



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

REVENUE DIVISION

August 29, 1985
RD:851208-ADM:MLM:ld

Law & Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: TAXICAB LIABILITY INSURANCE

SUMMARY

The attached report recommends that the City Council amend City Code Chapter 42 to lower the public liability insurance requirements for taxicabs from \$500,000 to \$350,000.


DISCUSSION

Staff has forwarded the attached report and provided notice of this hearing to all the taxicab owners currently operating within the City. A majority of the owners support staff's recommendation although the support is not unanimous.

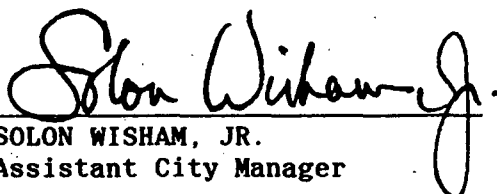
RECOMMENDATION

It is recommended that the Law and Legislation Committee recommend the City Council adopt the ordinance amending City Code Chapter 42 to lower the public liability insurance requirements for taxicabs from \$500,000 to \$350,000.

Respectfully submitted,


MICHAEL L. MEDEMA
Revenue Officer

RECOMMENDATION APPROVED:


SOLON WISHAM, JR.
Assistant City Manager

Attachment

All Districts
September 19, 1985



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

REVENUE DIVISION

August 29, 1985
RD:851209-ADM:MLM:ld

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: TAXICAB LIABILITY INSURANCE

SUMMARY

This report recommends that the City Council amend City Code Chapter 42 to lower the public liability insurance requirements for taxicabs from \$500,000 to \$350,000.

ISSUE

A majority of the taxicab owners permitted to operate pursuant to City Code Chapter 42 have petitioned staff to recommend lowering the public liability insurance requirement for taxicabs from \$500,000 to \$350,000. The impetus for the request is the recent escalation of premiums. According to the owners and four local insurance brokers, the premium for the \$500,000 public liability insurance has increased from a range of \$1,200 to \$1,500 to a range of \$3,300 to \$3,700. The owners believe that the additional costs cause an economic hardship which could adversely affect the level of taxicab service available.

BACKGROUND

Effective June 24, 1982 the City discontinued regulation of the taxicab industry except for matters relating to customer convenience, safety and protection. At that time, staff recommended and the City Council approved continuing the public liability insurance minimum requirements at an amount no less than \$500,000 single limit per occurrence.

DISCUSSION

Subsequent to June 24, 1982 the availability and level of taxicab service has improved, and with a few minor exceptions, the charges for service have not increased. The attached comparison of taxicabs in service during 1982 and today clearly demonstrates an improvement of taxicab availability. Specific examples of improvement include the lowering by five years the average age of the taxicab vehicles in service and the introduction of air conditioning as a standard taxicab amenity.


Evaluation of the industry's request requires the balancing of customer convenience and protection. The contention of the owners requesting the lowering of the minimum public liability insurance that many operators will be forced out of business is probably valid. The cost of taxicab service will likely increase in the event the present public liability insurance level is retained. The premium for \$350,000 of insurance is approximately \$1,500 and is available from several carriers. The premium for \$500,000 of insurance is approximately \$3,500 and is only available from one carrier. However, as the one company opposed to the proposal has pointed out, the lower minimum public liability insurance level could result in the inability of an injured party to recover the full cost of damages. Staff is unaware of damage awards in excess of \$350,000 involving a Sacramento taxicab.

Staff has surveyed other California cities and has determined that no standard exists for taxicab public liability insurance. San Francisco requires personal injury insurance at \$100,000 per person per occurrence. Oakland requires personal injury insurance at \$100,000 per person with a \$300,000 maximum per occurrence. Every city surveyed reported that taxicab owners were experiencing problems obtaining insurance at a reasonable premium. The almost certain consequences of service reductions due to decreased competition and increased costs for services are more compelling arguments than the possible inability of an injured passenger to collect for damages.

RECOMMENDATION

It is recommended that the City Council approve the attached ordinance amending City Code Chapter 42 which lowers the public liability insurance requirement for taxicabs from \$500,000 to \$350,000.

Respectfully submitted,


MICHAEL L. MEDEMA
Revenue Officer

RECOMMENDATION APPROVED:


WALTER J. SLIPE, City Manager

Attachments

All Districts
October 8, 1985.

City of Sacramento
 Comparison of Taxicab Permits
 1982 to August, 1985

<u>Company</u>	No. of Permits Issued	
	<u>1982</u>	<u>August, 1985</u>
Airport Taxi	N/A	1
American Cab Co.	N/A	12
Budget Cab Co.	N/A	1
Camellia City Cab & Coach	N/A	13
Capitol City Co-op Cab	N/A	37
Central Taxi Company	N/A	2
Checker Cab Company	N/A	1
City Cab Company	N/A	1
Courtesy Cab Company	8	8
D&T Cab Company	N/A	1
Deluxe Cab Company	N/A	1
Golden State Cab Company	N/A	1
Insta - Cab	N/A	4
Malibu Cab Company	N/A	3
Mickey's Classic Cabs	N/A	4
Rick's Taxi Service	N/A	2
River City Jitney	N/A	19
Sacramento Cab Co.	N/A	3
Sacramento Taxi Inc.	20	11
Scott's Taxi Service	N/A	1
Shamrock Taxi	N/A	11
Sosa Taxi	N/A	1
Town & Country Taxi	N/A	1
Valley Cab Company	N/A	1
Vintage Cab Company	N/A	4
Walt's Taxi Service	N/A	11
Yellow Cab Company of Sacramento	<u>95</u>	<u>85</u>
Total	<u>123</u>	<u>240</u>

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AN ORDINANCE AMENDING SUBSECTION (a) OF
SECTION 42.12 OF THE SACRAMENTO CITY
CODE RELATING TO TAXICAB INSURANCE

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO AS FOLLOWS:

SECTION 1

Subsection (a) of Section 42.12 of the Sacramento City Code is amended to read as follows:

(a) In an amount no less than \$350,000.00
single limit per occurrence; and

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

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CODE RELATING TO TAXICAB INSURANCE

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EFFECTIVE:

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ATTEST:

CITY CLERK