

TESTIMONY – GUY PALUMBO BLACK CAR FUND

My name is Guy Palumbo and I am the Director of Driver Outreach and Driver Education of The Black Car Fund. Thank you for giving me this opportunity to testify before these distinguished committees.

The New York Black Car Operators' Injury Compensation Fund was created by statute (Chapter 49 of the laws of 1999) to provide Workers' Compensation coverage and other benefits to Black Car operators in the state of New York. The statute was signed into law by Governor George Pataki in May 1999. On October 1, 1999, the billing, collecting and remitting portion of the statute took effect. On January 20, 2000, workers' compensation coverage for drivers affiliated with member bases took effect. In later years, our company adopted a shorter title, and while we still have the same official title, we are widely known, simply as The Black Car Fund.

The statute covers all drivers of The Black Car Fund (Fund) member bases in the state of New York, although 98% of the companies are based in the greater New York City Metropolitan area. Bases must become members of The Black Car Fund if they meet the criteria outlined in the statute – meaning they cannot own more than 50% their vehicles and must do a minimum of 90% of their business on a non-cash basis. The Fund derives its income from a 2.5% surcharge, which is billed and collected by member bases from their clients and then remitted to The Fund. Today, The Fund has over 300 member bases and collectively there are approximately 50,000 affiliated drivers covered by Workers' Compensation.

The Fund is a Not-For-Profit Corporation and fiscally responsible. In its 17-year history, the Fund has had to raise the surcharge only once and that was during the Recession which began in 2007. As I stated previously, the surcharge is not paid by the member bases or the drivers, it is paid by the consumers. Over time, the Fund became self-funded and self-administered. The Fund pays its own claims and has its own in-house adjusters and claims staff. As such, the Fund is ideally suited to provide the same exceptional services to the Transportation Network Company (TNC) drivers throughout the State at a significantly lower rate than forming a new workers' compensation fund for TNC drivers.

*As a point of information I want to take this opportunity to clarify that since TNCs are regulated as black cars in New York City, there is by definition no RIDE SHARING in New York City.

As the Fund achieved financial stability through efficient claims management, it began to offer more benefits to the drivers. The Fund is always interested in promoting safety. Instead of charging drivers or offering a free class, the Fund pays its members affiliated drivers \$300 once

every three years to take an enhanced Defensive Driving Course. The Fund also offers a Wellness Class that focuses on the specific health issues that career drivers face from spending many hours behind the wheel and lifting heavy luggage. The Wellness class also includes CPR, AMBER Alert, and supplemental driver safety training. Drivers are eligible to take this class one time and are paid \$150 to attend the class. Just yesterday we announced a new 50K death benefit to driver families who lose a loved one on the job. Drivers work in high-risk conditions and deserve some peace of mind that in the event of a tragedy their families will not also suffer financially.

But safety isn't just about drivers, it's about riders too. New York City riders know when they get in a Black Car that their driver is responsible, safe, and committed to their well being.

I am proud to say that the Black Car Fund which has honed its business model for seventeen years, provides an ideal benefit model for a modern workforce and the emerging "gig economy". As a society, the country is looking for solutions for how workers in the gig economy can obtain portable benefits. In New York City, drivers may work for multiple companies in any given day yet their workers compensation coverage remains intact without interruption. As the Fund model has become better known, we have been contacted by think tanks such as the Aspen Institute and other municipalities who are seeking ways to provide traditional protections to non-traditional workers.

Thank you for giving me this opportunity to testify before you. I am happy to answer any questions that you may have.