

# Management of Liability, Money, Logistics, and User Experience by Turo, Inc.

sb swae

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## Abstract

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*Keywords:* Turo, car sharing, peer-to-peer, liability, insurance, money, user experience, user interface

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## 1. Introduction and Background

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13     • Bullet point one

14     • Bullet point two

15     1. Numbered list item one

16     2. Numbered list item two

### 17    1.1. Subsection One

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Treatments	Response 1	Response 2
Treatment 1	0.0003262	0.562
Treatment 2	0.0015681	0.910
Treatment 3	0.0009271	0.296

Table 1: Table caption

29 *1.2. Subsection Two*

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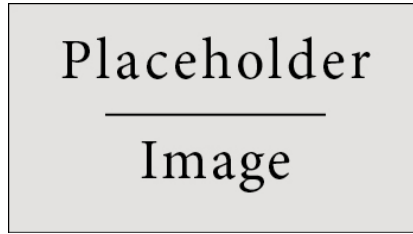


Figure 1: Figure caption

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$$e = mc^2 \tag{1}$$

## 2. Liability Exposure and Insurance Coverage

### 2.1. Owner's Insurance

Turo offers three protection plans for owners who make their cars available for rent: basic, standard, and premium. The owner's choice of protection plan determines the share of the rental fee that the owner receives. Owners are also permitted to simply carry their own insurance on their vehicle.

Insurance coverage in the United States is provided by a group plan administered by Liberty Mutual.

60 Turo openly admits that their protection plans come with an inherent  
61 level of uncertainty. Turo senior claims manager Chris Aragon states that,  
62 “If theres an engine failure, and its something thats caused by a mechanical  
63 failure and not something that the renter could have caused by using the  
64 vehicle, thats something that is not covered by us. Thats something thats  
65 just a mechanical breakdown that youd be expected to pay for.”<sup>1</sup> This is  
66 consistent with standard insurance practices in the United States. Insurance  
67 carriers do not typically provide coverage for mechanical failures in vehicles  
68 as these cases are often covered by warranties. In the event that a component  
69 of the vehicle fails due to driver abuse, Turo states that it will determine the  
70 cause and act accordingly.

#### 71 2.1.1. Basic Protection

72 The basic protection plan offers \$1,000,000 USD in liability insurance,  
73 covers physical damage to the vehicle up to a \$125,000 USD, and has a  
74 \$3,000 USD deductible. Private auto insurance deductibles in the United  
75 States typically range between \$100 and \$1000 USD, though they can be as  
76 high as \$2500 in some cases. Under this plan, Turo will pay 20% up to the  
77 first \$3,750 of a damage claim and then covers 100% beyond that limit, up  
78 to a cap of \$125,000. At this level, owners receive 85% of the trip fee.

#### 79 2.1.2. Standard Protection

80 The standard protection plan offers \$1,000,000 USD in liability insur-  
81 ance, covers physical damage to the vehicle up to \$125,000, and has a \$0

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<sup>1</sup> Kristen Lee. Jalopnik, 22 February 2017. <https://jalopnik.com/how-insurance-works-when-you-rent-out-your-car-on-turo-1792401490>

82 deductible. Owners also receive reimbursement for a replacement vehicle  
83 during the period of time that their personal vehicle is being repaired. At  
84 this level, owners receive 75% of the trip fee.

### 85 *2.1.3. Premium Protection*

86 The premium protection plan offers \$1,000,000 USD in liability insurance,  
87 covers physical damage to the vehicle up to \$125,000, and has a \$0 deductible.  
88 Owners also receive reimbursement for a replacement vehicle during the pe-  
89 riod of time that their personal vehicle is being repaired, includes coverage  
90 for wear and tear on the exterior of the vehicle, and also includes coverage  
91 for the loss of rental income.<sup>2</sup> At this level, owners receive 65% of the trip  
92 fee.

### 93 *2.1.4. Owner-provided Protection*

94 Vehicle owners also have the option of opting-out of any coverage provided  
95 that they carry commercial insurance on their own. Such an insurance policy  
96 is typically only carried by businesses. At this level, owners receive 90% of  
97 the trip fee and have no protection whatsoever provided to them by Turo or

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<sup>2</sup>Turo determines “lost rental income” by taking the mean daily rental earnings of the owner for the past 60 days and multiplying that dollar amount by the number of days that the owner’s vehicle spent being repaired within a “reasonable range.” Turo’s “reasonable range” is determined like so: Turo assumes that a mechanic should reasonably be able to put in four hours of labor per day to repair the vehicle. Turo takes the number of labor hours on the mechanic’s estimate and divides it by four. This “number of days” is then multiplied by the 60-day mean rental earnings. In the event that the owner cannot pick up otherwise obtain the vehicle within the calculated number of days, Turo will not pay for further days of lost rental income.

