

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In Re: Application of Lyft, Inc. : Docket No. A-2014-2415045  
Appearing pursuant to Petition for Order : Docket No. A-2014-2415047

**ANSWER OF THE INSURANCE FEDERATION OF PENNSYLVANIA  
TO LYFT'S PETITION FOR PARTIAL RECONSIDERATION OF THE  
OPINION AND ORDER DATED DECEMBER 18, 2014**

Pursuant to the Commission's regulations at 52 Pa.Code Section 5.572(e), the Insurance Federation of Pennsylvania files this Answer to the Petition filed by Lyft, Inc. seeking partial reconsideration of Commission's December 18, 2014 Order.

**INTRODUCTION**

1. Lyft asks the Commission to revise or delete two essential insurance requirements in its Order. First, it wants to be relieved of providing primary coverage for its drivers during Stages 1 through 3 – when its drivers are engaged as Lyft drivers by being “on app”, “on match” or “on ride;” instead, it now wants to satisfy the required coverage by having its drivers obtain their own “TNC-specific policies.” Second, it wants to be relieved of directing its drivers to contact their personal insurers about insurance ramifications from becoming Lyft drivers.

protections that are the objective and result of the insurance requirements established in the Commission's Order.

5. The Commission should rebuff Lyft's semantic games and revisionist approach as it reframes the case it has made, ignores the record and arguments from all sides, raises new if unproven "facts," and ignores the public protections provided in the Commission's Order.

6. To the extent Lyft wants a rehearing and the chance to re-open the record for additional evidence, the Commission should require that it file new Applications. Lyft proposed one plan for satisfying its insurance obligations in its original Applications; it proposed another plan in the course of the administrative hearings; and it now proposes a third plan, albeit a sketchy one that says what it won't do rather than setting forth an affirmative and comprehensive program of what it will do. It may be time for Lyft to start from the beginning, so the Commission and the public – and probably Lyft itself – can know and scrutinize what it is really proposing.

## **ARGUMENT**

**The Commission has correctly protected the public by establishing insurance requirements that cover not just the amount of coverage, but how it is to be provided.**

7. Lyft objects to the Commission's requirement that it provide primary coverage during Stages 1 through 3, saying the obligation of primary coverage is not specifically stated in Section 32.11(b) of the Commission's regulations and that Lyft should therefore be allowed to satisfy its insurance obligations by having its drivers obtain their own "TNC-specific" policies. It claims such policies are being developed in a number of states, including Pennsylvania.

8. No such "TNC-specific" policies are in place in Pennsylvania and none have been filed for regulatory approval. That may happen – and it is happening in other states where legislation addressing this has been enacted to assure proper compliance, monitoring and consumer safeguards. The Commission's Order doesn't stifle any of that, especially given the Commission's repeated calls for legislation.

9. The Order correctly recognizes that such an option will need special consideration and provisions. For instance, how would a TNC satisfy Section 32.11(a) of the Commission's regulations and the requirements of filing a certificate of insurance – would this have to come from each of Lyft's drivers? And how would Lyft monitor its drivers' compliance with its proposed insurance in any ongoing and meaningful way? This would require a level of coordination with its drivers' insurers that Lyft emphatically resists.

10. Nothing in Lyft's Applications or the record below mentions the type of coverage – drivers with "TNC-specific" policies – Lyft now wants approved. Throughout this

proceeding, Lyft sought permission to provide contingent coverage at Stage 1 but agreed to provide primary coverage at Stages 2 and 3; the contingent coverage it proposed is triggered only if the driver's insurer denies coverage. The insurance Lyft now suggests – drivers obtaining “TNC-specific” coverage during all three stages – has never been part of its Application, so it isn't something the ALJs, the Commission or interested parties could have evaluated. Whatever its merits or weaknesses, it isn't the subject of these Applications or this Order.

11. Lyft contends that Section 32.11(b) of the Commission's regulations, by not using the word “primary” in describing the required coverage, means the Commission cannot require that Lyft provide such coverage. Lyft ignores Section 32.11(a), which requires a certificate of insurance by an insurer (singular, not plural) evidencing this coverage – with no mention of the contingencies, conditions or caveats Lyft now seeks. And Lyft remains oblivious to the overriding obligation of public protection in Section 512 of the Public Utilities Code: The point of having insurance, as was well-outlined by the ALJs and the Commission, is to have a clear and verifiable means of ascertaining coverage, and the Commission has considerable discretion in establishing the specifics to achieve this.

12. Lyft wants relief from the Commission's insurance requirement of primary coverage – but it never mentions how the public would remain protected under the insurance it now proposes, or how its proposal would actually work. The Commission's requirement of primary coverage – particularly when contrasted with the contingent coverage Lyft sought until now – fulfills that duty of public protection in a pragmatic and verifiable

way. It should be continued unless and until Lyft files an alternative plan that at least matches that.

**The Commission has correctly protected the public by requiring that Lyft direct its drivers to contact their personal insurers about insurance ramifications when becoming Lyft drivers.**

13. Lyft says the insurance disclosure requirement is not supported by any evidence in the record and therefore lacks a rational basis. It is not making a new argument, just ignoring the record and a notice requirement that predates the Commission's Order (it was first imposed in the Commission's July 24, 2014 ETA Order).

