

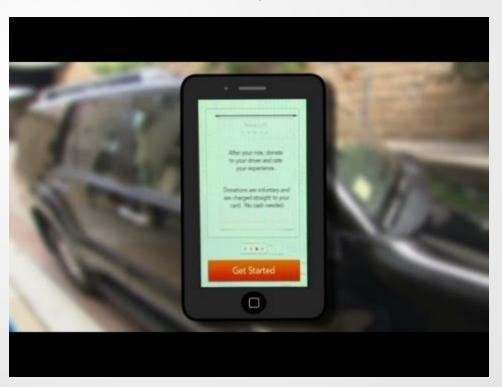
NICHOLAS RAMFOS DIRECTOR OF ALTERNATIVE COMMUTE PROGRAMS



"TNC'S Transportation Network Companies - The New Cab?" February 4, 2015

Shared Use Mobility Apps

- A new way to access transportation services in the "sharing economy"
 - Access rather than ownership is the new norm



Examples of Current Shared Use Mobility Apps

- <u>Carma</u> Realtime shared Car Trips. Browse for matches and get in touch. Driver automatically receives payment from rider based on distance traveled
- <u>Lyft</u> Peer-to-Peer ridesharing via smartphones and required FB accounts. "Donations" from passengers.
- <u>RelayRides</u> Peer-to-Peer Carsharing Service. Private car-owners rent out their vehicles.
- <u>RideScout</u> Free mobile app that provides all shared use mobility options.
- <u>Sidecar</u> Smartphone app that matched people for shared rides.
- <u>Uber</u> Transportation Network Company that connects passengers with drivers of vehicles for hire and ridesharing services.

Issues to Consider



- Legality of Providers' Services
- Current Definitions of Ridesharing
- Regulation Status

Legality of Provider's Services

- Regulatory requirements for providers have been complex and evolving
- Tension in many urban areas across the country on whether providers should be subject to the same regulations as taxi cab providers.





<u>District of Columbia</u> – Nothing officially. However, DC City
 Council pre- "Vehicle-for-Hire Innovation Amendment Act of
 2014" document rules out the use of the term in favor of TNC and
 "Public Vehicle-for-Hire"



- Maryland § 11-150.1. Ridesharing.
- (a) In general.- "Ridesharing" means any nonprofit commuting service used in transporting commuters exclusively between their place of residence and their place of employment, or termini near such places. The term ridesharing includes both carpool and vanpool, defined as follows:
- (1) A carpool uses a motor vehicle that is a Class A passenger car or station wagon having a seating capacity of not more than 9 persons, including the driver; and
- (2) A vanpool uses a motor vehicle that is a Class J van having a seating capacity of not less than 7 nor more than 15 passengers, including the driver.
- (b) Commuter service provided by for-hire transportation company.-"Ridesharing" does not include a commuter service provided by a for-hire transportation company.



- Virginia § 46.2-1400. "Ridesharing arrangement" defined.
- "Ridesharing arrangement" means the transportation of persons in a motor vehicle when such transportation is incidental to the principal purpose of the driver, which is to reach a destination and not to transport persons for profit. The term includes ridesharing arrangements known as carpools, vanpools, and bus pools.
- (1981, c. 218, § 46.1-556; 1989, c. 727.)



AP Stylebook – Recently issued the following update:

"Ride-hailing services such as Uber and Lyft let people use smartphone apps to book and pay for a private car service or in some cases, a taxi. They may also be called ride-booking services. Do not use ride-sharing."

Legal Issues to Consider

- Prohibit the use of the name "ridesharing" for any public vehiclefor-hire service.
- The availability of adequate insurance to compensate passengers and members of the public when an accident occurs.
- "Ride-hailing" or "Ride-booking" does not fall within the scope of coverage in an ordinary, personal motor vehicle liability policy
- The combined use of amateur drivers and private vehicles raises significant safety, consumer protection, and other issues. Safety is of concern because "ridesharing" drivers are part-time amateurs who more than likely would not receive training comparable to professional drivers

District of Columbia



- Vehicle-for-Hire Innovation Amendment Act of 2014 (DC ACT 20-489)
 - Approved by the DC City Council on October 28, 2014
 - Signed into Law by the Mayor on November 18, 2014
 - Defines private vehicle-for-hire company and operator
 - Requires background checks
 - Requires vehicle inspections
 - Zero Tolerance Policies
 - Discrimination
 - Drug & Alcohol use
 - Insurance Requirements
 - Deregulates fares for taxi cabs using digital dispatch
 - Requires notice to be posted in all taxi cabs on the acceptance of credit cards
 - Reduces inspections for taxi cabs from semi-annual to annual

Maryland



- No current statewide legislation
 - Legislation introduced last year did not make it out of Committee
- Maryland Public Service Commission
 - Order issued on August 6, 2014 for UberBLACK and UberSUV services to apply for a motor carrier permit. Order did not cover UberX or Lyft
 - Settlement has been in the works Dec 2014
 - New TNC Regulations to be released this week
- Montgomery County
 - Considering legislation

Virginia



Virginia

- DMV Issued a cease and desist order on June 5, 2014.
- On August 6, the Governor and Attorney General issued temporary regulation while a long-term legislative solution is developed and a temporary legal framework was established to include safety, consumer protection, and insurance requirements
- The DMV also conducted a study of its passenger carrier laws and the "app" business model to determine next steps.
- Legislation passes Senate and House in past 2 weeks and should be on its way for Governor's signature.

