

**Testimony of James Campolongo
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Pittsburgh Transportation Group (Yellow Cab & Yellow X)**

**PA House of Representatives Insurance Committee
Public Hearing Examining Insurance Coverage for Consumers
When Utilizing Experimental Service for Transportation
Harrisburg, Pennsylvania
June 23, 2014**

Chairman Pickett, Chairman DeLuca, and Members of the Committee,

Thank you for the opportunity to testify today regarding insurance coverage for consumers utilizing experimental service for transportation.

Today I am going to provide the Committee with some information regarding how the development of new app based smartphone technology is impacting the taxi industry, and how Yellow Cab is responding to these technological changes by offering a new and innovative transportation service called Yellow X. After my testimony is complete I would be happy to answer any questions the Committee may have.

Background

Pittsburgh Transportation Group is the largest transportation provider in the Southwestern PA region operating over 800 vehicles in seven divisions. Pittsburgh Transportation Group was the official transportation management company for Major League Baseball's 2006 All-Star Game, a partner in the US Open service at Oakmont in 2007, managed the International Transplant Games in 2008 and handled the US State Department during the G20 Summit in Pittsburgh. A subsidiary of the Pittsburgh Transportation Group, Yellow Cab Company operates over 300 taxicabs on "call and demand" service throughout Pittsburgh and surrounding communities. Yellow Cab is Pittsburgh's largest taxi company and is regulated by the Pennsylvania Public Utility Commission.

Due to technological advancements and the widespread use of smartphones and "Apps," transportation services may now be scheduled via personal devices. In response to the demand for app based transportation services, Yellow Cab applied to the PUC to amend its current operating authority in order to include experimental service for the transportation of persons within Allegheny County. Yellow Cab's application was filed on March 13th. No protests were filed, and on May 22nd the PUC granted Yellow Cab the authority to operate Yellow X in experimental service for two years.

Yellow X Overview

This new Yellow X service is what the PUC refers to as a “Transportation Network Company” or TNC, which is defined as a company which uses an online enabled platform to connect passengers with qualified drivers. The Yellow X service will utilize the latest electronic forms of communication, including an App based hailing service. The primary vehicles used in the Yellow X service will be owned by the drivers and leased to Yellow Cab for specific periods of high transportation demand. We believe this service would better meet the needs of the marketplace, which expands and contracts on a daily basis.

Yellow Cab will execute short-term leases with the drivers whereby the drivers will lease their privately-owned vehicles to Yellow Cab while in service. During this time Yellow Cab will be legally and technically responsible for their operation. A copy of the lease will be carried by the drivers in their vehicles. The vehicles will be marked with a PUC number and a standard trade dress via magnetic stickers. The markings will be unique to allow identification of the Yellow X vehicles.

Additionally, Yellow Cab will require all drivers to attend its driver training classes. Yellow Cab, as the certificated carrier, will have primary responsibility to deal with the Commission for any issues arising from the service.

Yellow X Insurance Coverage

Yellow Cab will insure each vehicle and insurance coverage limits shall comply with PUC regulations. Yellow Cab will provide the drivers with an insurance identification card, and Yellow Cab currently self-insures its operations. Further, consistent with the lease agreement, Yellow Cab’s insurance will attach to the service from the time a driver logs onto the system as available to provide service, until that driver logs off or until the last passenger is discharged, whichever is later. Under the terms of the lease agreement between Yellow Cab and the driver, insurance will be maintained by the driver for periods when the vehicle is not operated in certificated service.

In addition, the PUC is requiring Yellow Cab to have all drivers notify their insurer, in writing, of their intent to operate as a lease driver. The notification confirms that insurance coverage will be maintained under the driver’s personal insurance policy for all times when the vehicle is not engaged on behalf of Yellow Cab, from the moment the App is opened by a driver until the passenger is discharged or the App is closed, whichever is later. Yellow Cab is required to maintain a copy of this notification for each driver during that driver’s affiliation with Yellow Cab and for a period of three years following termination of a driver’s service. Additionally, Yellow Cab must notify drivers, in writing, whether it is providing comprehensive and collision coverage during service. Yellow Cab must maintain copy of each notification for a period of three years following termination of a driver’s service.

Again, thank you for the opportunity to testify here today. I would be happy to answer any questions that the Committee may have.