



**National Association of Surety Bond Producers**  
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BY ELECTRONIC TRANSMISSION ([jacques.lerner@dc.gov](mailto:jacques.lerner@dc.gov))

June 9, 2016

Jacques P. Lerner, General Counsel  
DC Taxicab Commission  
Government of the District of Columbia  
2235 Shannon Place SE, Suite 3001  
Washington, DC 20020

**Re: NASBP Comments on DCTC's Bond Forms**

Dear Jacques:

Mark and I appreciate your meeting with Wayne McOwen and us on June 2 to discuss the concerns of the National Association of Surety Bond Producers (NASBP) about the DC Taxicab Commission's (DCTC) bond forms required pursuant to Subsection 1605.5(c) of Title 31 of the DCMR. We are pleased that the DCTC understands the value of surety bonds to reduce the possibility that the District will not receive payments of taxicab surcharges and one percent of gross receipts. As discussed during our June 2 meeting, we do, however, have some concerns about particular provisions of the bond forms. We respectfully set forth our concerns and suggestions for revisions below, which will continue to give the DCTC the security it desires and give sureties more certainty about the risk they are asked to undertake in issuing such bonds. Such changes will help ensure a robust market for these bonds.

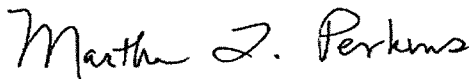
- The bond forms provide that the surety is bound to the District of Columbia "for the use and benefit of the District and of any other creditor or claimant against the principal or his agents . . ." and "for the benefit of any person who has been damaged by the principal's violation of any law or regulation governing the activities covered by the license." NASBP believes that the stated beneficiaries of the bonds are unnecessarily broad and expands the liability of the surety way beyond that intended by the regulation. Subsection 1605.5(c) provides that the bond is payable to the District "to secure payment of the amount(s) owed to the District pursuant to the § 1604.7 . . . ." NASBP suggests deleting this broadening language from the bond forms, as the specific addition of "any other creditor or claimant" and "for the benefit of any person . . ." as bond beneficiaries significantly expands the surety's liability beyond that expressly stated in and contemplated by the regulation.
- Section 1605.7 indicates a registration period of 24 months although the licensee has to submit an annual registration application. As the bond "shall remain in full force and effect while the Certificate of Operating Authority remains approved and for one (1) year

thereafter,” is the initial bond term for one or two years? NASBP suggests that this issue be clarified.

- The bond forms provide that the surety must give not less than one year’s notice of cancellation to the DCTC. One year notice is excessive and significantly beyond the standard 30 or 60 days usually required. NASBP suggests that the DCTC reduce the surety’s notice period for cancellation to 30 or 60 days.
- While NASBP realizes that this is regulatory, not bond, language, Subsection 1605.11 provides that the bond “may be forfeited in whole or in part” and that “[t]he Office shall give written notice of its intent to forfeit a bond . . . .” In the admittedly arcane surety world, the term “forfeit” generally means a wholesale forfeiture, in other words, a forfeiture of the entire penal sum. The phrase “in whole or in part” following “forfeited” mitigates against this interpretation; nonetheless, NASBP suggests inserting clarifying language in the bond forms that any bond forfeiture is limited to actual damages, which we understand is what is intended by the DCTC.
- Based on your comments in response to a question, it is our understanding that a “service” is a defined term and means a specific class of activity, not a specific vehicle. Thus, NASBP suggests inserting language in the bond form clarifying that the bond is for the digital dispatch service itself, not for a specific taxicab or black car/private sedan.
- We also understand from your response to another question that the DCTC intends for the bonds to be non-cumulative, meaning there is only one penal sum of the bond, not matter how many years the bond is in force. Thus, we suggest that the bond forms include language that “the aggregate liability of the surety is limited to the penal sum of [the amount stated in] the bond.”

I hope that the comments in this letter are helpful to the DCTC. NASBP appreciates your consideration of our concerns. Please let me know if you have any questions.

Yours sincerely,



Martha L. Perkins  
General Counsel

cc: Mark H. McCallum, CEO