Other Areas

- California PUC, Lawsuit filed Dec 2014
- Colorado State Legislation June 2014
- Illinois Transportation Network Providers Act Dec 2014
- New York City Lyft promises to pay drivers \$10K/month 60 hours a week
- Texas Austin, Houston, San Antonio
 - Austin Temporary Ordinance October 2014
 - Houston passes Ordinance November 2014
 - San Antonio Ordinance December 2014
- Miami Uber is paying \$1,000 tickets received by their drivers. Vehicles have also been impounded
- Seattle Law Revised in July 2014

Other Issues

- Consider additional measures to continue efforts to increase the availability of wheelchair accessible vehicles in the industry if "ride-hailing" becomes an approved service.
- TNC trips may cause more Vehicle Trips to occur
 - Early studies have shown that TNC trips usually come at the expense of transit trips.

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An Established Transportation Company's Perspective on TNCs

Presented by:
Tony Simon
COO, Reston Limousine



TNCS ARE TAKING OVER THE WORLD!!!

- REALLY?

How did TNCs get here?

- Who left the door open?
- Why didn't we see them coming?
- Why did we build up their foundation?
- UberX, Lyft, Sidecar.... I feel jilted!

What is the current state of the TNCs?

- Market acceptance clients and drives
- Financial Strength

Reston Limousine

What is the current state of the TNCs?

- The government dips their toes in:
 - Contractors vs. Employees
 - Private vs. Commercial
 - Disability Needs
 - Redlining
 - Traditional vs. TNC "SedanGate", do TNCs have an advantage?
- ... Other transportation distributions shuttles, couriers, FedEx, USPS, etc.

Industry Perspective from Established Providers

HATE THEM.

LOVE THEM.

HOW CAN WE LIVE TOGETHER?



Insurance Perspective on TNCs

Presented by Aaron Brandenburg <u>abrandenburg@naic.org</u>

National Association of Insurance Commissioners (NAIC)

Background

- 25 States and the NAIC have published consumer alerts
- The NAIC held a seminar in August 2014
- The Sharing Economy (C) Working Group was created in October 2014. http://www.naic.org/committees_c_sharing_econ_wg.htm
 - Commissioner Dave Jones (CA) chairs the working group with Commissioner Scott J. Kipper from Nevada as Vice Chair.
 - 11 states are voting members
 - UberX, Lyft and the Taxicab, Limousine & Paratransit Association
 - Various consumer advocates and industry representatives

NAIC White Paper

Current Issues

- Define Transportation Network Companies
 - How TNC's Work
 - Coverage Periods
- Determine Coverage Issues
 - Additional Risks Due to TNC Use
 - Personal Coverage Exclusions
 - Commercial Coverage
 - Coordination of defense and indemnity

Potential Solutions

- Regulation
 - State Requirements for Coverage During All Periods
- Insurance
 - New Hybrid Products
 - Endorsements
- Consumer Education
 - Required Notice To Drivers and Passengers

Insurance Coverage Issues

- Insurance gaps are created when drivers participate in commercial activities without proper coverage.
 - Personal auto policies typically exclude coverage for livery services.
 - TNC drivers may not know that commercial coverage is needed or believe they are fully covered by the TNC's commercial liability policy
 - Information must be shared between the personal and commercial lines insurers to determine who has a duty to defend or indemnify the insured

Coverage Periods

TNC Coverage Periods	Definition
Period 1	Pre-Match
Period 2	Match accepted -> passenger pick up
Period 3	Passenger in the vehicle

Potential Solutions

- Commercial coverage is provided by several TNCs but varies by jurisdiction and is often based on required limits.
- States and municipalities have introduced regulatory requirements
 - · Regulation of TNCs is not established in all jurisdictions.
 - In many instances, the current regulation fails to address all gaps in coverage.
- Insurers create endorsements to Personal Auto
 Policies to provide primary coverage in Period 1.



TOWN CARS





FLAT-RATE/ FOR-HIRE



RIDESHARE (TNC)







Windels Marx Lane & Mittendorf, LLP

Transportation Network Companies (TNCs)... The New Cab?

Vienna, Virginia - February 4, 2015



By Professor Matthew W. Daus, Esq.

