



Overview of Ride-sharing Regulations and Insurance

Southeastern Regulators Association

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U B E R

Overview

- How Ride-Sharing Works
- Ride-Sharing Impact On Insurance Market
- Legislative and Regulatory Developments

How Ride-Sharing Works: Uber

PRODUCT CATEGORIES

Limo / Livery



Taxi



Rideshare / TNC/ P2P



Launch: 2010

2011

2013

Partner drivers: Traditional licensed livery / black car operators

Traditional taxis

Part-time operators using their personal vehicles

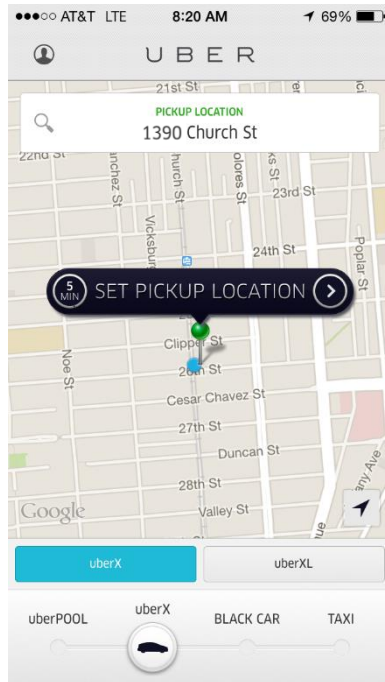
Insurance Traditional commercial auto for livery

Traditional commercial auto for taxi

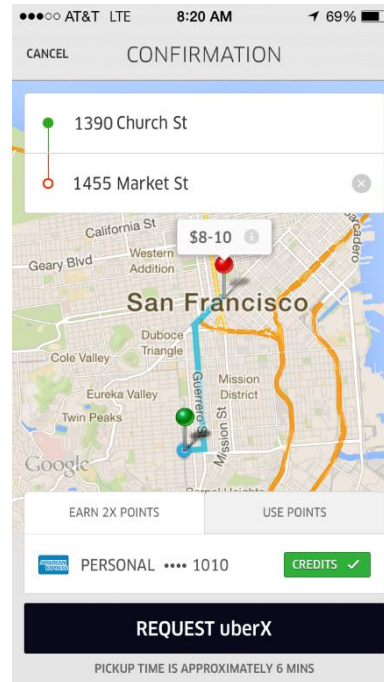
Personal auto + non-owned commercial auto

How Ride-Sharing Works: Uber

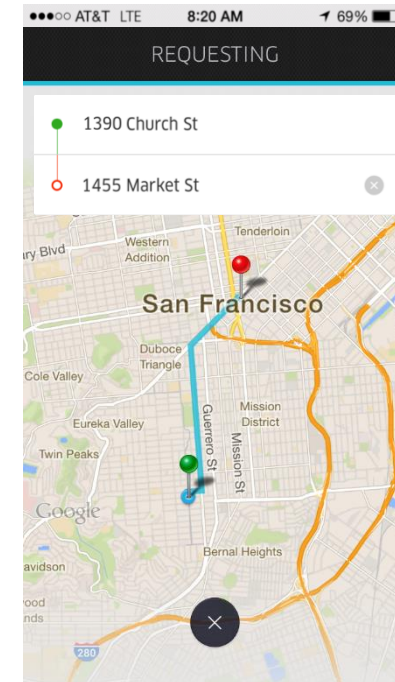
DETAILED FLOW - REQUESTING A CAR



User sets pickup location



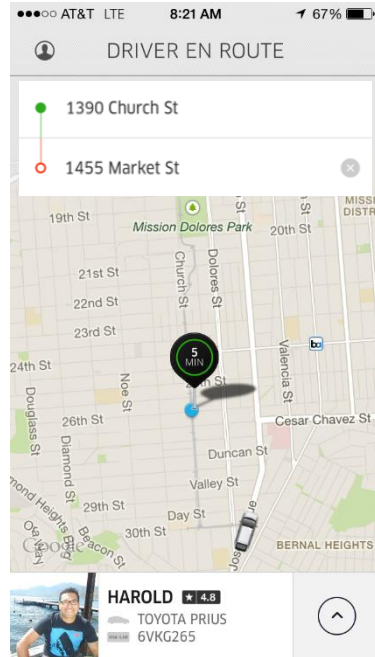
User confirms request and method of payment



