

# SHARED MOBILITY

## CURRENT PRACTICES AND GUIDING PRINCIPLES



### Carsharing

Insurance emerged as a key issue following the terrorist attacks of 9/11 in the area of roundtrip carsharing. At that time, North American carsharing operators confronted substantially higher premiums, which often exceeded \$2,500 per vehicle annually, as insurance companies became far more risk adverse (Shaheen, Cohen, & Roberts, 2006). The average cost of insuring a carsharing vehicle has since dropped to an average of \$789 per a carsharing vehicle, according to an insurance study of six carsharing operators from 2008 through 2015 (Shaheen, Shen, & Martin, 2016). Although insurance has become increasingly available and more affordable for carsharing, insurance challenges have emerged with the advent of many innovative shared modes.

In 2005, Congress passed the Graves Amendment as part of the Transportation Equity Act for the 21<sup>st</sup> Century, protecting rental car owners from vicarious liability. In 2009, a driver who was rear-ended by a Zipcar vehicle sued both the driver and Zipcar, claiming that Zipcar should be held responsible for death, injuries, and property damage resulting from negligence in the use and operation of its vehicle. In 2010, the New York Supreme Court ruled that Zipcar was entitled to protections against vicarious liability afforded by the Graves Amendment (Auto Rental News, 2010). A similar suit brought against car2go in the fall of 2014 involving a collision with a drunk carsharing driver in Florida has not yet been litigated (Pacenti, 2014).

### Peer-to-Peer (P2P) Carsharing

Insurance also reemerged as a key issue in the late-2000s with peer-to-peer (P2P) vehicle services. Most state insurance laws have not kept pace with the introduction of P2P models. At issue is defining when the vehicle owner's policy ends and when the P2P carsharing operator's commercial policy begins. In California, Oregon, and Washington, P2P vehicle insurance legislation was ratified as part of AB 1871, HB 3149, and HB 2384, respectively (Shaheen, Mallery, & Kingsley, 2012).

#### Peer-to-Peer Carsharing Insurance Policy in Oregon

Oregon has approved peer-to-peer vehicle sharing legislation that defines and outlines peer-to-peer vehicle sharing coverage. Specifically, the law requires personal vehicle sharing programs to provide vehicle liability insurance and assumes liability in the event of loss or injury for periods when a vehicle is in use by the program. The law also prohibits a motor vehicle owner's liability insurer from cancelling a policy or reclassifying use from a private passenger motor vehicle to a commercial use vehicle because of a vehicle's use in a personal vehicle sharing program.

Source: Auto Rental News, 2012.

California's AB 1871, which represents the first P2P insurance legislation, has been a key model for personal vehicle sharing legislation in other states. All three of these laws classify personal vehicle