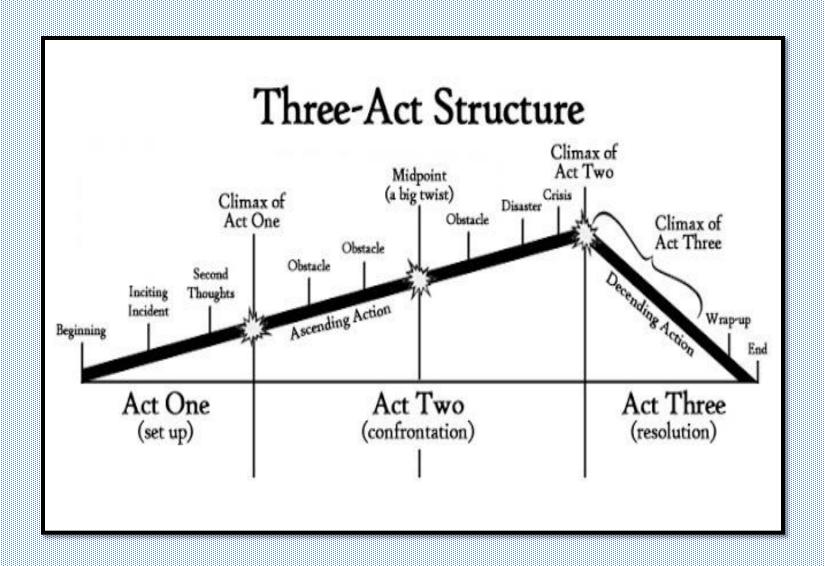


Professor Matthew W. Daus, Esq.

- Former NYC Taxi & Limousine Commissioner/Chair & General Counsel
- President, IATR
 - International Association of Transportation Regulators
- Distinguished Lecturer, CUNY-UTRC
 - US DOT University Transportation Research Center (Region 2 - NY, NJ, Puerto Rico)
 - City College, City University of New York
- Partner & Chairman, Transportation Practice Group,
 - Windels Marx Lane & Mittendorf, LLP

Contact: mdaus@iatr.org 212-237-1106

TNC'S - The Story So Far -



Act One (Beginning)



 First to enter the market in 2010 (Later changed its name to Flywheel).



 TaxiMagic expanded e-haling (Later changed its name to Curb).



 UberCab entered the market only serving the taxi market. It later shortened its name to UBER and started penetrating the limousine market.





























































































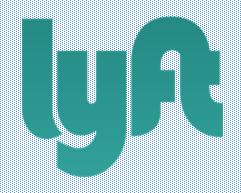








Act One (Climax) - Lyft Entered the Market





- Lyft joined the market with the intention to deregulate the taxi industry & with unlicensed product.
- Lyft's entry to the market with unlicensed product forced Uber to launch UberX.

Act One (Climax) - Smartphone App Legal & Policy Issues

- Prearrangement or Electronic Street Hail?
- Confusion between Limo & Taxi Modes
- Safety & Accountability (Insurance/Drivers)
- Service Refusals
- Fare Notice & Transparency
- Overcharging (Demand Pricing)
- Smartphone Apps = Taximeters



Act One (Climax) - Smartphone App Legal & Policy Issues

- In July 2012, the Windels Marx Transportation Practice Group Published A Report Entitled:
 - "Rogue" Smartphone Applications for Taxicabs and Limousines: Innovation or Unfair Competition? A National Regulatory Review of Safety, Accountability and Consumer Protection Legal Issues.

 Summer 2012 - The IATR Smartphone Apps Committee is formed with regulators representing North American jurisdictions and Australia.

Act Two (confrontation)- Regulatory Response

 IATR App Committee Members: Boston, Chicago, LA, NYC, Austin, Denver, Philadelphia, San Francisco, Seattle, DC, San Diego, Houston, Montreal, Toronto, Australia, TLPA, NIST & NCWM The purpose of the App Committee was to develop model regulations to ensure smartphone app technology can exist fairly, safely and with accountability to protect the consumer, while creating a level playing field for transportation providers.

Act Two (confrontation)- Regulatory Response

IATR Model Regulations Process

- August to November 2012 The Committee held its meetings and drafted proposed model regulations.
- November 16, 2012 The Committee held an international public hearing in Washington, DC at the IATR's 25th Anniversary Conference.
- November 16, 2012 to January 15, 2013 The public comment period was extended to March 31, 2013.
- April, 2013 The proposed model regulations were revised in final form.
- May 1, 2013 The final model regulations were published.



