

# Testimony of Jim Black Executive Vice President, Lyft, Inc. Before the Pennsylvania House Insurance Committee

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June 23, 2014

1 Good morning Chairwoman Pickett, Chairman DeLuca and all other members of the House Insurance  
2 Committee. My name is Jim Black, and I am Executive Vice President Lyft, Inc. I have also presented  
3 testimony regarding Lyft in several states including Texas, California, Colorado, Illinois, and Ohio. Lyft  
4 commends the Committee for undertaking a review of insurance coverage for consumers and drivers  
5 that utilize experimental service for transportation throughout the Commonwealth of Pennsylvania.

6  
7 Lyft is a corporation headquartered in California but registered with the Pennsylvania Department of  
8 State. Lyft has pending with the Pennsylvania Public Utility Commission ("PUC" or "Commission")  
9 Applications for Experimental Service that, if approved, will allow Lyft to provide service throughout  
10 Pennsylvania. For several reasons, Lyft will soon file Amended Applications to refine its proposed  
11 service; the largest substantive difference involves insurance requirements. We view the Amended  
12 Applications as an opportunity to address and adjust a few things that many not have been sufficiently  
13 highlighted when Lyft filed its Applications for Experimental Service before the Commission.  
14 Accordingly, I will outline the very specific and comprehensive insurance provisions that support Lyft  
15 service in Pennsylvania.

16

## 17 **Overview**

18 The substance of my testimony this morning is divided into three parts. First, I believe it important to  
19 describe Lyft and the service it seeks to provide in Pennsylvania. Second, I will specify and outline the  
20 key insurance provisions that demonstrate that the insurance Lyft has obtained to support its service  
21 meets or exceeds state requirements now in place. Lastly, I will do my best to address questions from  
22 Committee members to supplement my testimony.

23

## 24 **A. Background**

25 Lyft proposes to operate a peer-to-peer ride-sharing network using digital software to facilitate  
26 transactions between passengers and ridesharing operators using their own vehicles to provide  
27 transportation. The purpose, of course, is to enhance access to transportation alternatives, supplement

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1 existing public transportation, reduce single occupancy vehicle trips as well as vehicle ownership and  
2 usage, while assisting Pennsylvania in reducing greenhouse gas emissions.

3 Lyft is a Transportation Network Company ("TNC") and this refers to a company offering transportation  
4 network service through a mobile software application to connect individuals seeking transportation  
5 with qualified drivers. This is an innovative form of prearranged transportation accessible through a  
6 mobile software application (available on both the Apple iOS and Android mobile operating systems).

7 The need and public necessity for this service is clear. Existing prearranged and on-demand  
8 transportation services rely only on full-time professional drivers, unnecessarily limiting the scope of  
9 authorized services available to meet fluctuating consumer demand for transportation. In addition,  
10 existing services can be costly, and therefore, beyond the resources of many consumers. TNCs such as  
11 Lyft effectively make use of available technology to enhance safety and consumer convenience and to  
12 efficiently distribute available resources to areas of need.

13 Ridesharing, where non-professionals with vehicles providing rides to friends, neighbors, casual  
14 acquaintances, is nothing new. Consumers have engaged in ridesharing for many decades, utilizing such  
15 low-tech forums such as office carpooling lists, commuter pick-up lines, employer and community  
16 rideboards. The benefits of low-cost ridesharing are clear and unmistakable; ridesharing reduces single  
17 occupancy vehicle trips while providing tremendous societal benefits, including enhanced access to  
18 transportation and reductions in traffic congestion and greenhouse gas emissions.

19 The TNC proposed by Lyft, accessible through the Lyft mobile application and operated by Lyft, would  
20 make use of these technological advances to allow Pennsylvania residents in need of transportation to  
21 quickly and efficiently communicate with individuals willing to provide transportation to points within  
22 the Commonwealth using their personal vehicles. As the certificated entity, Lyft would be responsible  
23 for providing a durable record of each trip completed through the platform, including the identity of the  
24 passenger and driver, a photograph of the vehicle and a description of each trip (*i.e.*, time and location  
25 of origination and destination, and GPS record of route taken). Lyft would further be responsible for  
26 obtaining criminal background and driving history checks for all individual drivers offering service  
27 through the Lyft platform. In addition to background checks, drivers must observe Lyft's Zero Tolerance  
28 for Drugs and Alcohol policy and meet all standards for a qualified driver as set forth in the Pennsylvania  
29 Code and Commission regulations. Drivers who fail to meet each and every one of the foregoing

1 requirements simply do not qualify as a Lyft driver; yet, this comprehensive scrutiny does make it  
2 possible for non-professional and occasional drivers to provide transportation, thereby enhancing access  
3 and availability of affordable, high-quality transportation services for Pennsylvania residents while  
4 ensuring the safety of riders.

5 **B. Insurance Requirements**

6 As with any new innovation or variance from traditional and long-standing practice, concerns regarding  
7 liability and risk exposure exist. This is not unexpected and, quite frankly understandable. However,  
8 misinformation and a base misunderstanding of Lyft's actual insurance capabilities are troublesome to  
9 say the least.

10

11 For the specific purpose of providing a definitive explication of those insurance requirements, I will set  
12 forth in detail the Lyft insurance program that meets and exceeds State law and Commission  
13 regulations.

14

15 Regarding Business Auto Coverage and Excess Liability, Lyft provides excess coverage up to \$1 Million  
16 liability per accident, as well as \$1 Million in Uninsured and Underinsured Motorist Coverage. This  
17 specifically includes an "insured" driver using his/her own vehicle who has entered into a contract with  
18 Lyft. This covers drivers and all occupants. This policy includes an endorsement that clarifies the policy  
19 is excess of any other collectible policy, such as the driver's personal policy, but is primary if no other  
20 coverage exists. This policy applies whenever the Lyft driver is matched with a passenger or  
21 transporting passengers.

22

23 Also regarding Business Auto Coverage and Contingent Liability, the Lyft coverage is designed to be  
24 primary coverage for Lyft drivers if the driver's personal insurer denies coverage. This includes amounts  
25 of \$50,000 per person in Bodily Injury coverage, and \$100,000 per accident with \$25,000 property  
26 damage. This applies if the personal auto insurer of the Lyft driver denies coverage. This coverage  
27 exceeds the PUC insurance guidelines set forth in §31.11 of the PUC Regulations. Also, the Business  
28 Auto Physical Damage of Lyft's policies include collision and comprehensive coverage of \$50,000 with a  
29 \$2,500 deductible.

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1 In an effort to prepare for any instance or circumstance not covered by the extensive insurance  
2 provisions set forth above, Lyft has contracted to supplement its coverage with additional binders to its  
3 insurance portfolio to provide for \$25,000 1<sup>st</sup> Party Medical coverage, as well as \$10,000 in wage loss  
4 benefits.

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6 All of Lyft's Insurance provisions will be set forth with specificity and clarity in Lyft's forthcoming  
7 Amended Application for Experimental Service. In retrospect, Lyft's high-level explanation of its  
8 insurance capabilities in its original Applications may not have been as detailed as necessary, and may in  
9 fact served to raise questions and apprehensions about Lyft's comprehensive insurance coverage. I am  
10 told that Lyft's Amended Applications will be filed at the PUC within ten days.

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12 Hopefully, the detail set forth above has addressed and eased any concern regarding the full gamut of  
13 Lyft's comprehensive insurance provisions.

14

15 **A. Questions**

16 I thank the Chairpersons and the entire committee for your kind attention and consideration of my  
17 testimony. I would be happy to answer any questions you may have.