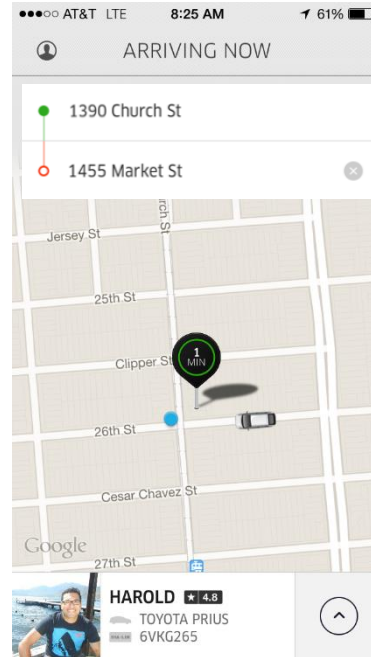
Request is sent to closest available driver

How Ride-Sharing Works: Uber

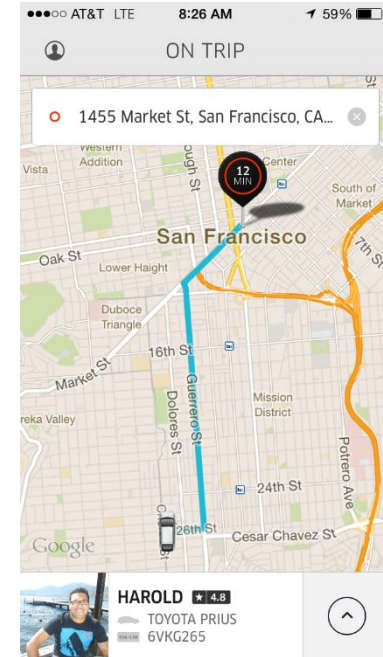
DETAILED FLOW - DRIVER ARRIVING AND BEGIN TRIP



User can track driver progress in real-time



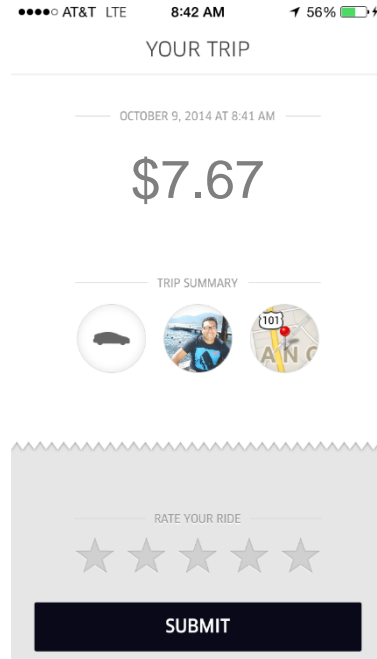
User is notified when driver is close to pickup location



