

Uber and Lyft: When Will Businesses and Consumers Demand Better Safety Standards? (A Proposed Solution)



Lets just start this article out with some candor by saying that it is editorial in nature. It is indeed my opinion, but only after many panel discussions, speaking engagements and discussions with corporate travel buyers and travelers, where the recurring theme is that safety programs and protections in the sharing economy market still fall far short from where they need to be. As a travel risk management subject matter expert, a former corporate travel manager and someone very active in the business travel industry with developing best practices around travel risk management policies, products and programs, I'm going to put some ideas forward that in the end may not stick, but hopefully will motivate corporations that collectively spend millions of dollars with sharing economy ground transportation facilitators like Uber and Lyft (and others) to push for new industry standards across their networks globally, despite legal variances by jurisdiction.

Companies with corporate travel policies need to be able to comfortably take a position on authorizing or prohibiting the use of these services, but need some consistency in programs to lean upon, in support of said policy decisions. No, this didn't seem to be such a policy pain point before the age of Uber and Lyft with taxis, but those days are gone.

You wanted "disruption," you got it! The good thing is that similar questions are starting to be asked of taxi companies, and should be considered by taxi service facilitators, such as Curb. We all want to use these services, but we need some buyers to demand widespread, standardized solutions.

Alleged sample arguments by some sharing economy providers in defense of current programs:

1. Taxis aren't any safer than what our drivers provide.
(For the sake of discussion let's exclude black car services that often require commercial insurance and/or higher standards for safety, licensing and insurance coverage, but even then, there are variances by location/jurisdiction).

While inconsistency in safety standards also varies by location/jurisdiction with taxi companies, many of the ones that I've spoken with require:

- Annual, in person driver safety training
- Annual drug testing
- Fingerprints for background checks (While not 100% accurate, can facilitate finding criminal histories beyond 7 years back, which is as far back as some sharing economy suppliers go. Any increase in catching persons allegedly driving with false names, and/or filtering out convicted sex offenders, murderers and kidnappers is an improvement.) Forbes article on criminals passing Uber's background check in 2015 - <http://www.forbes.com/sites/ellenhuet/2015/08/19/uber-background-check-lawsuit-convicted-felons-prosecutors/#7ffe47f44c96>
Additional article stating that Uber is quietly testing fingerprinting - <http://www.forbes.com/sites/ellenhuet/2015/10/14/uber-publicly-resists-fingerprinting-its-drivers-but-is-quietly-testing-it-live-scan/#60383ec173fe>
Yet, as recently as January of 2016, both Uber and Lyft continue to publicly resist fingerprinting - <http://fortune.com/2016/01/29/austin-fingerprint-ride-hailing/>
Fingerprinting Service Provider (also supports TSA pre-check) outlines why background checks with fingerprints are more reliable than "name" background checks on their site at <http://www.identogo.com/Resources/FAQs.aspx>
- Maintenance inspections and standards are managed through a central facility - i.e. for NYC, see: http://www.nyc.gov/html/tlc/downloads/pdf/rule_book_current_chapter_6_7.pdf This will vary, of course by location, but is a call to action for taxi companies as well.

2. \$1 million dollars in insurance coverage is provided.
Despite any market messaging on \$1million insurance policies, I fail to see the application of that coverage, or it being enough when multiple passengers are involved, when acceptance of the sharing economy provider's terms and

conditions requires an indemnification of liability. Perhaps it does, but this question has been asked many times, and I still haven't received an answer. Also, while I'm sure situations will vary, with city authorized taxi companies, I doubt that a civil lawsuit involving an accident in a taxi would solely involve suing the driver and their personal insurance provider, as may be the case with sharing economy drivers if passengers have no recourse against the platform or application provider.