14. The record below demonstrates the importance of its drivers notifying their insurers. The testimony of the Insurance Federation's witness was hardly offered in passing: He explained that a Lyft driver might face cancellation or other exposure and ramifications, as with car loans and leases. Lyft never challenged or rebutted that, and Insurance Commissioners here and across the country have emphasized this.

15. Ironically, Lyft's professed recognition of the importance of its drivers having their own insurance (at least at Stage 0, and now, it seems, at Stages 1 through 3), is perhaps the best argument for the disclosure required in the Commission's Order: As the Commission stated, "notification serves a critical purpose for drivers and the public by ensuring that the driver's services with Lyft do not result in circumstances of lapsed personal coverage and uninsured motorists on highways."

16. Lyft's desire to hide important facts and concerns from its drivers doesn't rise to a First Amendment right. The record and arguments in this proceeding were and remain compelling as to the public protection promoted by this disclosure. Lyft's assertion that this disclosure only protects insurance companies, not consumers, is as juvenile as it is unfounded.

17. Lyft again fails to explain how or why the public (and its drivers) are better protected, how their well-being is better served, without this notice. Section 512 of the Public Utility Code may be an inconvenience for it, but it is the core of evaluating its Applications and this Petition: How does the relief Lyft seeks better protect the public than does the Commission's Order? It doesn't, which is why Lyft's Petition should be denied.

**The two forms of relief Lyft seeks are inconsistent.**

18. The first half of Lyft's Petition envisions a cooperative relation where Lyft, its drivers and their personal automobile insurers work in harmony to assure continuous coverage during all four stages through a combination of conventional auto coverage and "TNC-specific" policies. The second half of Lyft's Petition says its drivers are on their own with their insurers, that Lyft has no responsibility to them or their insurers, and that their insurers will have to figure out what their insureds (its drivers) are doing on their own.

19. Lyft can't have it both ways. Lyft is asking for greater reliance on its drivers' insurers than it previously proposed: It now wants its drivers to be responsible for Stages 1 through 3, as opposed to "just" Stage 1 coverage. But it wants even less communication with its drivers about insurance, not even a notice that they contact their own insurers.

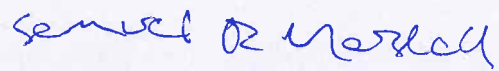
20. Lyft again ignores any public protection in this oddly inconsistent and disjointed approach. Lyft may benefit from it – but it never explains the benefit or protection to its drivers or the public, because it can't.

## **CONCLUSION**

21. The Commission should reject Lyft's Petition not only because it raises no new arguments or overlooked considerations, although that is reason enough. The Commission should reject Lyft's Petition because it ignores the goal of public protection in requiring meaningful, accessible and understandable insurance of it and its drivers.

22. Lyft hasn't shown that its requested revisions better protect the public than do the insurance requirements in the Commission's Order. The opposite is true: The revisions Lyft wants would make its insurance less meaningful, accessible and understandable, to the public's considerable detriment. Enough is finally enough: The Commission should reject this Petition.

Respectfully submitted,



Samuel R. Marshall (PA ID No. 33619)

Insurance Federation of Pennsylvania, Inc.

17<sup>th</sup> Floor

1600 Market Street

Philadelphia, PA 19103





Michael W. Gang  
Devin T. Ryan  
Post & Schell, P.C.  
17 North Second Street, 12th Floor  
Harrisburg, PA 17101-1601  
Email: mgang@postschell.com  
Email: dryan@postschell.com

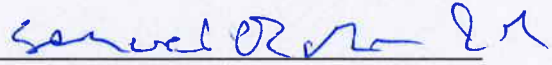
David William Donley, Esq.  
JB Taxi LLC t/a County Taxi Cab  
3361 Stafford Street  
Pittsburgh, PA 15204  
Email: dwdonley@chasdonley.com

Michael S. Henry, Esq.  
Michael S. Henry LLC  
Concord Limousine, Black Tie Limousine,  
Executive Transportation Inc  
2336 S. Broad Street  
Philadelphia, PA 19145  
Email: mshenry@ix.netcom.com

Lloyd R. Persun, Esq.  
Persun and Heim, P.C.  
MTR TRANS INC & BILLTOWN CAB  
P.O. Box 659  
Mechanicsburg, PA 17055-0659  
pagelbaugh@persunheim.com

Dennis G. Weldon, Jr., Esq.  
Bryan L. Heulitt Jr., Esq.  
Philadelphia Parking Authority  
701 Market Street, Suite 5400  
Philadelphia, PA 19106

Mary D. Long  
Jeffrey A. Watson  
Administrative Law Judges  
Pennsylvania Public Utility Commission  
301 5<sup>th</sup> Avenue  
Suite 220  
Pittsburgh, PA 15222



Samuel R. Marshall  
Insurance Federation of Pennsylvania

Dated this 12<sup>th</sup> day of January, 2015, in Philadelphia, Pennsylvania