hear American Transit is working
2 on a new program. I don't know what that means for
3 liability premiums. I guess we'll see, but to make a
4 statement, an official in New York State that the
5 premiums would be the same, I'd like to know where their
6 statistics come from that they came up with that.

7 That's all I really wanted to say today.

8 Thank you for your time.

9 CHAIRMAN DAUS: Thank you, Mr. Pollack. The
10 last speaker is Mr. Vincent Simpone. He's gone? Okay--

11 VOICE: Excuse me, Commissioner, Ira
12 Goldstein invited the president of Global Vehicle
13 Technologies, Jim Scribner, to speak to this group.

14 CHAIRMAN DAUS: On the insurance issue?

15 VOICE: In terms of machine to machine crash
16 data.

17 CHAIRMAN DAUS: Sure. You'll be our last
18 speaker, then.

19 COMM. TORRES: This is the technology piece,
20 right?

21 CHAIRMAN DAUS: And its relationship to
22 insurance. Okay, let's do it.

23 MR. SCRIBNER: My name is Jim Scribner,
24 Global Vehicle Technologies. The way they build cars,
25 they use these data collectors in the cars to build

1 cars. This plugs into every car in America today. It
2 pulls down information off of every car to tell you
3 what's going on in the car. I'm talking about throttle,
4 speed, automatic crash notification, G-force on a hit,
5 the exact time, date and location of where that vehicle
6 had a crash. It will send it back wirelessly to a base
7 station, to the TLC, to the insurance company, to the
8 Police Department or wherever, but the information is
9 automatically available off the ECM in the vehicle, so,
10 electronic control module in the vehicle contains all of
11 the crash data that you're talking about; when did it
12 happen, what was the G-force, who was involved, whether
13 the seat belts were fastened; hit from the front, hit
14 from behind, so forth. That's all contained in that
15 ECM.

16 By adding a device called a vehicle
17 information module, you can collect all of that
18 information, have it at your disposal. So information
19 is the power to manage. You have exactly what happened,
20 exactly where it happened, exactly what time it
21 happened, exactly the location that it happened and the
22 statistics behind what was in the vehicle at that time.
23 So you can manage the risk by having the information, by
24 having the information, that's all, everybody gets the
25 same information.

1 When a runner comes, this is the
2 information, this is the information that legitimately
3 comes off of the air bag in the vehicle, so you can
4 interrogate the air bag in the vehicle and find out what
5 happened in the last five or ten seconds in a crash;
6 speed, throttle, location, braking, skid conditions, you
7 can look at everything, right through one of these
8 little boxes. So the power is, the fleet manager can
9 now manage his fleet because he knows what the gas
10 mileage is, how he's driving, what the fingerprint of
11 the driver is, and the way physically the guy drives the
12 car.

13 Are you familiar with these two wheel
14 scooters that you see on the street? This little device
15 can be put in the vehicle and it allows you to measure
16 the, it's a gyros, so you can measure whether a vehicle
17 was touched, so you can tell whether the guy hit a
18 vehicle, hit a pedestrian, backed into a sign, or an air
19 bag crash. NTSA, automatic data recorders, NTSA says
20 you can reduce your cost 60 percent by having these data
21 recorders in a vehicle.

22 CHAIRMAN DAUS: Insurance companies are
23 giving discounts in premiums?

24 MR. SCRIBNER: Progressive Insurance Company
25 gives a 25 percent discount on insurance if you put one

1 of these in the car and you agree to let them have the
2 information.

