

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

sb swae

sb.swae@gmail.com; <https://swaevisor.io>

Abstract

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

1. Introduction and Background

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1. Numbered list item one

2. Numbered list item two

1.1. Subsection One

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Treatment 2	0.0015681	0.910
Treatment 3	0.0009271	0.296

Table 1: Table caption

35 *1.2. Subsection Two*

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Figure 1: Figure caption

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54 **2. Liability Exposure and Insurance Coverage**

55 What kind of insurance is included when renting a car, what options are
56 offered. Who is responsible for payment? If the car is in an accident - what
57 actions are taken? If the driver (the tenant) is guilty, is the fine taken and
58 how is it considered? What about if the driver is not at fault? If the machine

59 itself broke down, what actions does Turo take to pick up the car. (Do they
60 pick up the car? Are there any charges?) If the renter violates the traffic
61 rules, who is fined or ticketed and how? (where fines come, how to pay it
62 first and how then compensation takes place)

63 2.1. *Owner's Insurance*

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

68 Insurance coverage in the United States is provided by a group plan ad-
69 ministered by Liberty Mutual.

70 Turo openly admits that their protection plans come with an inherent
71 level of uncertainty. Turo senior claims manager Chris Aragon states that,
72 "If theres an engine failure, and its something thats caused by a mechanical
73 failure and not something that the renter could have caused by using the
74 vehicle, thats something that is not covered by us. Thats something thats
75 just a mechanical breakdown that youd be expected to pay for." ¹ This is
76 consistent with standard insurance practices in the United States. Insurance
77 carriers do not typically provide coverage for mechanical failures in vehicles
78 as these cases are often covered by warranties. In the event that a component
79 of the vehicle fails due to driver abuse, Turo states that it will determine the
80 cause.

81 2.1.1. *Basic Protection*

82 The basic protection plan offers \$1,000,000 USD in liability insurance,
83 covers physical damage to the vehicle up to a \$125,000 USD, and has a
84 \$3,000 USD deductible. Private auto insurance deductibles in the United
85 Staes typically range between \$100 and \$1000 USD, though they can be as
86 high as \$2500 in some cases. Under this plan, Turo will pay 20% up to the
87 first \$3,750 of a damage claim and then covers 100% beyond that limit, up
88 to a cap of \$125,000. At this level, owners receive 85% of the trip fee.

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

89 *2.1.2. Standard Protection*

90 The standard protection plan offers \$1,000,000 USD in liability insurance,
91 covers physical damage to the vehicle up to \$125,000, and has a \$0 deductible.
92 Owners also receive a replacement vehicle during the period of time that their
93 personal vehicle is being repaired. At this level, owners receive 75% of the
94 trip fee.

95 *2.1.3. Premium Protection*

96 The premium protection plan offers \$1,000,000 USD in liability insurance,
97 covers physical damage to the vehicle up to \$125,000, and has a \$0 deductible.
98 Owners also receive a replacement vehicle during the period of time that their
99 personal vehicle is being repaired, includes coverage for wear and tear on the
100 exterior of the vehicle, and also includes coverage for the loss of rental income.
101 At this level, owners receive 65% of the trip fee.

102 *2.1.4. Owner-provided Protection*

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

108 *2.2. Renter's Insurance*

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

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

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

119 Uninsured/underinsured motorist coverage pays the renter of the renter's
120 passengers for bodily injury they may suffer in the event that they experience
121 a collision caused by a driver without insurance, a hit-and-run driver, a driver
122 who has exhausted the benefits available to them under their own insurance

123 plan, or a driver whose insurance carrier is found to be insolvent and therefore
124 incapable of paying a claim.

125 *2.2.1. Premium Rental Insurance*

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

136 *2.2.2. Basic Rental Insurance*

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

147 *2.2.3. Declining Rental Insurance Coverage*

148 Renters are also allowed to decline a protection plan. In this case, the
149 renter's exposure is effectively unlimited and is only bounded by the actual
150 cash value of the vehicle plus all related costs, as determined by the process
151 described in §2.3. In the event that a rented vehicle is lost, stolen, or deemed
152 a total loss,² then the renter is liable for paying the entire actual cash value
153 of the vehicle, plus all related costs and minus any residual salvage value.³

²For Turo's purpose, a "total loss" is defined by anticipated repair costs in excess of 75% of the vehicle's actual cash value.

³Salvage 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

154 *2.2.4. Other Sources of Renter’s Insurance*

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

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

161 Such coverage varies widely between insurance carriers and credit providers
162 and may, in some cases, be deficient. Turo states that it is “highly unlikely
163 that [the renter] would be covered by any credit card insurance when [they]
164 book cars through the Turo marketplace.”⁴

165 *2.2.5. Exception to Elected Renter’s Protection Plans*

166 In the event that the renter is found to have violated Turo’s terms of
167 service, engaged in prohibited uses of the rented vehicle,

168 *2.3. Claims Process*

169 Turo uses a third-party administrator called the Littleton Group to de-
170 termine a vehicle’s actual cash value. Littleton, in turn, uses AutoClaims
171 Direct, a nation-wide network of independent auto appraisers. In the event
172 of a claim, AutoClaims Direct will dispatch an appraiser to perform a visual
173 inspection of the vehicle and to obtain photographic documentation of the ve-
174 hicle’s condition. The appraiser will also collect information on the general
175 condition of the vehicle, the odometer reading, and any other information
176 that may help accurately determine the value of the vehicle.

177 Software is employed to sweep across the market to obtain information
178 on comparable vehicles to the one subject to a claim. The software will then
179 determine the value of the vehicle based on how it compares in condition
180 and mileage to comparable vehicles on the market at that time. It may also
181 include a factor that accounts for depreciation.

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a vehicle, but it is often classified as the sum value of the remaining usable parts in a vehicle.

⁴<https://support.turo.com/hc/en-us/articles/203990610-I-d-like-a-detailed-explanation-of-insurance-and-protection-provisions>

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208 [1] J. M. Smith, A. B. Jones, Book Title, Publisher, 7th edition, 2012.

209 [2] A. B. Jones, J. M. Smith, Article Title, Journal Title 13 (2013) 123–456.