So here's my suggested solution (opt in for drivers and passengers):

1. Insurance Partner with a global insurer that is willing to underwrite user based, on demand coverage that provides the passengers with increased, guaranteed, comprehensive coverage for bodily injury and medical coverage, and perhaps provide case management support and medical assistance services on a global scale across the driver network. With the volume that sharing economy providers have, I would expect a global insurance and assistance provider to jump at the chance to provide coverage that ends up being a minimal and incremental supplement to the fare charge to the passenger, if the volume was there.
2. Create a "Safety Ride" program and designation for drivers who choose to be a part of the program, which should be displayed on their driver profiles and represented in the order application's user interface as a setting to request these drivers only, or on an ad hoc request basis. Program costs could potentially be paid for wholly or partially by the participating insurer with reduced profits on the premium per ride until the costs were paid off, but the program should include:
 - a. Fingerprint based background checks going back further than 7 years
 - b. Annual in person safety training provided by an outsourced provider
 - c. Random or regular drug testing
 - d. Annual (minimum) maintenance check by a certified mechanic (not just where legally mandated, and not by another driver)
 - e. Expanded web based or in person training for passenger safety, cultural sensitivity and whatever is made available via the program
 - f. Include the higher amounts of insurance, services and support provided by global insurance/assistance partner
 - g. Commitment from driver that even with a legal license or permit to carry a firearm, they will not bring any along in the vehicle when picking up passengers

What's the incentive for the driver?

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1. Preference from business travelers who want to use “Safety Ride” drivers versus a “Non-Certified Safety Ride Driver”, or whatever you want to call them, which could provide increased revenue.
2. Additional insurance provided during the ride by the insurance partner, with amounts depending upon the success of the insurance sourcing exercise.

What’s the benefit for the employer?

1. Corporate policy can finally state that these services are absolutely authorized IF the “Safety Ride” feature is enabled and used for reimbursable rides.
2. Provides peace of mind for knowing that consistent standards and coverage are in place and not variable or missing.

What’s the benefit for the passenger?

1. Ease of use to order the service with additional insurance coverage
2. Peace of mind that the vehicle they are riding in is reasonably safe, because of proper maintenance checks by a certified mechanic
3. Peace of mind that the driver is checked for drug use
4. Peace of mind that their driver may not be a former sex offender or other convicted violent criminal, because of more comprehensive background checks with fingerprints that go back beyond 7years

Why this matters, and how it could work.

Fictional use case - U.S. business traveler in foreign country where Uber and/or Lyft operate

Ms. Smith steps out of a restaurant late in the evening after a business dinner, on her own and needs a ride to her hotel. She opens her sharing economy ground transportation application on her smart phone and begins the process of ordering a ride. Her profile has already been configured to state that she only wants “Certified Safe Drivers” for her rides. She can see that there are other drivers in the area that are closer, but she would rather wait for one that participates in the “Safety Ride” program, and her company policy requires it. The driver arrives and she enters the vehicle, which is clean and in seemingly good condition. Five minutes into the ride, another car runs a red light and hits them from the side at full speed. Either the local emergency services are called directly, or the “Safety Ride” feature (in tandem with their insurer/assistance provider) can be contacted with a touch of a button to facilitate the ordering of emergency services.

Through the passenger’s phone or possibly the sharing economy provider’s customer service and support line, the passenger can show either put the hospital on the phone

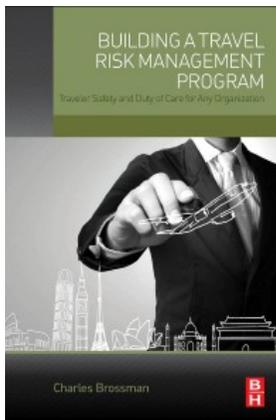
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with an assistance representative (insurer or customer support), or show them the details of the coverage and program (includes her user id), so that the hospital can contact the insurer for case management of the incident and guaranteed payment of services needed.

This could be overkill for those companies that have adequate insurance and medical assistance for their travelers overseas, but there are amazing numbers of travelers that go abroad without comprehensive medical assistance, insurance and evacuation coverage, which should be provided by their employer. Also, this would be insurance that would conceivably only cover incidents that occurred during the ride, thus hopefully the minimal fare surcharge.

I make no claims that this solution is perfect, nor that it won't require sourcing and market validation, but I encourage this to be roadmap for the sharing economy industry to directly engage the business travel buyer industry and gain consensus on a "new norm" or standard, that we can all get behind.

Who knows, it could be a new revenue stream for sharing economy companies, after paying for the expenses of the program, depending on the cost per transaction.



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