


**Impact of COVID-19 on the Sharing Economy**

September 16, 2020

Matt Callahan,  
Vincent Lavallée-Laliberté,  
François Morissette



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**Impact of COVID-19 on the Sharing Economy**

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Partner  
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**Presenters:**



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Vice President  
Marsh Sharing Economy + Mobility Group Claims



Vincent Lavallée-Laliberté, FCAS  
Actuarial Manager  
Lift Inc.

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**Agenda**

**A Claims' Perspective**

- COVID-19 claim events
- Coverage examples
  - Property, Workers' Compensation, General Liability, Others
- What to expect in the future

**A Company's Perspective**

- Impact on operations
- Impact on insurance programs
- Looking to the future

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COVID and the impact on the Sharing Economy:  
A Claims Perspective

August 18, 2020

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Zooming in on claims

COVID-19 CLAIM EVENT

What companies could say...

- "My business has been interrupted because of the global lockdown"
- "My company is being sued for not providing enough protection while on-platform"
- "An employee was exposed to and contracted COVID-19 at work"
- "My vehicle was exposed to COVID-19 and it needs to be decontaminated"

Property

General Liability

Workers Compensation

Others

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Property

- Common claims filed
  - Business interruption
  - Civil Authority
  - Ingress or Egress
- How Insurers can interpret COVID as relates to policy
- Outcomes
  - A challenging landscape
  - Litigation
  - State by state response

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Workers Compensation & General Liability

- Common claims filed
- How Insurers can interpret COVID as relates to policy
- Outcomes
  - A challenging landscape
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  - State by state response

WALSH August 18, 2020 7

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**Report: Wimbledon's Organizers Set For A \$141 Million Payout After Taking Out Pandemic Insurance** Forbes



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Looking Ahead  
What claims could look like in the future

\*Attackers are transforming the competitive landscape and elevating customer expectations, so insurance companies must integrate digital technologies into their operations to keep pace. Claims should be a top priority - [McKinsey Report](#)

<u>Pre-COVID</u>	<u>With COVID</u>
<ul style="list-style-type: none"> <li>• Sharing Economy + Mobility companies as well as insurers appear to be moving towards improving both platform and overall claim experience;</li> <li>• Streamlining claims processing through digital enhancements and integration;</li> <li>• Using data to support claims investigations.</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 may be accelerating digital transformation of claims;</li> <li>• Companies may need to be more efficient with often limited staff;</li> <li>• With lockdowns &amp; social distancing, insurers may need to rely on digital and/or remote solutions, digital payments, gig workers.</li> </ul>

WALSH

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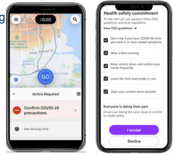
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Proactive measures to mitigate risk and/or support communities in the Sharing Economy + Mobility Ecosystem

- Requiring masks, limiting person-to-person contact, promote social distancing, or temporarily suspending operations;
- Providing cleaning recommendations or increasing sanitation protocols;
- Waiving cancellation fees;
- Partnerships with cleaning vendors, supporting healthcare organizations, donating to relief funds.



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**CLRS 2020**  
Lyft's COVID response



Vincent Lavalley-Laliberte, FCAS  
Sep 16th 2020



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Executive Summary 

- 1 Lyft's Operations & Insurance Overview
- 2 COVID-19 impact on Lyft's insurance program
- 3 COVID-19 adjustments and looking ahead

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# 1) Lyft's Operations & Insurance Overview

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## Lyft Inc. Operations Overview

### Lyft's LOB Model

Rideshare

Bikes & Scooters

Fleet

Level 5

**Commercial Auto:** Regulated insurance requirement as part of the solution to legitimize TNC operations in 2014

**General Liability:** SML and Non-SML exposure from interpersonal incidents

**Product Liability:** Injury claims from improper maintenance or product design defect

**General Liability:** Slip and Fall over scooters, rider's liability

### Insurance team at Lyft

~80 Insurance professionals across Risk Management, Actuarial, Claims advocacy and claims intake (FNOL)

~16 Actuaries across Pricing, Reserving, Predictive Modeling and Claims Analytics

\$944M in Insurance Liabilities as at 6.30.2020 (vs \$1.34B @ 12.31.2019)

Partner with leading US insurers (Travelers, XL, State Farm & Progressive)

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## COVID impact on rideshare | Q2 Earnings

### Active Riders

21.6 (Q2 19) vs 8.7 (Q2 20)