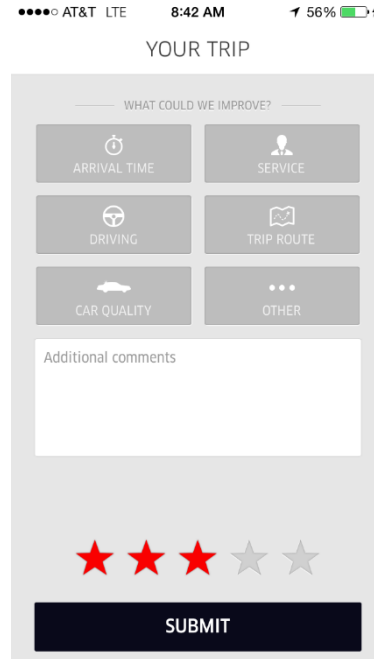
ETA displayed to user during trip

How Ride-Sharing Works: Uber

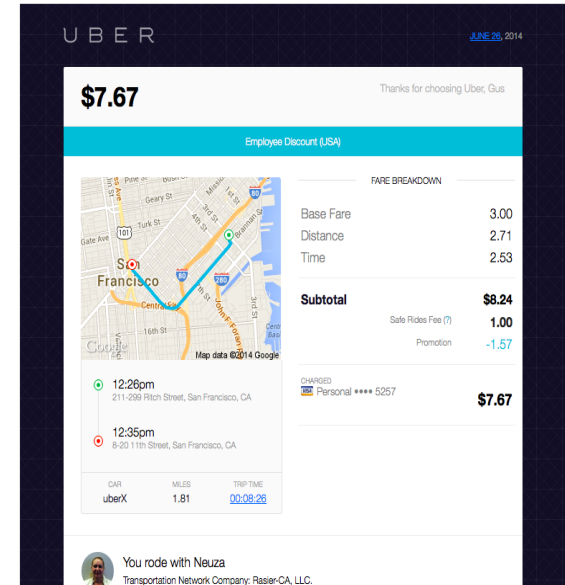
DETAILED FLOW - RATING THE TRIP



Fare is displayed and user is prompted to rate ride experience



If rating ≤ 3 star, user prompted to give reason

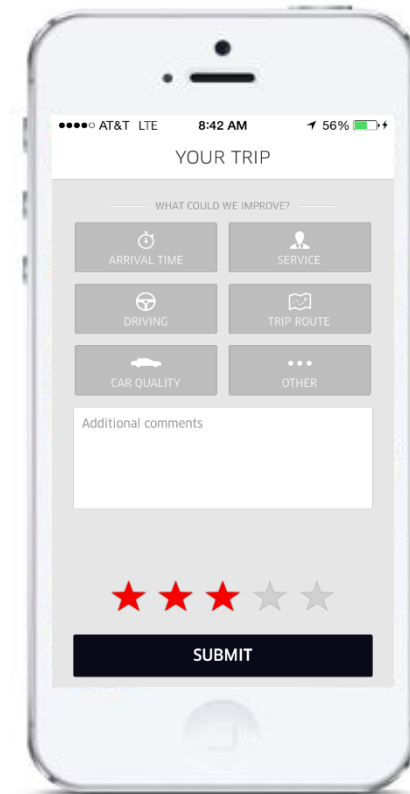


User receives detailed receipt by email

How Ride-Sharing Works: Uber

SAFETY AND RISK MANAGEMENT

- Rider Safety
 - Background checks
 - Ratings / Feedback
 - No anonymous hailing
 - Driver profiles in app
 - **Insurance standards**
 - Vehicle standards
- Driver Safety
 - Cashless
 - Ratings / Feedback
 - No anonymous pickups