PROPOSED MODEL REGULATIONS FOR SMARTPHONE APPLICATIONS IN THE FOR-HIRE INDUSTRY

Prepared by Windels Marx Lane & Mittendorf, LLP

Interactive International Forum & Public Hearing

November 16, 2012

Professor Matthew W. Daus, Esq.
President, IATR
Partner & Chairman
Transportation Practice Group
Windels Marx Lane & Mittendorf, LLP
156 West 56th Street
New York NY 10019
windelsmarx.com



Proposed Model Regulations

- 1. Clear Definitions of Taxicab/Limousine/Executive Sedan
- 2. E-Hail = Pre-arrangement
- 3. License Requirements
- Use of "Taxi," "Taxicab," "Cab" or "Hack" in the App Name
- 5. If the Jurisdiction Requires Accessible Transportation
- 6. Fares
- 7. Smartphone Apps = Taximeters
- 8. Indemnification

Act Two (ascending action)- Cease and Desist Letters

Boise issues cease and desist letter to Uber

Anchorage trying to put the brakes on Uber ride-sharing service

Virginia officials order Uber, Lyft to stop operating in the state

Greenville Uber drivers continue driving despite 'cease and desist' letter from the state

South Carolina agency slaps Uber with cease and desist letter

Los Angeles shocks Uber, Sidecar, and Lyft with Cease & Desist orders despite state authorization

Act Two (the big twist)- Money Money Money

Uber Series C Funding - \$250M

CEO and co-founder Travis Kalanick:

"This new fund will be used to expand into new markets, accelerate customer and driver acquisition, and fight off protectionist, anti-competitive efforts."

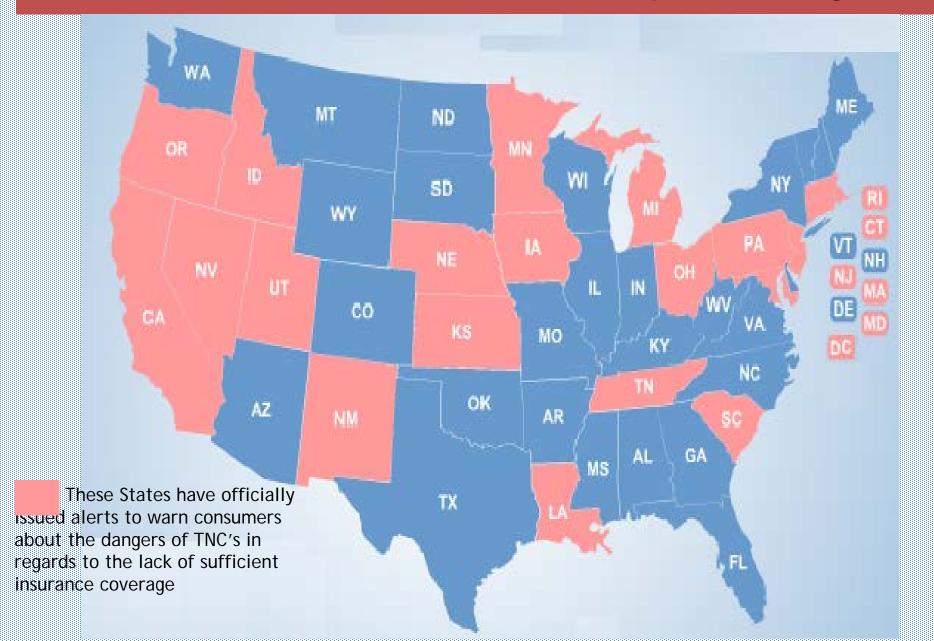


Act Two (Disaster)

- On December 31, 2013, an UberX driver - Syed Muzaffar - was cruising through San Francisco when he struck and killed a 6-year-old girl, Sophia Liu, who were walking in the crosswalk, killing her, and severely injuring her mother and brother.
- Driver Previous conviction reckless driving in Monroe County, Fla., in September 2004. He was found guilty, fined and placed on probation.



Act Two (Crisis) - "Insurance Gap" Warnings



Act Three(Attempted Resolution) - TTP, TNC, TNP...

- In response to IATR's model regulations, app companies agreed to some form of regulation and advocated to the creation of new class of transportation companies.
- New TNC regulations less stringent than taxi regulations, and focus on self regulation.



Act Three(Attempted Resolution) - TTP, TNC, TNP...

