



## ***Ridesharing Analysis for Agents: Where We Stand Today***

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The issues of ridesharing and vehicle sharing are like Ohio weather. If you don't like it, wait a minute. Information regarding these exposures is changing on a daily basis. Much of what I said in my May 29, 2014 article, *Ridesharing, Transportation Services and Insurance*, is still true. However there are some changes taking place.

Remember that we're dealing with two different exposures. Ridesharing is operating essentially as a taxi (carrying people for a fee). The vehicle operator is holding him or herself out to the public to transport people. Thus, it is a "public and livery" exposure. As we know, all coverage parts of a typical Personal Auto Policy exclude this type of vehicle use. ISO is planning to strengthen the exclusion by adding ridesharing for a Transportation Network Service to the exclusion. They are also planning to offer some "buy-back" coverage. These changes are still in the works. There will be more information about these endorsements in the future.

Vehicle sharing is renting the vehicle to others when the vehicle is not in use. Many policies do not specifically exclude this exposure, but you can bet companies will address it. Some policies already exclude renting a vehicle to others. As I mentioned in my previous article, ISO introduced the PP 23 16 Personal Vehicle Sharing Program Exclusion Endorsement in 2013. This excludes coverage for the operator of the vehicle (i.e., the renter). Hopefully, the renter has coverage of his or her own that would provide protection.

### **Rideshare considerations for drivers**

Most rideshare companies, (Uber, Lyft, etc.) provide coverage for their vehicle operators. For example, Uber provides a primary \$1,000,000 liability limit and UM/UIM and comprehensive and collision coverage when the app is on and the driver is "trolling" for passengers and while a passenger is being transported. The coverage ends when the driver arrives at the destination. Uber provides 50/100/25 liability on a contingent basis when the driver is alone in the vehicle and not earning fares. UM/UIM only applies in states where the coverage is required by law (i.e., compulsory). Uber states that this coverage "ensures no gaps in liability or statutory coverage."

There are two concerns regarding the coverage. First, what coverages do the TNCs' policies provide? Liability only, liability and collision, or full coverage (liability, medical payments, UM/UIM, comprehensive and collision)? The coverage might differ from Uber. The other concern is when does the coverage begin and end? Remember that drivers are available for hire as soon as they turn on the company's app. This is called the "trolling" period. They are now using the vehicle as a taxi. Does the TNC's insurance begin when the drivers are contacted or when they actually pick up the passenger?



Does the coverage end when the passenger is dropped off or when the operator turns off the app? Certainly a PAP carrier would probably invoke the “public or livery” exclusion during the time the app is turned on.

As a prospective driver, I would want to know the answers to four questions:

1. Will my PAP cover me when I’m not covered on the TNC’s policy?
2. When does my PAP coverage begin and end?
3. When will the TNC’s policy cover me – i.e., when does the coverage begin and end?
4. What coverage is provided by the TNC policy? (i.e., liability coverage only; liability and collision coverage; or full coverage - liability, medical payments, UM/UIM, comp and collision)

GEICO has introduced a commercial policy that will cover both personal and business use of the vehicle. Since it is a commercial policy, the premium will be more costly than that of a personal policy. Drivers should check on what coverage is being offered. USAA, Erie and Farmers are all offering similar products/endorsements to GEICO. Other companies will probably introduce a separate policy or an endorsement for the PAP in the future.

Uber has entered into a deal with Metromile to offer a pay-per-mile insurance policy. A device installed in the vehicle will track when the vehicle is being used for ridesharing (probably when the app is on), and a premium will be charged per mile.

### **Passengers Beware**

Something that is not always considered is what protection a passenger has. If they are involved in an accident, will they have coverage for medical payments? How about bodily injury caused by an uninsured or underinsured motorist? If the passenger has his or her own PAP which includes the coverage, he or she should be protected by that policy. What if the passenger does not have a PAP? Will this become a health insurance claim? Does the health insurance cover auto accidents? If there is no health insurance, will the passenger be forced to sue the driver? Will he or she have the ability to retain an attorney and pay for other legal expenses until a decision is rendered?

Most passengers are lured by the cheaper price compared to traditional taxis, but they don’t consider the drawbacks. They don’t consider whether they have any protection from the vehicle operator. Because they are not savvy regarding insurance, they would not consider the potential problems. Passengers should also ask some questions:

1. Does the vehicle owner’s TNC policy cover me for injuries sustained as a passenger?
2. Do I have my own coverage on a PAP?
3. Will this become a health insurance claim, subject to deductibles and co-pays?
4. Does the health insurance provide coverage for auto accidents?
5. Do I have the resources to sue the driver?

Also, ridesharing is not always cheaper. During a recent convention, traditional taxis were hard to find, so folks turned to ridesharing. Because the prices charged by the vehicle operators are not regulated,



the law of “supply and demand” kicked in, and passengers paid fees far exceeding normal cab fares. So they were paying more and receiving less. The adage, “You get what you pay for” is true – sometimes.

### **What’s next?**

So, what is the future of these issues? In Ohio, HB 90 has been introduced in the Ohio General Assembly. The bill will address ridesharing and provide requirements for the TNC and the vehicle owner/driver when the vehicle is used for the TNC. No action has been taken on the bill at this time. Watch for a PIAA summary of the legislation. In addition to the state legislation, Cincinnati, Columbus and Dayton have their own local ordinances.

We can expect insurers to strengthen or add exclusions to their PAP’s. Some may provide an opportunity to “buy back” coverage. Others will introduce less expensive commercial policies. Also, the entire TNC industry might collapse under the weight of law suits and regulation.

The only thing that is certain is that the industry will certainly change. Stay tuned.

### **Also see:**

Feb. 2014 PIAA article, [Defining Rideshare Insurance Obligations in Ohio: What Agents Should Know/Do](http://www.piaaohio.com/newsdetails.aspx?article=137560065)  
<http://www.piaaohio.com/newsdetails.aspx?article=137560065>

[Updated rideshare client marketing materials](#)