98 Liberty Mutual.

## 99 2.2. *Renter's Insurance*

100 Renters are presented with a trio of insurance coverage options.

101 Physical damage protection includes both comprehensive (property dam-  
102 age or loss to a vehicle, including theft, fire, impacts with wildlife, vandalism,  
103 and acts of nature) and collision (protection in the event that two or more  
104 vehicles impact each other or in the event that a single vehicle suffers and  
105 impact with an object) coverage.

106 Personal injury protection varies widely by state, but typically provides  
107 coverage for medical expenses, lost income, funeral expenses, and the like for  
108 for the driver and passenger in the vehicle with no regard given to who is at  
109 fault.

110 Uninsured/underinsured motorist coverage pays the renter of the renter's  
111 passengers for bodily injury they may suffer in the event that they experience  
112 a collision caused by a driver without insurance, a hit-and-run driver, a driver  
113 who has exhausted the benefits available to them under their own insurance  
114 plan, or a driver whose insurance carrier is found to be insolvent and therefore  
115 incapable of paying a claim.

### 116 2.2.1. *Premium Rental Insurance*

117 The premium rental insurance option provides \$1,000,000 USD in bodily  
118 injury and property damage coverage to renters. Personal injury protection  
119 coverage (also known as no-fault or first party benefits) are capped at the  
120 statutory minimum required in the state where the vehicle is registered. In  
121 some cases, this amount may be \$0 USD. Uninsured/underinsured motorist

122 coverage is also capped at the statutory minimum required in the state where  
123 the vehicle is registered. In some cases, this may be \$0 USD. The renter's  
124 out-of-pocket exposure is limited to a deductible payment of \$500, which is  
125 collected when the owner reports damage. In the event that the total costs  
126 are less than \$500, then the renter will be refunded the difference.

### 127 *2.2.2. Basic Rental Insurance*

128 The basic rental insurance option provides \$1,000,000 USD in bodily in-  
129 jury and property damage coverage to renters. Personal injury protection  
130 coverage (also known as no-fault or first party benefits) are capped at the  
131 statutory minimum required in the state where the vehicle is registered. In  
132 some cases, this amount may be \$0 USD. Uninsured/underinsured motorist  
133 coverage is also capped at the statutory minimum required in the state where  
134 the vehicle is registered. In some cases, this may be \$0 USD. The renter's  
135 out-of-pocket exposure is limited to a deductible payment of \$3000 USD.  
136 In the event that the total costs are less than \$500, then the renter will be  
137 refunded the difference.

### 138 *2.2.3. Declining Rental Insurance Coverage*

139 Renters are also allowed to decline a protection plan. In this case, the  
140 renter's exposure is effectively unlimited and is only bounded by the actual  
141 cash value of the vehicle plus all related costs, as determined by the process  
142 described in §2.3. In the event that a rented vehicle is lost, stolen, or deemed  
143 a total loss,<sup>3</sup> then the renter is liable for paying the entire actual cash value

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<sup>3</sup>For Turo's purpose, a "total loss" is defined by anticipated repair costs in excess of 75% of the vehicle's actual cash value.



144 of the vehicle, plus all related costs and minus any residual salvage value.<sup>4</sup>

#### 145 2.2.4. *Other Sources of Renter's Insurance*

146 Some renters may be able to obtain, or already have as a part of their  
147 personal auto insurance policy, coverage that extends to vehicles rented by  
148 the primary policy holder.

149 Some renters may be also be able to obtain, or already have as a part of  
150 their existing credit card account, coverage that extends to vehicles rented  
151 by the cardholder using that credit card as the payment method.

152 Such coverage varies widely between insurance carriers and credit providers  
153 and may, in some cases, be deficient. Turo states that it is “highly unlikely  
154 that [the renter] would be covered by any credit card insurance when [they]  
155 book cars through the Turo marketplace.”<sup>5</sup>

#### 156 2.2.5. *Subrogation*

157 Insurance offered by Turo is secondary to any existing coverage that the  
158 renter may have through other sources (*i.e.*, that available through a credit  
159 card provider, personal auto policy, or other insurance policy). Practically  
160 speaking, the secondary nature of Turo's rental insurance offerings means  
161 that the renter is primarily liable, but can satisfy their obligations through  
162 other sources. In the event of a claim, Turo will first attempt to collect

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<sup>4</sup>Salvage value is the expected sale value of an asset at the end of its useful life. Insurance companies may employ a number of methods to determine the salvage value of a vehicle, but it is often classified as the sum value of the remaining usable parts in a vehicle.

