

**TRANSPORTATION
NETWORK
COMPANY
WORKING GROUP**

Backgrounder

Uber first came to the attention of the Government of Alberta in late 2014 when it began operating in Edmonton. Uber was capitalizing on a market with a recognized supply problem. Uber was quick, modern, more responsive and convenient. Uber was also uninsured in Alberta and was in violation of a number of municipal bylaws and provincial legislation.

On July 27, 2015, the Superintendent of Insurance (Superintendent) issued a public service announcement warning Albertans about the significant risks associated with using Uber or other Transportation Network Companies. It was the Superintendent's position that most personal insurance policies would exclude coverage if the insured used their personal vehicle for profit. What this meant for Albertans was that in the event of an accident the Uber driver, passenger or any innocent third party would likely not have access to insurance benefits.

With a better understanding of the insurance implications – and knowledge that legislation and regulations were inevitable, government established a formal Transportation Network Company (TNC) Working Group. Lead by the Ministry of Transportation, with officials from the office of the Superintendent of Insurance, Service Alberta, Justice and Solicitor General, and Municipal Affairs, the Working Group set out terms of reference, held regular meetings, shared issues, thoughts and ideas and most importantly, proposed solutions.

The TNC Working Group reached out to Ontario government staff, and to US jurisdictions (both state and municipal) to assist the Government of Alberta in determining strategies for addressing public safety risks. Many jurisdictions were struggling to determine the best course of action and were under increased pressure to adapt to a new means of transportation service. The Working Group also began including the Cities of Edmonton and Calgary in discussions as the cities began drafting bylaws to regulate TNCs

In early 2016, the Superintendent determined the best solution would be to create a brand new Standard Automobile Policy Form. This product would provide insurance coverage similar to an owner's policy, but would not be an owner's policy. The Standard Automobile Policy Form could be "shut off" when the driver is not working. The Office of the Superintendent of Insurance

engaged external stakeholders and began a process that had not been undertaken in Alberta in nearly 50 years.

On January 27, 2016, Edmonton became the first city in Canada to pass a by-law permitting Uber to operate legally. As of March 1, 2016, under the new bylaw:

- only taxis were permitted to pick up street hails or use taxi stands;
- drivers were required to provide proof of the proper insurance and class of driver's licence, as outlined in provincial law. (Licences for TNC drivers would not be issued without proof of insurance that met Alberta's minimum insurance requirements);
- drivers were required to provide a criminal record check; and
- vehicles required an annual vehicle inspection by a licensed garage and mechanic.

On February 22, 2016, the City of Calgary passed a bylaw that allowed TNCs to begin operating as of April 4, 2016. The bylaws were far more stringent than Edmonton's requiring:

- An annual operating licence from the City of Calgary;
- Valid Class 4 driver's licence;
- Annual Calgary Police Service background check;
- Proof of valid commercial insurance as required by the government of Alberta;
- Proof of eligibility to work in Canada;
- Proof of provincially-approved 134-point mechanical inspection, conducted annually or every 50,000 kilometers, whichever comes first.

In Late February 2016, the Minister of Transportation committed the Government of Alberta to creating a framework to allow TNCs to operate legally in Alberta.

In order to lay the groundwork for the task ahead, Government introduced Bill 16 which gave the Minister of Transportation the authority to create regulations related to TNCs. Bill 16 also authorized administrative penalties of up to \$50,000 per offence for failure to comply with the forthcoming regulations and provided for an application for a court-ordered injunction requiring a TNC to cease operations if they did not comply with the regulations. Bill 16 passed on May 26, 2016 with unanimous consent and came into force upon proclamation.

By July 1, 2016, TNC drivers in Alberta were required to:

- obtain commercial or TNC specific insurance coverage;
- obtain a police information check which included a vulnerable sectors check;
- hold a class 1, 2 or 4 commercial driver's licence (which includes a medical test for the driver and advanced road testing);
- register with the Ministry of Transportation prior to beginning operation; and
- comply with requests from the Ministry of Transportation to investigate or audit the TNC based on safety and compliance concerns.

The Government of Alberta's response was to ensure public safety. Alberta was the first Canadian jurisdiction to develop a new automobile policy for Transportation Network Company operations. TNCs now have a flexible effective insurance solution and drivers are being screened and are licensed to drive commercially. Albertans now have access to more choice to meet their transportation needs.