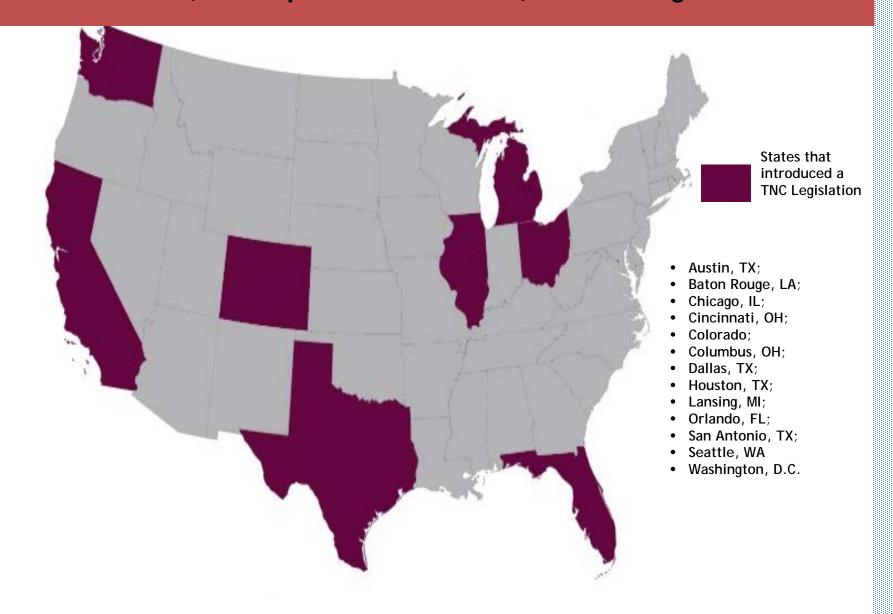
 TRANSPORTATION TECHNOLOGY PROVIDERS

TRANSPORTATION
 NETWORK COMPANIES

No matter the term you use it is safe to say that the
advent of "booking
technology" in the
transportation space has
disrupted the industry, and
does not seem to be slowing
down.

TRANSPORTATION
 NETWORK PROVIDERS

Act Three(Attempted Resolution) - TNC Legislation



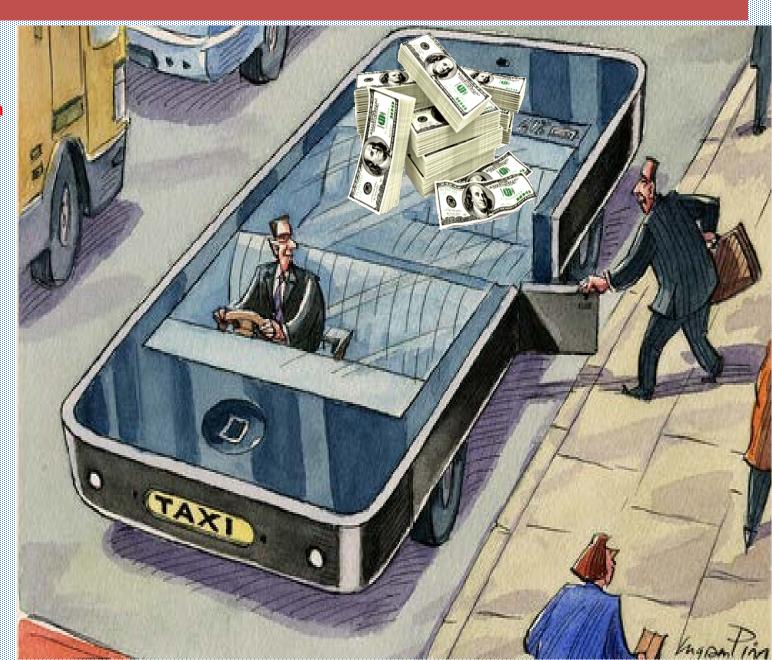
Act Three(Attempted Resolution) - TNC Legislation Issues

- State legislation thus far has focused on:
 - defining a transportation network company;
 - establishing insurance requirements for the company and driver;
 - requiring criminal and driving background checks for drivers;
 - standards and timeline for vehicle safety inspections;
 - record-keeping for drivers and vehicles;
 - communication of estimated fares and the final receipt to a customer;
 - restricting the hailing of a TNC from the street and other requirements.



TNC Investments

- Chinese taxi app gains \$600 mln investment from Softbank, Alibaba
- Taxi app Ingogo raises \$9.1 million, with \$1.2 million through crowd equity
- Uber Raises \$1.2
 Billion At A \$41
 Billion Valuation
- Lyft Raises \$250
 Million From
 Coatue, Alibaba,
 And Third Point
 To Expand
 Internationally



TNCs - The Public & Litigation Backlash - Possible Retreat from New Model

Backlash & TNC Retreat

- Insurance
- Criminal Background Checks
- Accessibility
- Lawsuits
- Privacy
- Universal Taxi Apps

Insurance



Insurance

The National Association of Insurance Commissioners (NAIC) is preparing a paper on insurance issuance for TNCs.

Some of the conclusions made include:

- Coverage gaps exist for TNC drivers because TNC drivers are not required to maintain commercial coverage.
- Driving for a TNC fits both of those descriptions as it blurs the lines between personal and commercial risks.
- In order to include the risk in a personal auto policy, insurers would need to adjust their rating for the commercial exposure, increasing the cost of personal auto policies for all insureds.
- The largest TNCs have obtained coverage through surplus lines producers- non-admitted companies that are not regulated to the extent of most personal auto insurers and not subject to state regulatory approval of their rates and forms nor covered by state guarantee funds.



