



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 12/3/2019

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Item Creation Date: 11/19/2019

ARA-Chapter 46 Limousine Insurance Amendment

Agenda Item#: 107.

**Summary:**

**Not Real Caption**

The Administration & Regulatory Affairs (ARA) Department recommends revising Chapter 46, Section 46-238 (b) reducing the required insurance coverage for limousines from \$1,000,000 per occurrence to \$500,000 per occurrence.

**Background:**

The Director of the Administration and Regulatory Affairs (ARA) Department recommends revising Chapter 46, Section 46-238 (b) related to insurance requirements for limousine-for-hire vehicles operating within the city limits.

The City of Houston currently permits approximately 1,500 limousine-for-hire vehicles each year, belonging to approximately 800 operators. The majority of owners, 88%, are one- and two-car operators – small businesses. Permit revenues to the General Fund from these operators total approximately \$1,000,000 per year.

The City of Houston requires minimum insurance coverage of \$1,000,000 per occurrence for limousines. Over the past few years, this coverage has cost the typical owner between \$280-\$300 per month. However, rideshare companies use vehicles frequently permitted as limousines for their black car services, such as Uber Black. With the growth in rideshare services, the insurance industry has begun to increase premiums to reflect the higher risk. As a result, premiums for limousine operators have skyrocketed to \$700-\$1400 per month, an increase of 133% to 400%.

Limousine permit renewals are in November and December. The industry is hoping for relief as they bring their vehicles to the City for inspection. Many have not yet applied for renewal as they cannot afford the insurance. The currently mandated coverage limit is \$1,000,000 per occurrence and industry is requesting a decrease to \$500,000 per occurrence. In reviewing the industry's request, ARA surveyed other Texas cities and determined the following:

- San Antonio requires limousines to hold \$500,000
- Dallas requires \$500,000 for vehicles with operating capacity of 1–8 passengers and \$1,000,000 for vehicles with operating capacity of 9 or more
- Corpus Christi requires a policy of \$100,000/\$300,000/\$50,000
- Austin requires \$100,000 bodily injury per person, \$300,000 per accident, \$25,000 for property damage per accident, and \$2,500 personal injury protection for each passenger

Based on a review of complaints to the City about limousine failure to pay claims (0 complaints); the review of other Texas cities' insurance requirements, and the local industry's difficulty in being able to afford the required insurance, ARA recommends a reduction of the insurance requirement for limousines to \$500,000.

**Departmental Approval Authority:**

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*Tina Paez*  
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**Tina Paez, Director**  
**Administration & Regulatory**  
**Affairs Department**

**Other Authorization**

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