

MARIN GENERAL SERVICES AUTHORITY

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MEMORANDUM

DATE: March 12, 2015
TO: MGSA Board of Directors
FROM: Paul Berlant, Executive Officer
SUBJECT: AGENDA ITEM: G: Mobile Application Ride Sharing Businesses
(Transportation Network Companies)

Recommendation: Accept this report. No action is requested.

Background: At the January 8, 2015 MGSA Board meeting, the Board requested that staff look into the practices of the mobile application ride-sharing businesses (Uber, Lyft, etc.) regarding liability insurance and driver background and drug/alcohol testing. While we have made several attempts to get a representative of Uber to respond with no luck, I did meet the Community Relations representative of Lyft at the League's City Managers' meeting in January, and subsequently did get responses to questions I raised. Below is the exchange I had via email with Annabel Chang, Lyft Public Policy Manager for California. Note that before responding, Ms. Chang asked if I'd like her legal staff to assist in her response, to which I replied in the affirmative.

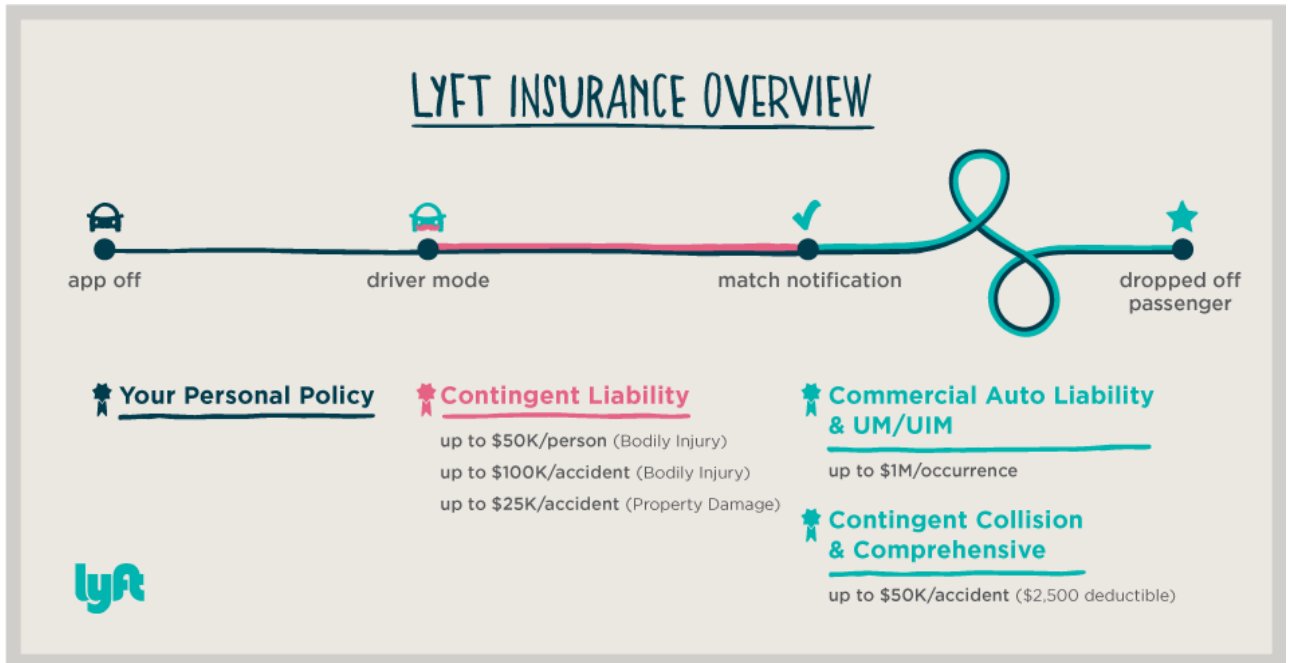
1 - What does Lyft do to ensure drivers are covered by insurance when driving for Lyft, and how much coverage is carried and by whom?

Response: "The following is an overview of how Lyft's insurance policies work in California. There are four coverages included in our insurance policies (unless otherwise noted, these coverages are in effect from the time you accept a ride request until the time the ride has ended in the app).

- Contingent Liability (coverage only while in driver mode waiting for a ride request)
- Primary Automobile Liability
- Contingent Comprehensive & Collision
- Uninsured/Underinsured Motorist (UM/UIM)

Lyft's insurance coverage is provided by James River Insurance Company (NAIC 12203). A copy of the COI is attached. For more information, please visit: <https://www.lyft.com/drive/help/article/1229170>

Below is a chart outlining Lyft's insurance coverage, including the relevant coverage limits for CA:"



2 - How are drivers tested for drug and alcohol use before they are permitted to drive for Lyft and what standards and protocols are followed?

Response: “Lyft has a zero-tolerance drug and alcohol policy for drivers. If a passenger suspects that a Lyft driver is under the influence of drugs or alcohol, we encourage them to contact us and/or the Passenger Section of the CPUC at [\(800\) 894-9444](tel:8008949444). Attached please find a more detailed description of Lyft's zero tolerance policy. We also perform background checks on all of our drivers before they are permitted to drive on the platform, which screen for drug related offenses.”

3 - What criminal background checks are done before a driver is permitted to drive for Lyft, and what parameters are used when evaluating possible criminal records?

Response: “Every driver is screened for criminal offenses and driving incidents. **DRIVING RECORD CHECK**

Our driving record check ensures the following:

- Aged 21 or older, with an active U.S. driver’s license for 1+ years
- Valid personal auto insurance that meets or exceeds state requirements
- No more than three moving violations in the past three years (e.g. accidents, traffic light violations)
- No major violations in the past three years (e.g. driving on a suspended license, reckless driving)
- No DUIs or other drug-related driving violations in the last seven years
- No extreme infractions in the last seven years (e.g. hit-and-run, felonies involving a vehicle)

BACKGROUND CHECK

The criminal background check includes national and county level databases, and screens for the following:

- Violent Crimes
- Sexual offenses
- Theft
- Property damage
- Felonies
- Drug related offenses

Note: In California our background checks go back seven years.

We also do not allow individuals to drive who are registered on the National Sex Offender Registry and DOJ50-State Sex Offender Registry at the time our background check is conducted, regardless of how long ago the individual was put on that registry.”

Staff Comments: Aside from the obvious difference that taxicab drivers are required to obtain a permit from a local municipality or county (MGSA in Marin County), taxi drivers are subject to testing for alcohol and drug abuse before driving. The Lyft model relies on customer feedback. Lyft does do some form of driving record and criminal background check and has provided some specificity with regard to its standards.

As to insurance, the CPUC has recently amended its regulations of these ride-sharing businesses, called Transportation Network Companies (TNCs). Under the CPUC rules TNC services are defined by three periods: Period 1 is: Mobile Application is open – driver is waiting for a match. Period 2 is: Match is accepted – but passenger has not been picked up (i.e. driver is on his/her way to pick up the passenger). Period 3 is: Passenger in the vehicle and this period lasts until the passenger exits the vehicle.

For Periods 2 and 3, TNCs must provide primary commercial insurance in the amount of \$1,000,000. TNCs may satisfy this requirement through three alternate methods: (a) TNC insurance maintained by the driver, if the TNC verifies that the driver’s TNC insurance covers the driver’s use of a vehicle for TNC services; (b) TNC insurance maintained by the TNC; or (c) a combination of (a) and (b). It appears that Lyft meets the requirement with their own insurance. See the link noted at the bottom of page 1 that explains the Lyft insurance scheme.

Attachments

- Lyft Insurance Certificate
- Lyft “zero-tolerance policy”