Criminal Background Checks



Criminal Background Checks

Biometrics government checks vs. Do it Yourself

Some of many examples:

- Uber Drivers in India Say \$130 Can Buy You a Clean Past.
- Uber driver accused of assault in SFO had done prison time for a felony, passed background check anyways.
- Report of the National Task Force to the U.S. Attorney General (1999) compared the accuracy of criminal background checks of namechecks vs. biometrics for Florida employment and licensing applicants:
 - The namechecks resulted in over 11% false negatives failing to find the criminal records of applicants



Accessibility



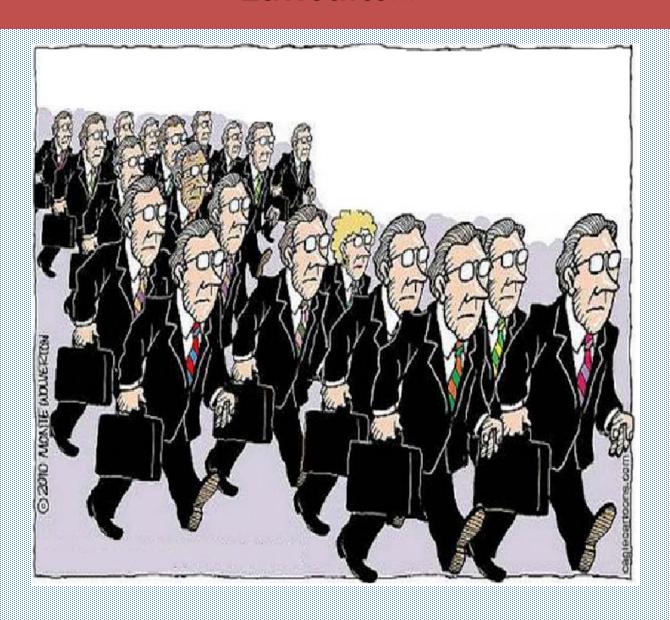
Accessibility

As Uber, Lyft, Sidecar grow, so do concerns of disabled

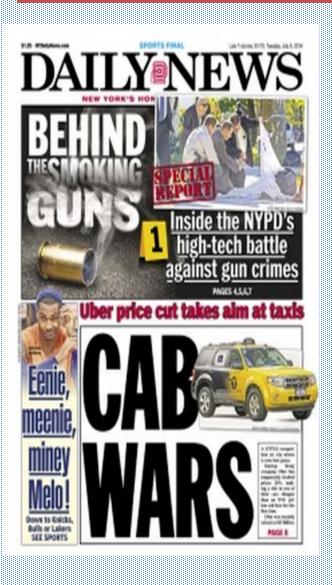
 The suit, filed by three mobility-impaired plaintiffs from San Antonio and Houston, claims that Uber and Lyft have violated the Americans With Disabilities Act, or ADA, by failing to provide a way for wheelchair users to take advantage of their services.



Lawsuits...



Lawsuits...



- TNC related issues and business practices are being litigated around the country.
- Local and state regulators have also introduced rulemaking proceedings and taken legislative action in an attempt to deal with the proliferation of TNCs.

Lawsuits...

Over thirty lawsuits nationwide and growing---

By Governments, Passengers, Drivers & Taxi/limo industry

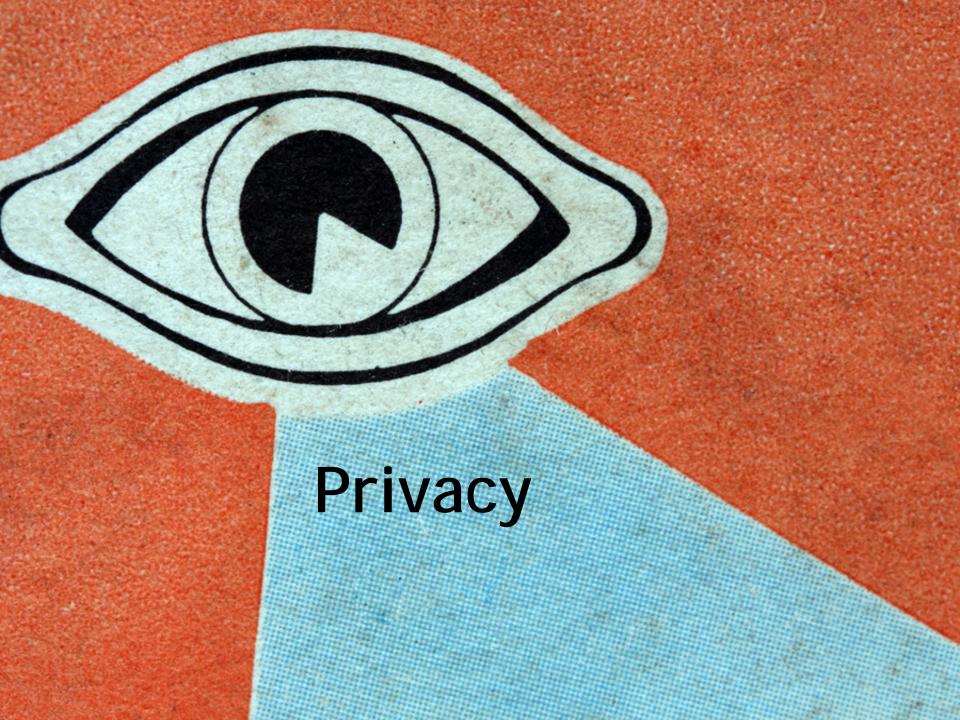
- Personal injury litigation and insurance coverage issues;
- Labor law violations and worker misclassification claims;
- False advertising, unfair business practices & consumer protection claims;
- Racketeering;
- Antitrust violations;
- Disability discrimination;
- Government actions;
- Constitutional challenges;
- Environmental law violations.