<sup>5</sup><https://support.turo.com/hc/en-us/articles/203990610-I-d-like-a-detailed-explanation-of-insurance-and-protection-provisions>

deductibles directly from the renter and then then seek reimbursement from other sources of coverage that the rent may have. (In US insurance practice, this process is known as subrogation. <sup>6</sup> )

#### 2.2.6. *Exception to Renter's Elected Protection Plans*

In the event that the renter is found to have violated Turo's terms of service, engaged in prohibited uses of the rented vehicle, or is otherwise found to have recklessly used the rented vehicle, the deductible limits mentioned in §2.2.1 and §2.2.2 do not apply and the renter will be liable for physical damage up the full actual cash value of the vehicle including Turo's related costs.

#### 2.3. *Claims Process*

A renter is supposed to report any incidents involving a rented vehicle to the relevant authorities. Urgent matters should be referred to the local police and either to Turo or to the owner of the vehicle within 24 hours of the incident.

In the event that a host does not learn about an incident that occurred with their vehicle during a trip until after the vehicle has been returned, the owner has 24 hours to report the incident to Turo in order to remain eligible for Turo's coverage.

If a vehicle's owner has elected to decline Turo's coverage, then they are responsible for making a claim directly to their own insurance company.

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<sup>6</sup>Subrogation is the legal doctrine through which one party is entitled to enforce the legal rights or protections of another party for its own benefit.

184 If the owner of a vehicle has elected either the premium or the standard  
185 Turo protection plans, then they are eligible to receive \$30 USD per day for  
186 up to 10 days (\$300 USD cap) to rent a replacement vehicle. They may also  
187 elect to receive a travel credit from Turo that may be used to rent a vehicle on  
188 the Turo marketplace. Additionally, users may submit receipts from public  
189 transport, taxis, and ride services like Uber or Lyft for reimbursement.

190 Owners and renters have the option to resolve claims directly with each  
191 other. However, if an owner elects to file a claim through Turo, they have un-  
192 til 24 hours after the end of a trip to visit <https://turo.com/resolutions>  
193 to file an eligible claim. Turo states that one of their claims specialists will  
194 make contact with the owner of the vehicle within 24 of a claim being submit-  
195 ted. Turo will then provide instructions to the parties about how to obtain  
196 an appraisal.

197 Turo uses a third-party administrator called the Littleton Group to de-  
198 termine a vehicle's actual cash value. Littleton, in turn, uses AutoClaims  
199 Direct, a nation-wide network of independent auto appraisers. In the event  
200 of a claim, AutoClaims Direct will dispatch an appraiser to perform a visual  
201 inspection of the vehicle and to obtain photographic documentation of the ve-  
202 hicle's condition. The appraiser will also collect information on the general  
203 condition of the vehicle, the odometer reading, and any other information  
204 that may help accurately determine the value of the vehicle.

205 Software is employed to sweep across the market to obtain information  
206 on comparable vehicles to the one subject to a claim. The software will then  
207 determine the value of the vehicle based on how it compares in condition  
208 and mileage to comparable vehicles on the market at that time. It may also

209 include a factor that accounts for depreciation.

210 If a claim made to Turo is determined to be eligible, Turo notifies the  
211 renter and charges their payment method(s) for an initial claim processing  
212 cost of up to \$575.

213 The owner is then presented with their options for resolution. They may  
214 elect to not pursue, the owner and the renter can elect to resolve the issue  
215 directly with each other, the owner may resolve the claim directly with the  
216 insurance carrier of the renter (or a third party in the event that the driver  
217 is found not to be at fault), or the claim may be processed through Turo's  
218 claims administrator.

219 Depending on the resolution option elected by the parties, the owner's car  
220 may be repaired and the renter may be responsible for settling their financial  
221 obligations, including payment of their deductible.

### 222 **3. Data and Metrics**

223 How is the control of the distance traveled (if I travel more than the  
224 established number of miles, how will the service know about it and how  
225 money is written off; Is there a computer/logger/tracker inside the vehicle?)  
226 Can the car owner track the location of the car in real time? Alexander is  
227 confident that this is possible. Is there a gasoline and mileage reader in the  
228 car?

