



USER'S GUIDE: TNC

Chapter 46 Related to Vehicles-for-Hire

Amendments Approved 8/6/2014

As app-based transportation network companies, such as UberX and Lyft, become more popular in Houston, the City's Department of Administration and Regulatory Affairs (ARA) is issuing this guide to make drivers and riders aware of the public safety implications of using personal cars for commercial services. It is important for passengers, drivers and the general public to know their rights, what to look for regarding insurance coverage and how to file a customer service complaint.

What is a Vehicle-for-Hire?

A vehicle-for-hire (VFH) is a vehicle used for the provision of transportation services to the general public in exchange for compensation. Taxicabs, limousines, pedicabs, sightseeing and charter vehicles, jitneys, low speed shuttles and transportation network companies (UberX, Lyft, etc.) are all different classes of vehicle-for-hire.

Traditional car-pooling or ride-sharing arrangements in which friends, neighbors or co-workers share driving duties and the cost of gasoline are not considered vehicles-for-hire by the City.

What is a Transportation Network Company?

Transportation network companies (TNCs) are companies that use websites or smartphone apps to connect passengers with drivers that use their personal vehicles for commercial services.

What has changed?

On August 6, 2014, Houston City Council amended [Chapter 46 of the City's Code of Ordinances](#) to expand the definition of vehicle-for-hire to include TNCs and incorporate them into the City's regulatory structure. The regulations are designed to ensure specific public safety measures are in place for not only the new entrants currently coming into the market, but those that may come in the future. These regulations also strengthen safeguards against discrimination and protections for disabled members of the riding public, while providing more accessible transportation options for the disabled.

TNC Insurance Policies

TNC drivers and customers should be aware that standard personal auto policies issued in the State of Texas include a "livery exclusion" – meaning they do not cover drivers using their personal vehicle for commercial purposes. A typical exclusion is: *We will not cover bodily injury or property damage arising out of the ownership, maintenance or use of a vehicle while used to carry persons or property for compensation or a fee.* This is a serious public safety issue, as drivers without adequate insurance

coverage create an “insurance gap” where damages to passengers and public would not be covered by any insurance policy in the event of an accident.

Under Chapter 46, it is illegal for any TNC driver to operate using personal insurance alone. As of August 6, all TNCs are required to provide commercial automobile liability coverage, consisting of:

- Commercial automobile liability insurance as required in the Texas Motor Vehicle Safety Responsibility Act covering passengers and third parties during the time a driver is logged into the app and available to provide vehicle-for-hire services on the network, but has yet to accept a trip
- Commercial automobile liability insurance with a combined single limit of \$1 million per accident, covering passengers and third parties from the time a driver is matched with and accepts a trip request until “the completion of the trip including the drop off of passenger(s) at their final destination...regardless of whether a driver is logged onto the TNC’s internet-enabled application or digital platform at any point following the acceptance of the trip request”
- The policies must provide coverage regardless of whether the driver maintains adequate insurance to cover the claim.

Things for Drivers to Know

All TNC requirements become effective 90 days after the ordinance’s date of passage, August 6, 2014. This means that it is **ILLEGAL** for any TNC to operate during the 90 day period spanning August 6, 2014 – November 4, 2014. Any driver caught operating as a TNC before November 4, 2014 is subject to citation and his/her vehicle is subject to removal and impoundment. These citations will appear on the driver’s personal record.

Before being licensed to operate as a vehicle-for-hire, all TNC drivers must:

- Be licensed by the City
- Undergo a fingerprint-based FBI background check^[1], a warrant check^[2], a drug test^[3], a customer service training course^[4] and a physical examination^[5]
- All vehicles must also be inspected by the City and are subject to specific age and mileage requirements

It is **ILLEGAL** to:

- Operate without any of the above licensing requirements.
- Operate outside the app. Drivers must keep the app on at all times while available to provide TNC service—before, during and after individual trips.
- Accept cash as payment for service. All payments must be made via credit card through the app.

^[1] §46-6(c)

^[2] §46-15(10)

^[3] §46-6(b)

^[4] §46-15.1(a)(8)

^[5] §46-6(a)

- Accept street hails or use cabstands (including those at the airport). Street hails and cab stands are explicitly reserved for taxicab companies as regulated by the City of Houston.
- Provide personal contact information (phone and email) to passengers. Contact information for the TNC's customer service representative must be provided in the app.
- Refuse service to anyone based on race, color, religion, sex, national origin, age, or disability, including a driver's refusal to transport any service animal or medical equipment utilized in conjunction with a passenger's disability. All vehicles-for-hire must provide consistent and equivalent service to individuals with disabilities. Companies—not just drivers—who discriminate are subject to revocation and suspension of their privilege to operate in the City of Houston.

Failure to comply with any of the above could result in revocation of the driver's license, the TNC's operating permit and invalidate the terms of your insurance coverage.

To insure adequate insurance coverage, TNC drivers may want to:

- Read the agreement between you and the company and review what it says about who is responsible if you or others are injured or property is damaged.
- Read your personal auto insurance policy and the TNC's insurance policy, and review them with your insurance professional for what is and is not covered. Questions you may want to ask your insurance professional include:
 - Will your current personal insurance company allow driving for a TNC?
 - Will the TNC's provided insurance cover your passengers as required by City Ordinance?
 - Is there medical payments coverage or personal injury protection?
 - When does the coverage under the TNC policy begin and end? Does coverage start when you turn on the smartphone app and are available to pick up passengers, or only when you have a passenger in your car?
 - Will either the company policy or your personal auto policy pay your medical/legal bills if you are sued or injured?

TNC drivers can always check with ARA to determine if their company's insurance policy and operations are in accordance with the City's Code of Ordinances.

Things for Passengers to Know

Every passenger using a TNC in the Houston area should be aware of the rights and rules regulating safe travel.

- Always check to see that the vehicle/driver that arrives matches the vehicle/driver dispatched by the app.
- Read the agreement between you and the company and review what it says about who is responsible if you or others are injured or property is damaged.

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- Make sure TNC drivers display adequate proof of insurance. Personal insurance policies do not cover losses when a vehicle is used for commercial purposes.
- Always pay through a TNC's app using your credit card. Paying in cash for services "off the app" is illegal and may invalidate the commercial insurance coverage, leaving you uninsured and at risk in the event of an accident.
- Traditional cab stands (including those at the airport) and street hails are reserved to taxi cabs only; it is illegal for TNCs to use such services.
- TNCs are required to provide contact information for a customer service representative on both the receipt and in the app.
- Discrimination—the refusal of service based on race, color, religion, sex, national origin, age, or disability, including a driver's refusal to transport any service animal or medical equipment utilized in conjunction with a passenger's disability—is ILLEGAL and grounds for suspension and revocation of the TNC's operating permit. Any discriminatory activity should be reported to ARA immediately.

More Information: ARA is Here to Help

The City of Houston's Administration and Regulatory Affairs Department has two missions: to protect public safety and to improve customer service for residents, customers and businesses in the City of Houston. Whether you are a TNC driver with questions about your insurance, or a TNC customer wishing to report fraud, scam or poor customer service, ARA is here to help. Please call or email ARA at 832.394.8803 or taxicomplaints@houstontx.gov.

If you have a complaint about a driver or company please complete and send the [complaint affidavit](#) to ARA at taxicomplaints@houstontx.gov or 832.395.9632 (fax). The complaint affidavit must be completed and notarized before any administrative action can be taken against any driver.

Full text of Chapter 46 and additional information is available on ARA's website <http://www.houstontx.gov/ara/>.