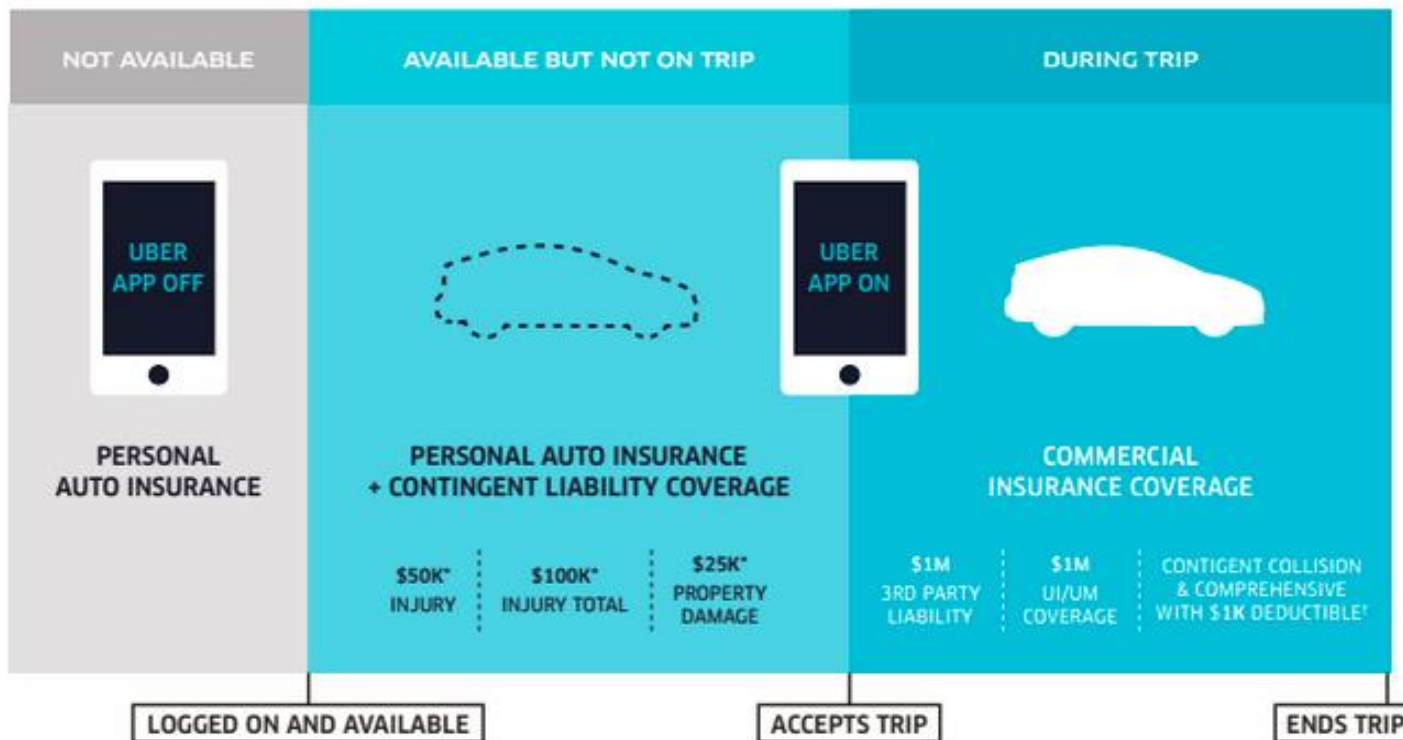


Ride-Sharing Impact on Insurance

- Uber's Insurance Program
- Understanding TNC risks
- Impact on auto insurance market
- New product opportunities

How Ride-Sharing Works

TERMINOLOGY: PERIODS 1, 2, 3



*PROVIDES AUTOMOBILE LIABILITY INSURANCE IF/WHEN THE DRIVER'S PERSONAL AUTO POLICY DOES NOT PROVIDE COVERAGE.

*PROVIDES COVERAGE IF DRIVER'S PERSONAL AUTO INSURANCE INCLUDES COLLISION COVERAGE; UP TO \$50K MAXIMUM (UPDATED 7/14/2014)

No Adverse Impact On Personal Insurance From Period 2,3

UNDERSTANDING TNC RISKS

- Most personal policies exclude coverage while carrying passengers for hire
- Uber and Lyft's insurance coverage is primary to any personal auto policy while en route to pickup and while transporting passengers
- Driver does not need to make a claim to their personal auto carrier for an incident while en route or while transporting passengers

Period 1 Exposure Is Indistinguishable from Personal Auto

UNDERSTANDING TNC RISKS

	Personal / Social	Available (Period 1)
Driver	Rated Driver	Rated Driver
Vehicle	Rated Personal Vehicle	Rated Personal Vehicle
Occupants	Driver and sometimes passengers	Driver only
Technology	GPS/Smartphone (Google Maps / Spotify)	Smartphone (Uber)
Hazards	Ordinary driving	Ordinary driving

High Limits Protect Personal Insurers From UM/UIM Exposure

IMPACT ON AUTO INSURANCE MARKET

- Liability limits are much higher than personal auto and taxi
 - Reduces UM/UIM exposure on passenger’s personal auto policy

Personal Limits:

BI Limit	Percentile of Personal Auto Policies
15/30	23%
25/50	35%
50/100	49%
100/300	78%
250/500	93%
500/1000	99%
1000/1000	100%

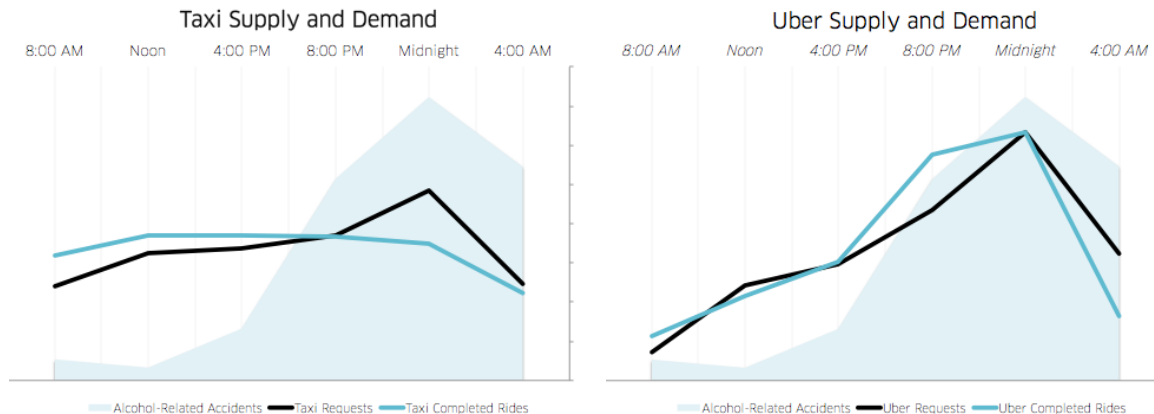
Taxi limits:

City	Required Taxi BI limits
Philadelphia	15/30K
Boston	20/40K
DC	25/50K
NYC	100/300K
Los Angeles	100/300K
Chicago	350K CSL
Rideshare (uberX)	\$1M+

Ride-Sharing Contributes To The Reduction In DUIs

IMPACT ON AUTO INSURANCE MARKET

- DUIs are a major factor in Personal Auto Losses
 - Alcohol-impaired motor vehicle crashes cost \$37 billion annually
- Incumbent providers not meeting demand
 - Austin study



Sources: NHTSA, Impaired Driving, www.nhtsa.gov/Impaired ; <https://blog.uber.com/atxsaferides>

Offering A Ridesharing Product Has Competitive Advantages

NEW PRODUCT OPPORTUNITIES

- Proactive Innovation in reaction to consumer trends
- Opportunity for Additional Premium from Existing Policyholders
- Growth Opportunity and Competitive Differentiator in High Growth Niche

Insurers Have Already Developed Products For Ridesharing

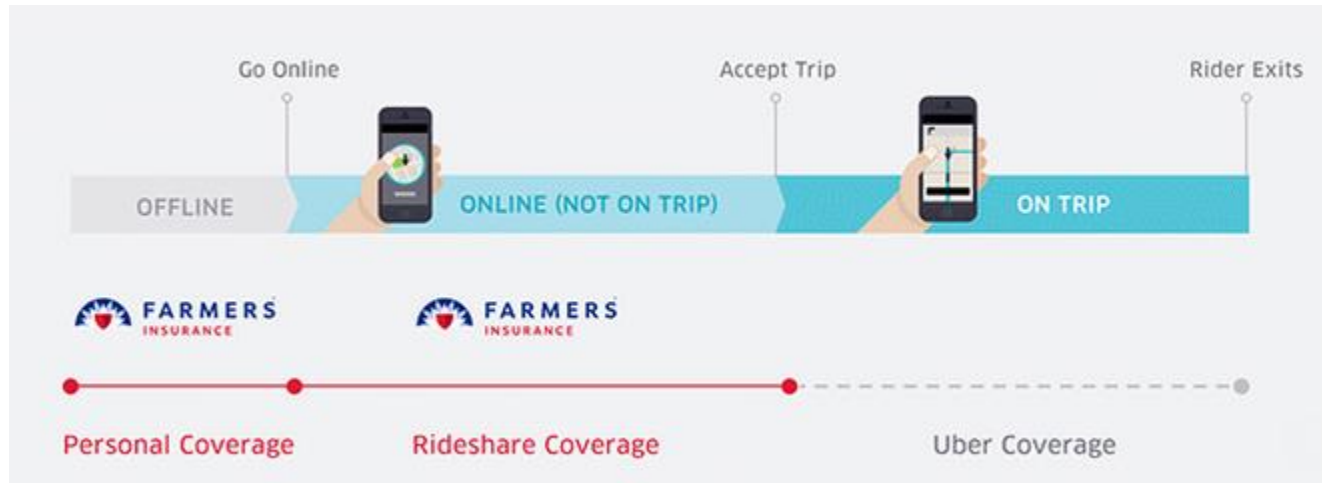
NEW PRODUCT OPPORTUNITIES

- MetroMile – Usage-Based Personal Insurance for Period 1
- Farmers and USAA – Personal Ridesharing Endorsement for Period 1
- GEICO – Commercial Auto Policy for Period 1, 2, 3
- MetLife, Progressive – Lyft Personal Auto Products