### 229 **4. Logistics**

230 How is the meeting with the owner (at what time are the contact data  
231 transmitted, what does the owner say at the meeting? How fast is this

232 information exchanged? - what are the recommendations) How to set where  
233 you need to leave (return) the vehicle. Is it possible to drop the car off  
234 in another location? Is the renter responsible for filling the car up before  
235 returning it? Is the renter billed for the fuel cost? How does Turo establish  
236 how much fuel is needed?

## 237 **5. Money Management**

238 At what point in time is the money is debited from the renter? (imme-  
239 diately or after the return of the machine) Is there a security deposit taken  
240 at the time of reservation? How quickly is the deposit returned? Or do they  
241 reserve the right to charge your card at any time? What if the card Tx fails?

## 242 **6. User Experience**

243 If the Tenant did not like the car? If payment occurred before, how  
244 does the money refund happen? Canceling reservations? Similarly, for the  
245 cleanliness of the car - if I rent a car in a dirty condition, how to find out  
246 about this service and how payment is built. How does Turo know this  
247 information Does owner provide this information to Turo? If so, how? ?  
248 How do they mediate this?

### 249 *6.1. User Responsibilities and Obligations*

#### 250 *6.1.1. Wear and Tear*

251 *Owners.* “Normal wear and tear” is the result of the normal operation of a  
252 vehicle and therefore should be an expected part of the experience of sharing  
253 or renting a car on Turo. Owners are not, under any circumstances, protected

254 against normal wear and tear of the interior of their vehicle(s). Owners who  
255 have elected the premium protection plan (§2.1.3) receive protection against  
256 normal exterior wear and tear. <sup>7</sup>

257 *Renters.* Renters are not responsible for wear and tear that are the result of  
258 normal use of a vehicle.

259 Renters are fully responsible for damage that is the result of misuse or  
260 prohibited use of a vehicle, “significant damage” to the interior of a vehi-  
261 cle, and mechanical damage due to negligence, intentional acts, or improper  
262 driving on the part of the renter. <sup>8</sup>

#### 263 6.1.2. *Mechanical Failure*

264 If the machine itself broke down, what actions does Turo take to pick up  
265 the car. (Do they pick up the car? Are there any charges?)

#### 266 6.2. *Traffic Violations and Tickets*

267 If the renter violates the traffic rules, who is fined or ticketed and how?  
268 (where fines come, how to pay it first and how then compensation takes  
269 place)

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<sup>7</sup>Defined by Turo as “any dings, dents, cracks, or scratches to the exterior body of the vehicle that is 3 inches in diameter or less. This includes, but is not limited to, rims, wheels, hubcaps, any painted or textured area for the body of the vehicle, and moldings.” See <https://support.turo.com/hc/en-us/articles/217043898>.

<sup>8</sup>Owners who decline any of Turo’s in-house protection plans and instead opt to provide their own commercial insurance (see §2.2.3) are not covered by Turo against any of the aforementioned items.

270 *Renters.* Renters are responsible for paying all tickets for violations that they  
271 commit during their trip, with the exception of moving violations and photo  
272 tickets.<sup>9</sup> Renters are also responsible for parking tickets, towing fees, and  
273 fines that may be levied for up to 24 hours after the end of a trip, provided  
274 that such tickets, fines, and/or fees are a result of improper parking on the  
275 behalf of the renter.

276 The renter is responsible for informing the owner in the event that they  
277 receive a ticket during their trip and ought to immediately pay it.

278 *Owners.* In the event that an owner notifies Turo that a ticket was received  
279 during the renter's trip or within the 24 hour period thereafter, Turo will  
280 charge the renter's payment method(s) for the total cost of the ticket plus  
281 administration fees levied by Turo. Owners must submit their requests for  
282 reimbursement within 90 days after the trip in question ended, provide doc-  
283 umentation of the ticket, and receipts for payment of the ticket.

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<sup>9</sup>In the event that a vehicle is ticketed for speeding, running a red light, or other moving violations, including those captured by cameras, and the owner of the vehicle receives said ticket via mail, then Turo agrees that it will provide the information required by the ticketing body or to the owner such that the owner may contest the ticket and transfer liability for the moving violation to the renter.

Renters are not supposed to pay moving violations or photo tickets immediately because the liability for such violations (including "points" assigned in many US states) may be assigned to the owner of the vehicle for a traffic offense that they did not actually commit.

## 284 **7. User Interface**

285       We need all screenshots of the renters private office (after the trip is com-  
286       pleted). I need screenshot of every page inside the app (Mobile and desktop)  
287       If it works: personal car owner's office - what he sees there, screenshots of  
288       the pages. Is there a single app for all users or do owners and renters each  
289       have dedicated apps?

290       *7.1. Renters*

291       *7.2. Owners*