 More information on TNC litigation across the country may be found in this report:

"The Disruptive Transportation Technology Movement: A Litigation Primer & Roadmap"

Available at www.windelsmarx.com



Privacy

 Uber Executive Suggests Digging Up Dirt On Journalists



 'God View': Uber Allegedly Stalked Users For Party-Goers' Viewing Pleasure



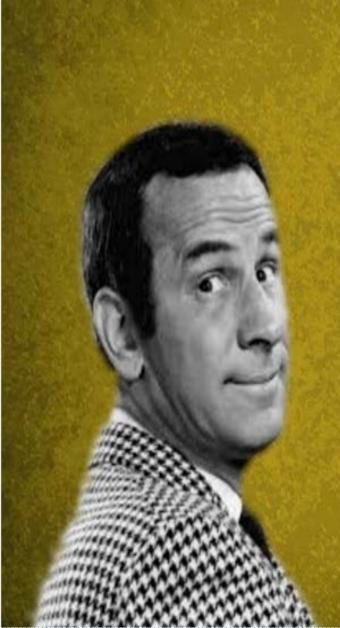
Privacy



- Uber's top New York executive had used the company's "God View" tool to track a reporter's Uber travel without her consent on at least two separate occasions.
- Uber employees have used the God View tool to screen at parties a map of identified riders using the service in real time.
- Uber reportedly tracked what they termed "Rides of Glory," i.e., users between the hours of 10 PM and 4 AM on a Friday or Saturday night who were then picked up about six hours later, to determine which Uber users had "one night stands."

MAXWELL SMART

AUSTIN POWERS







Privacy

Congressional Scrutiny

- Citing "serious concerns" about the "scope, transparency, and enforceability" of Uber's privacy policies, Senator Franken set out a list questions focused on alleged inconsistencies with Uber's stated data privacy policy and its actual practices.
- Among them was a request for Uber to identify its stated "limited set of legitimate business purposes" that grants Uber employees access to riders' Usage Information, including "sensitive geolocation data."
- Senator Franken also questioned Uber's lack of transparency in its privacy policy, which states Uber may share customers' Personal Information and Usage Information with its "parent, subsidiaries, and affiliates for internal reasons," without any further explanation.
- Further, the letter questioned Uber's indefinite storage of consumer data, and asked Uber to justify why it does not delete consumer information immediately after a transaction.



Senator Al Franken, Chairman of the Senate Judiciary Subcommittee on Privacy, Technology, and the Law

Privacy - NYC Uber Trip Data

Five of Uber's six NYC bases were suspended over withheld records

- Uber did not call any witnesses or introduce any documents, which tend to raise an inference that the information sought by the TLC is confidential or proprietary.
- The TLC is not seeking every business document from Uber and certainly nothing related to its training and retention process.
- In addition, Uber undermined its own position by asserting that they have complied with the production of trip records in the past.
- Uber's past production of trip records seriously undercuts any present argument that this same information should be protected from disclosure as a trade secret.

Ann Macadangdang, TLC Hearing Officer

- Uber argued that the information, which the TLC seeks is confidential, proprietary and protected as trade secrets and it would lose its competitive advantage if they were to disclose the information such as For Hire License numbers for its Drivers.
- Thus, Uber does not have a duty to produce documents in response to an unconstitutional Directive, which is violation of the Fourth Amendment.

Privacy - Boston Uber Trip Data

- In Boston, Uber agreed to provide trip data records to the city on the condition that the city will keep the data secret.
- According to a contract between the city and the Uber, third parties would not be able to obtain Uber's trip data.
- In fact, the agreement requires the city to inform Uber when the data is requested by a third party.