3 COMM. RUBINSTEIN: I have a few questions on
4 that. What's your name sir?

5 MR. SCRIBNER: Jim Scribner.

6 COMM. RUBINSTEIN: You represent the
7 company?

8 MR. SCRIBNER: I'm the company.

9 COMM. RUBINSTEIN: Are there currently any
10 of these in use today?

11 MR. SCRIBNER: Many of these in use today.

12 COMM. RUBINSTEIN: Where?

13 MR. SCRIBNER: I can't speak to Progressive
14 in terms of how many they have in the street.

15 COMM. RUBINSTEIN: No, just, where are they?
16 In cabs, private cars? Overview.

17 MR. SCRIBNER: All vehicles in development
18 in Detroit. This is how they verify a car, put these
19 devices in a car to verify the odometers, speed --

20 COMM. RUBINSTEIN: Test vehicles?

21 MR. SCRIBNER: Test vehicles, fleet vehicles
22 under private label.

23 COMM. RUBINSTEIN: Any in current use today?

24 MR. SCRIBNER: They are, in the OEM fleets
25 -- original equipment manufacture fleets, several

1 trucking fleets that have them in place. I could
2 provide you with a list. I don't have a list, because
3 most of these are purchased and then they're resold
4 under a private label.

5 COMM. RUBINSTEIN: I read an article that
6 said that the rental car industry is coming out with a
7 device that is going to give all the information you
8 just stated. Are they in current use, to the best of
9 your knowledge? Would this be a similar device that you
10 have?

11 MR. SCRIBNER: Very similar. That is the
12 market.

13 COMM. RUBINSTEIN: It's currently used by
14 Avis or Hertz, in use today.

15 MR. SCRIBNER: In use today, the answer is
16 yes, but I can't tell you where.

17 COMM. RUBINSTEIN: What's the cost of this?

18 MR. SCRIBNER: Depending on the quantity you
19 buy, range in price from \$700 down to four or five.

20 COMM. RUBINSTEIN: Just again overview, how
21 many have to be sold to bring it to four or five?

22 MR. SCRIBNER: It's a simple problem, it's
23 the cost of the radio. The cost of the cellular
24 telephone radio. The radio costs somewhere around \$400,
25 so the more radio you buy, and depending on what type

1 you buy. If you buy a call compact radio, it's going to
2 be 120-30; if you buy GSM-type radio, it's going to be a
3 \$75 price. So the radio, configuration of the box,
4 gyros, accelerometers you put in the box --

5 COMM. RUBINSTEIN: You're not answering my
6 question. Maybe you don't understand. If ten thousand
7 of these were sold, would it reduce the cost from seven
8 to four hundred?

9 MR. SCRIBNER: Yes.

10 COMM. RUBINSTEIN: You understand. That was
11 my number.

12 MR. SCRIBNER: Ten or twelve thousand, yes,
13 it would.

14 COMM. RUBINSTEIN: Just to clarify, what
15 number would reduce it from 700 to 400 approximately?

16 MR. SCRIBNER: The ten thousand to fifteen
17 thousand.

18 COMM. RUBINSTEIN: That's including
19 installation?

20 MR. SCRIBNER: Installation is about \$75.

21 COMM. RUBINSTEIN: You said OEM fleets.
22 Where is it in this, obviously, it's in this country.
23 Where could we get some data on the ones that are
24 currently being used; if they work, the cost of them,
25 stuff like that?

1 MR. SCRIBNER: Here's our problem. We're
2 under a non-disclosure with most of our clients in the
3 OEM world. I can reach out and find an OEM that you can
4 talk to.

5 COMM. RUBINSTEIN: I don't want you to give
6 up any secrets. I don't even know what the OEM world
7 is.

8 MR. SCRIBNER: For example, we just had them
9 used on 2005 Lincolns, where it was used to evaluate the
10 vehicle; diagnostic and trouble codes, braking, ABS
11 analysis.

12 COMM. RUBINSTEIN: How many Lincolns would
13 those have been, approximately?

14 MR. SCRIBNER: In this test, there were five
15 vehicles in this test but we shipped a thousand boxes to
16 Japan that went into some kind of a vehicle to do the
17 exact --

18 COMM. RUBINSTEIN: Five wouldn't do it for a
19 test, but a thousand certainly would.

20 MR. SCRIBNER: The problem is there's Tier I
21 and II and III. The original equipment manufacturer you
22 have a Tier I, which might be Bosch; those guys will buy
23 them and resell them to the original equipment
24 manufacturers and they'll build them into the vehicle
25 after that.

