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## **Uncompensated After Crash, Case of uberX Passengers Shows Need for 'Ridesharing' Companies to Bear Insurance Burden**

### *California Insurance Commissioner Hammers Uber, Lyft and Sidecar Coverage Models*

**ROCKVILLE, Md.**— The rationale behind the announcement last week by the California Department of Insurance that so-called “ridesharing” companies must bear the burden of providing primary insurance coverage is starkly illustrated by the case of Jason Herrera and Nikolas Kolintzas, two injured uberX passengers.

The department’s commissioner, Dave Jones, [stated last week in a release](#): “As long as TNCs [transportation network companies] are encouraging non-professional drivers to use their personal vehicles to drive passengers for profit, a risk which personal automobile insurance simply does not cover, TNCs should bear the burden of making sure that insurance is provided.”

#### **The Case of Jason Herrera and Nikolas Kolintzas**

In September 2013, Jason Herrera and Nikolas Kolintzas summoned an uberX vehicle in San Francisco, whereupon their driver crashed his Prius into another vehicle. The uberX driver was found to be at fault. Both uberX passengers suffered concussions and serious injuries to their necks and backs. When the two sought financial assistance from Uber to cover their medical costs, Uber responded that this was the driver’s responsibility. The driver’s insurance company responded that it would not cover the accident whatsoever because his personal policy did not permit him to drive commercially. Just like this driver, most uberX drivers do not carry commercial insurance. Herrera and Kolintzas are now suing Uber in an effort to cover their medical bills.

Since the launch of Uber’s “ridesharing” division uberX, the company has claimed to possess a \$1 million per-incident liability policy to cover passengers injured in a crash. So, why haven’t Herrera and Kolintzas been compensated? What possible explanation does Uber provide for rejecting Herrera’s and Kolintzas’ requests for insurance compensation? Is it that Uber’s terms and conditions require passengers to hold the company harmless for everything that happens on the trip? Or, does Uber’s supplementary insurance policy makes it so unclear as to which insurer is responsible for injured uberX passengers that Uber believes it can wriggle out of responsibility?

“Uber’s supplementary insurance is inadequate. It begins with the false premise that a driver’s personal insurance will cover a crash he causes while he is driving commercially. It will not,” said William Rouse, general manager for Los Angeles Yellow Cab and past president of the Taxicab, Limousine & Paratransit Association (TLPA).

As a result of the controversy following Uber's denial of insurance benefits to the family of six-year-old Sophia Liu killed by an uberX driver, the company announced expanded coverage that is said to kick in when the uberx driver's app is open. Lyft has announced identical coverage. This "activity-based" insurance coverage is terrible public policy that no city or state should permit. Here's why: Say a "ridesharing" driver causes an accident while operating with multiple apps open. Which company's insurance will be held accountable? In this commonplace scenario, all app companies could claim to deny coverage.

New companies arriving in this so-called "ridesharing" space will further add to the confusion. One new company, Breeze, announced recently that it will begin leasing vehicles to "ridesharing" partners/drivers. In addition, technological advances such as RideScout are now aggregating "ridesharing" companies' electronic hails in a manner similar to that of Kayak.com. These additional elements of corporate involvement or technological interface could further cloud the issue of insurance responsibility for involved in "ridesharing." If activity-based insurance for "ridesharing" companies becomes an accepted reality, the possibilities for confusion and lack of accountability are endless. In fact, this has already happened as evidenced by Herrera's and Kolintzas' lawsuit against Uber.

"The solution to this confusion is to insist that commercial insurance be tied to the vehicle—not to the driver's activities—100 percent of the time, just as it is currently required to do for all other for-hire taxicabs and limousines," said Dave Sutton, spokesperson of 'Who's Driving You?'

**ABOUT US:**

'Who's Driving You?' is a public safety campaign designed to educate the public about the dangers of unlicensed transportation services. It is an initiative of the Taxicab, Limousine & Paratransit Association, an international non-profit trade association whose membership consists of 1,100 companies working in the licensed for-hire transportation industry. For more information, visit [www.WhosDrivingYou.org](http://www.WhosDrivingYou.org), follow us on Twitter (@WhosDrivingYou) and follow us on Facebook ([facebook.com/WhosDrivingYou](https://facebook.com/WhosDrivingYou)).

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