Farmers Has A Personal Ridesharing Endorsement In Colorado

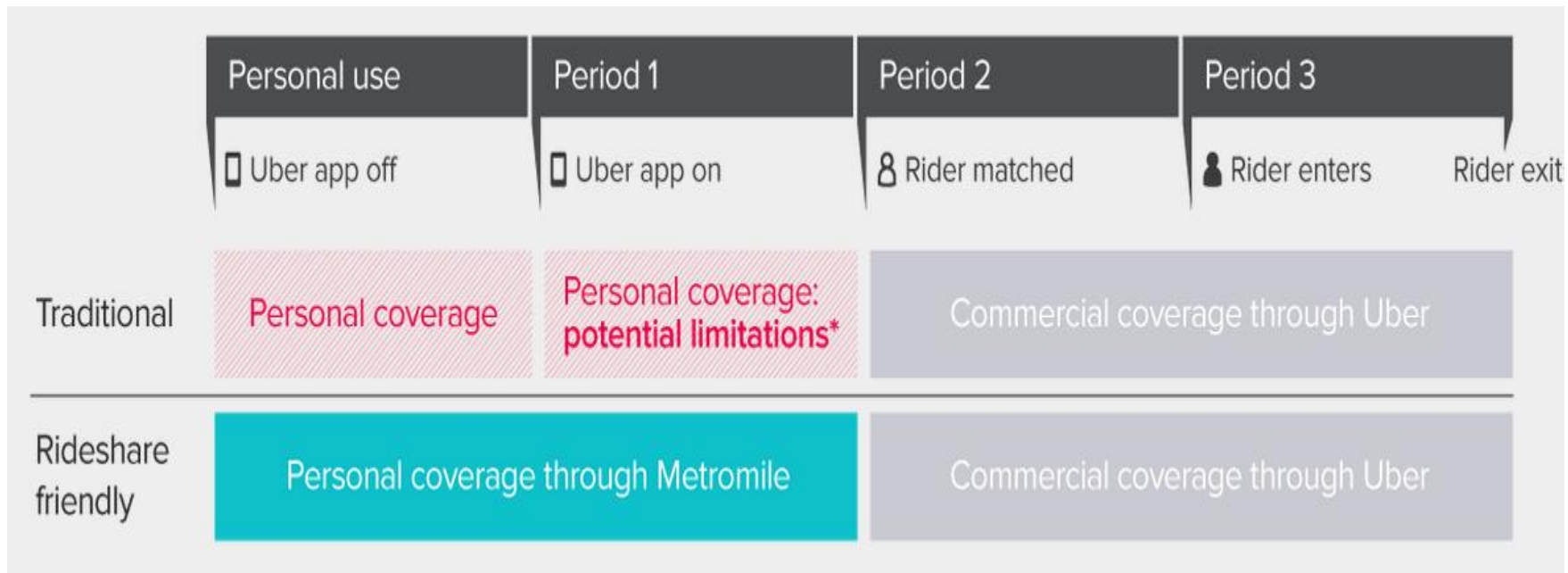
NEW PRODUCT OPPORTUNITIES

- Explicit ride-sharing exclusion added to normal personal policy
- Separate ride-sharing endorsement provides affirmative coverage for Period 1



MetroMile Offers Ride-Sharing Product For Period 1

NEW PRODUCT OPPORTUNITIES



Source: <https://www.metromile.com/uber>

MetroMile's Per-Mile, Pay As You Drive Insurance Fits Uber

NEW PRODUCT OPPORTUNITIES

- Class plan determines monthly base rate and per mile charge. Example:

	Personal use 📱 Uber app off	Period 1 📱 Uber app on	Period 2 👤 Rider matched	Period 3 👤 Rider enters Rider exits
Miles driven	500 personal miles		750 Uber miles	
Base rate	\$29.70		No charge for miles driven with Uber	
Per-mile charge	500 miles	× 3.8¢ per/mile		
Total cost	\$48.70			

Legislative Approaches to Ridesharing Insurance

Initial Challenges

- Commercial use vs. personal use
- Comparison to taxi/livery model and taxi/livery requirements
- Allowing part-time transportation activity
- The livery exclusion
- Perception of a coverage gap

Legislative Approaches to Ridesharing Insurance

Early Attempts – Colorado and California

- Adopted period approach
- Confusion over types of insurance that can cover
- Unreasonably high limits in period 1 in California
- Differing approaches on other types of coverage (UM/UIM)
- Delayed implementation

Legislative Approaches to Ridesharing Insurance

Insurance Compromise

- Clear and consistent definitions
- Primary period 1 limits of 50/100/25 plus other state-mandated coverage
- Primary period 2/3 limits of \$1M plus other state-mandated coverage
- Insurance to be satisfied by TNC, TNC Driver, or combination of the two
- Express authorization for surplus lines
- Mandatory disclosures from TNC to TNC Driver
- Ability of personal lines policies to cover or exclude TNC activities



Thank you.

UBER