1 COMM. RUBINSTEIN: Here's my request, and I
2 guess, it will have to be approved by our Chair. Would
3 it be possible for you to come up with some form of
4 information of a significant number of these units that
5 are on the road functioning over a specific amount of
6 time so that we would be able to know the cost,
7 maintenance, installation? This is the only way we can
8 obviously make a decision on it. Five, you can
9 certainly understand is not going to give anybody any
10 inkling of information.

11 CHAIRMAN DAUS: I would agree with that.
12 Also in light of your clients' preferences and concerns,
13 we want that in a very generic way. We don't need to
14 know their business. We want to be accommodating to
15 their privacy concerns. Overall statistics that could
16 be compiled among different users if possible. That
17 would be useful information for our purposes, I would
18 think.

19 MR. SCRIBNER: There are quotes on the
20 street right now from one or more rental companies for
21 300,000 vehicles or more.

22 COMM. TORRES: Two-fold. One is the impact
23 on the insurance, because we're looking to see how we
24 could cut back on premiums. Number two, I'm sure you're
25 aware with regards to the technology and the mandate for

1 2005 how this can be integrated into that system.

2 MR. SCRIBNER: A box of this type could be
3 the front end on that system you talked about for 2005.
4 This box plugs into the electronic control module, so
5 you have everything that happened on the engine and you
6 can run all the equipment that's in the car.

7 When you talk about putting three screens in
8 the car, more computer equipment on the taxi meter, the
9 whole deal, you need something to control the power
10 supply on this car. This draws 1.5 milliamps of power
11 backed up to the gate, which means it won't go dead over
12 a period of a week or month or whatever, yet you can
13 send a message to the car and ask the car how are you.
14 Maybe it's lost, stolen. You can send that same message
15 to the car if you want to disable it.

16 In terms of your technology, it's automatic
17 technology. This is basically an On-Star. There's a
18 million and a half vehicles on the street today that
19 have this type of box.

20 COMM. TORRES: Any implications with regard
21 to any warranties from the manufacturer?

22 MR. SCRIBNER: No, none whatsoever. We
23 listen on the circuit, we don't give the commands. Only
24 change would be if you wanted to disable the car, make
25 it run out of gas or lock and unlock the doors, like

1 they do On-Star, that sort of thing.

2 COMM. AROUT: Does this cost offset the
3 premium?

4 MR. SCRIBNER: The cost will offset the
5 premium, I believe. You have all the information.
6 You're arguing today about we don't have the right
7 information and when. This will contain the information
8 and give it to you.

9 CHAIRMAN DAUS: Based on your understanding
10 of what Progressive is doing, for instance, will the
11 premium discount offset the cost or would there also be
12 an additional discount on top of whatever the cost is?
13 Is that how it's working now?

14 MR. SCRIBNER: They discount the premium is
15 what they do.

16 CHAIRMAN DAUS: So it's more of a discount
17 than the cost of the equipment. That's useful
18 information. We would encourage you also to stay in
19 touch with Mr. Goldstein and their staff with respect to
20 the service improvement issue, but we appreciate you
21 bringing to our attention how this impacts insurance.

22 I'd like to thank everybody, it's been a
23 long meeting, four hours, but this has been a very, very
24 informative meeting, if I could speak for the
25 Commissioners.

1 I learned a lot myself. I know they did and
2 we will be moving swiftly to figure out what we can do
3 on this issue. We will be analyzing the document, the
4 transcript, getting followup from the people that
5 testified.

6 I want to thank everybody for coming. I
7 want to thank all our Commissioners for staying and
8 thank you very much.

9 (Time noted: 2:09 p.m.)

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1 C E R T I F I C A T I O N

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4 I, LINDA FISHER, a Shorthand Reporter and a
5 Notary Public, do hereby certify that the foregoing is a
6 true and accurate transcription of my stenographic
7 notes.

8 I further certify that I am not employed by
9 nor related to any party to this action.

10

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12 LINDA FISHER,
13 Shorthand Reporter

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