

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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- Bullet point one

- Bullet point two

1. Numbered list item one

2. Numbered list item two

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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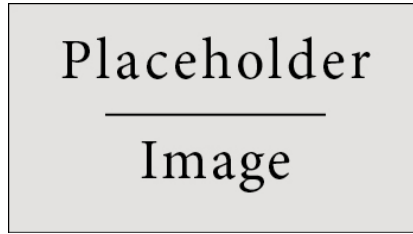


Figure 1: Figure caption

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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.”¹ 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

¹ 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.² 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

²Turo 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 §???. In the event that a rented vehicle is lost, stolen, or deemed
143 a total loss,³ then the renter is liable for paying the entire actual cash value

³For 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.⁴

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.”⁵

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

⁴Salvage 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.

⁵<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. ⁶)

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 §§? and §§? 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.

If the owner of a vehicle has elected either the premium or the standard Turo protection plans, then they are eligible to receive \$30 USD per day for

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

185 up to 10 days (\$300 USD cap) to rent a replacement vehicle. They may also
186 elect to receive a travel credit from Turo that may be used to rent a vehicle on
187 the Turo marketplace. Additionally, users may submit receipts from public
188 transport, taxis, and ride services like Uber or Lyft for reimbursement.

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

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

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

209 In some cases, Turo may direct users making a claim to download an app

210 and upload photos of the damage.

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

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

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

223 **3. Data and Metrics**

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

230 **4. Logistics**

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

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

238 **5. Money Management**

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

243 **6. User Experience**

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

250 *6.1. User Responsibilities and Obligations*

251 *6.1.1. Wear and Tear*

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

255 against normal wear and tear of the interior of their vehicle(s). Owners who
256 have elected the premium protection plan (§??) receive protection against
257 normal exterior wear and tear. ⁷

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

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

264 6.1.2. Mechanical Failure

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

267 *Renters.*

268 *Owners.* Owners are required to ensure that their vehicle complies with laws
269 and regulations pertaining to vehicle safety, condition, and operation, includ-
270 ing any local seasonal rules or regulations.

⁷Defined 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>.

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

271 Turo recommends that owners obtain an annual mechanical and safety
272 inspection with an ASE-certified ⁹ mechanic. From time to time, Turo may
273 ask owners to obtain an inspection. In this event, owners will download an
274 inspection form provided by Turo, schedule the ASE inspection, and return
275 the completed form.

276 Failure by an owner to maintain their car in an acceptable or road-worthy
277 condition may result in that vehicle being removed from the Turo market-
278 place.

279 In the event that the owner's vehicle breaks down while it is being rented
280 and such a breakdown is found to be a result of a violation of Turo's main-
281 tenance policy, Turo will charge the host \$100 USD. In the event that the
282 renter makes contact with the 24/7 Turo support line and requests roadside
283 assistance or a tow, Turo will also assess a \$200 USD administrative fee to
284 the owner.

285 6.2. *Traffic Violations and Tickets*

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

289 *Renters.* Renters are responsible for paying all tickets for violations that they
290 commit during their trip, with the exception of moving violations and photo
291 tickets. ¹⁰ Renters are also responsible for parking tickets, towing fees, and

⁹Automotive Service Excellence.

¹⁰In 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

292 fines that may be levied for up to 24 hours after the end of a trip, provided
293 that such tickets, fines, and/or fees are a result of improper parking on the
294 behalf of the renter.

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

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

303 **7. User Interface**

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

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.

309 *7.1. Renters*

310 *7.2. Owners*