New York Livery Market Update

Background

The livery industry in New York City is a critical component of the transportation system, with for-hire vehicles like taxis and black cars (including Uber and Lyft) completing more than 750,000 rides per day. The livery industry provides employment to many low- and middle-income New Yorkers, many of whom have financially struggled to maintain their small businesses recently.[1]

The affordability and availability of livery insurance in the state has been shaped by two critical features: high losses and little competition for insurance providers. First, livery vehicles tend to have higher insurance losses than trucks or other commercial vehicles used in a trade or regular business, which makes them riskier and therefore more expensive to insure. Second, just five insurance companies control over 95% of this large market.

The dominant insurer in the market insures approximately 59% of the total NYC livery market and has been financially troubled almost since its inception in the 1970s. The company's significant market share paired with decades of inadequate rate setting and rising costs has led to instability across the entire market. While low rates made policies attractive, the reality is that the company did not collect enough money to cover the losses it insured. Without enough money to pay claims, drivers will receive no benefit from premiums paid, New Yorkers with injuries or property damage will have to pay out-of-pocket, and healthcare providers will not have claims paid.

With the livery insurance industry in precipitous decline, the situation demanded a coordinated response by policymakers.

A Coordinated Approach to Solutions Across Government, the Private Sector, and Drivers

Last year, Governor Hochul convened stakeholders, including all levels of government, drivers, and the livery industry, to craft a comprehensive plan to protect drivers and passengers while minimizing disruption to livery services. This engagement informed critical reform legislation that was passed by the New York State Legislature in 2025. This legislation aims to stabilize and strengthen the market so that drivers have more choices for quality, dependable insurance, and New Yorkers are protected

The legislation required every livery insurance carrier to recalculate their premium rate needs based on existing claims experience and submit actuarially justified rates to the Department of Financial Services by August 1, 2025. By resetting rates across the entire market, the legislation seeks to stabilize existing carriers and bring in new, well-capitalized carriers in the livery market.

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[1] Zraick, K. (2021, October 19) Why New York's Taxi Drivers Are Protesting. *The New York Times*. Why New York's Taxi Drivers Are Protesting - The New York Times (nytimes.com)

DFS hired a third-party consultant to conduct an independent evaluation of rates. The third-party's preliminary analysis was consistent with DFS's rate review.

At the same time, taking into consideration the financial challenges for drivers, the law grants the Department the authority to phase-in necessary rate increases. This phase-in allows policymakers and the industry an opportunity to work together to identify ways to bear these costs over time, including through potential adjustments to passenger fares.

In addition, in response to feedback from drivers, the New York City Council passed legislation and the TLC enacted regulations lowering the required Personal Injury Protection ("PIP") coverage, which represents a portion of required livery insurance coverage. This reduced required PIP coverage from $200,000 to $100,000. Drivers who opt to purchase this lower coverage will see that change reflected in their rates.

Implementing the New Law to Stabilize and Strengthen the Market

The Department has worked with insurers since the legislation was passed to review and approve actuarily-sound rates. To limit the impact that the rate correction will have on drivers, the Department has used its discretion to phase-in rate increases over the next three years.

The Department also continues to carefully supervise the carriers in this market, to work towards the necessary capitalization and operational structure to support drivers and New Yorkers moving forward.

While this is a deeply entrenched issue that will require ongoing work, these are significant steps forward. All levels of government, the private sector, and drivers must work together to build a stable insurance market that serves and protects drivers and passengers.