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Dear Members of the Transit and Parking Commission Subcommittee,

Thank you for inviting Lyft to participate in the TPC hearing last week. I am writing to respond to some questions regarding insurance and definitions raised by the committee after the conclusion of the public comment period.

I. Insurance

In order to provide context on the insurance issue, I have attached an "Insurance Overview" which lays out the levels of insurance that apply when the app is on and after match notification with a passenger. I have also addressed two key questions that you raised below.

1) With respect to insurance, why should there be a distinction between (1) when the app is on but a driver has not accepted a ride request and (2) the period when a driver is en route to pick up passenger or has a passenger in the car?

Although every personal policy is different, the standard "for-hire" exclusion on personal policies states that the policy will not cover liabilities incurred while the driver is transporting passengers or goods for a fee. If a driver has the app open ("in driver mode") but is not then matched with a passenger or transporting a passenger, the driver is not engaged in the kind of behavior that would support a valid declination of coverage by the personal insurer. For example, a driver can have the app open while doing everyday personal errands.

Requiring a TNC to cover drivers at all times in driver mode would create more problems and ambiguity than it would solve including:

- A community member may be logged into multiple applications at the same time, creating less clarity around the responding policy.
- Creation of moral hazard, as drivers would have an incentive to open the app and obtain free insurance with high limits. Additionally, a driver could get into an accident while logged out and quickly open the app claiming the accident occurred while logged in to driver mode.

The insurance industry has not provided any data indicating that the period when a driver has an app on but has not accepted a ride request poses a significantly higher risk than any other individual driving his or her personal vehicle. Given this, the period when an app is on does not necessitate a substantially higher limit than the limit that applies to all other drivers in Madison.



2) Is there a risk of delayed payment to third parties?

During the committee meeting last week, some of you inquired whether litigation between a driver's personal auto insurer and a TNC's insurer over the interpretation of exclusions has the potential to delay payment to injured third parties.

There are two reasons why this scenario will never happen. First, if a situation ever arises in which a driver's personal auto insurer and Lyft's auto insurer dispute whether an exclusion in a policy should apply, **the TNC insurer will pay out to the injured party first and then seek subrogation from the personal auto insurer.** Subrogation is the legal right of a party to seek payment from another party if it is responsible for such payment. The injured party is not left waiting for payment while the insurers dispute whether there is an applicable exclusion. Second, Lyft has not seen any litigation between our insurer and drivers' personal auto insurers over the interpretation of auto exclusions in personal auto policies to date.

II. Definitions

After the public comment period, the committee addressed the question of whether TNCs, such as Lyft, should be considered "prearranged" or "demand responsive."

Lyft is a prearranged form of transportation. An individual driving on the Lyft platform cannot pick up a passenger who is waiting in an airport taxicab line or a passenger at a taxi stand. Rather, a request must be made through the Lyft application prior to pick up of a passenger. Once a ride is requested through the app, there is a contractual relationship between the parties through the Terms of Service. In contrast, demand responsive transportation does not require any contractual relationship beforehand and is a category with a stricter set of regulations due to the lack of accountability inherent in picking up a passenger who has no notice of the service he or she is engaging with. The question of whether a transportation option is prearranged should not be contingent on the amount of time that has elapsed between a request for service and pick-up.

Please feel free to reach out to me if you have additional questions or comments on the topics discussed in this letter.

Regards,

Candice Taylor
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Lyft