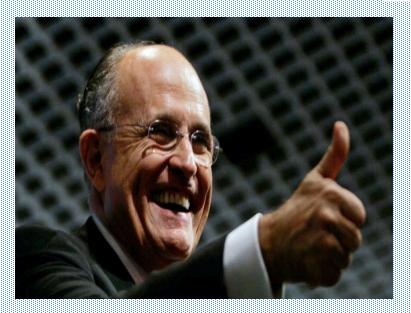


Universal App - a new regulatory trend?

- Chicago: On December 10, 2014, Chicago passed an ordinance which commits the city to developing a mobile app that will serve as a dispatch for all the city's taxicab companies.
- D.C.: Starting March 2015, all D.C. taxicab drivers will be required to use the Universal DC TaxiApp.
- New York City & Tampa, Florida are discussing similar ventures......
- SFO: earlier version of a Universal App (ETA) failed to materialize.

 TNCs will continue to put out media fires by announcing new programs to solve controversies on paper.





"Uber Consultant Rudy Giuliani Gives Uber A Big Thumbs Up On Background Checks".

 More selectively fair reporting will occur, and due to growing size and reckless business model, more incidents, bad media and lawsuits will occur

UBER

AN APOLOGY FROM UBER SYDNEY

ints of last week in Sydney were upsetting for the whole community sorry for any concern that our process may have added.

rity was to help get as many people out of the CBD safely in the mit ring event. The decisions we made were based only on helping to a we communicated this poorly, leading to a lot of misunderstanding at ons.

 Many TNC related lawsuits will be lost and the TNC model will be revisited or thrown out

California

- Assembly Bill 24 would require ridesharing drivers to undergo background checks and drug testing. It also would have notified the ridesharing firms if a driver were arrested for DUI, whether or not the driver was working at the time.
- Another ridesharing law under consideration would regulate how drivers transport passengers to airports.

Colorado

 New rules under review are stricter background checks and insurance requirements for drivers and collecting sales tax on passenger fares.

Chicago

 New TNC regulation implementation has been on hold as a result of state level legislation.

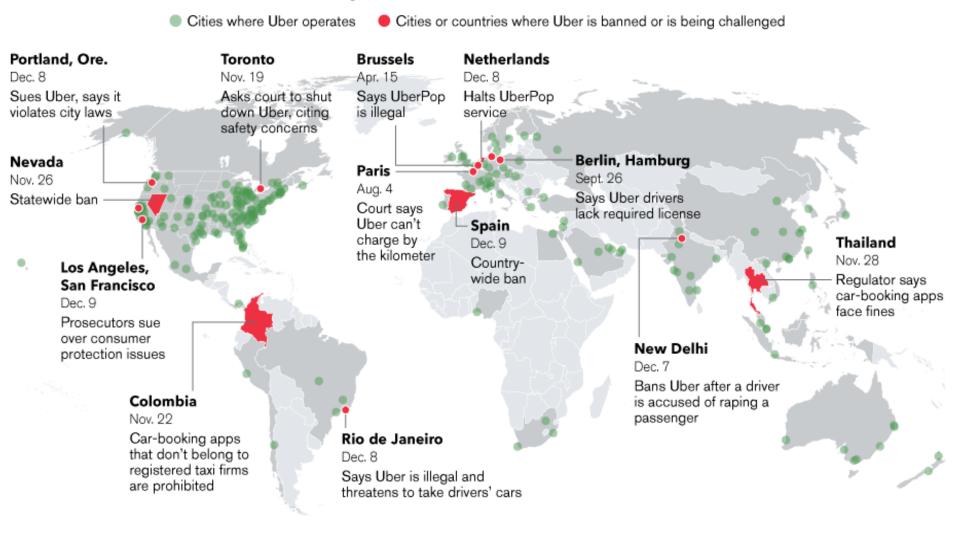


 The industry will end up with something that is fair, applies to all TNCs, taxis, and limos.

There will be less regulation than now for taxis, but more regulation for TNCs model.

INTERNATIONAL BACKLASH

Where Uber operates, and where it's been shut down



Sources: Uber, Bloomberg reporting

GRAPHIC: ALEX TRIBOU / BLOOMBERG GRAPHICS



Transdev On Demand

Dwight Kines

February 4, 2015

SuperShuttle. Need a lift?























SUNSCAB

NYC Airporter

















Industry Concerns

- Passenger Choice
- Public Safety
- Level Playing Field



Industry Strategies

- Regulatory
- Legal
- Legislative
- Education
- Improve Service Levels



92% Is Not Good Enough

- Mobile apps Curb, Ztrip
- TNC YellowZ
- Policy Changes
- Fare Structures



Public Safety/Licensing Issues

- Insurance 24/7, Primary
- Driver Licensing Background Check
- Vehicles
- Service Area
- Licensing fees and Taxes



Safety/Licensing (cont.)

- Number of Vehicles
- Rates of Fare
- Service Hours



Panel Discussion and Questions