### Revenue per Active Rider

\$39.77 (Q2 19) vs \$39.66 (Q2 20)

### Rideshare Recovery

Change in rideshare rides (year-over-year)

75% (Apr-20), 70% (May-20), 61% (Jun-20), 54% (Jul-20)

Q2 20

\* Per Q2 2020 Lyft Earnings supplemental data

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### RideShare environment pre-COVID

Historical Challenges	Key Strengths
<ul style="list-style-type: none"> <li>Limited and immature relevant claims data</li> <li><b>Rapid growth environment</b> → Per Mile Framework</li> <li>Continuous improvement &amp; changes in claims intake process as business mature</li> <li><b>Insurance requirement</b> → high limits</li> <li>Popular personal injury lawyer target / High visibility cie (IPO 2019)</li> <li>Limited knowledge of insurance across the greater Lyft org.</li> </ul>	<ul style="list-style-type: none"> <li><b>Fast and efficient in-app reporting</b></li> <li>Shift towards sophisticated insurance partners / Claims handling improvement</li> <li><b>Wide-ranging, granular, real-time and precise exposure Data</b></li> <li>Feedback loop into product and operations</li> <li>Rideshare specific pricing/modeling efforts</li> <li>Limited rate oversight → Rapid response to evolving environment</li> </ul>

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## 2) COVID-19 impact on Lyft insurance program

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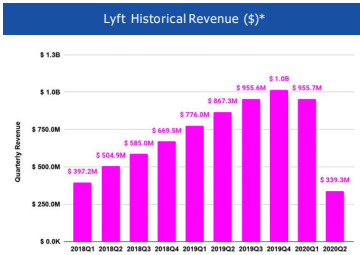
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### Rapid growth environment → Per Mile Framework

Lyft Historical Revenue (\$)\*



Quarter	Revenue (\$M)
2018Q1	\$397.2M
2018Q2	\$504.5M
2018Q3	\$585.0M
2018Q4	\$659.5M
2019Q1	\$776.0M
2019Q2	\$867.3M
2019Q3	\$955.6M
2019Q4	\$955.7M
2020Q1	\$955.7M
2020Q2	\$239.3M

\* Per Q2 2020 Lyft Earnings supplemental data

**Pre-COVID:**

- Monthly or quarterly (At Most) accident period for pricing & reserving
- Mileage-based pricing and reserving
- Mileage-based widely accepted as industry standard for Primary and Excess

**COVID Environment Changes:**  
Already equipped with mileage-based and refined accident period

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### Fast and efficient claims reporting

**Fast reporting driven by:**

- Driver wanting to get back on the road quickly
- Rider in the car creates a second reporting source
- In-App reporting combined with high level of app engagement

Lyft claims reporting pattern are consistently sped up vs comparable commercial (and most personal) reporting pattern

**COVID Environment Changes:**  
 Little speed up in reporting despite greater FNOL staff availability, reporting was already "optimal"

Case establishment accelerated

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### Continuous improvement & changes to claims intake process as business mature

**First Notice of Loss Team**

Collect accident report and transfer potential claims to our insurance partners in a timely manner

Historically handled by customer care, insurance specific FNOL unit rolled out in 2018

Strong emphasis on speed and accuracy of information → Continuous improvement

**FNOL improvement over time has always been a consideration into Lyft's actuarial work product (changing reporting pattern)**

**COVID environment**

~70% reduction in new accident reporting from lower volume

Natural desire for FNOL members to "stay busy" → Excessive pro-active communication to potential claimants (Corrected within a few weeks)

↑ Minor injury claims reported (sore neck, headaches, lower back pain) especially BI only claim

**Two Lessons from the episode:**

- There is a limit to the claims handling benefits of "the earlier the better"
- Disruptive environment can lead to unplanned bottom-up changes in business practice... despite leadership's best efforts

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### Insurance requirement → high limits

**Compromise to legalize TNC operations ~2014**

- Establishing minimum insurance requirement for operation
- \$1M in BI liability as the minimum, Lyft/Uber initially followed with \$1M UM/UIM coverage
- High limit environment created a "deep pocket" problem
- UM/UIM coverage reduction beginning late 2018 → shift to first party medical coverage

**COVID Impact**

- Coverage changes enacted will help contain losses with 1st party claims being easier to control
- UM still present in multiple and will be challenging

Source: <https://www.onlabor.org/state-tnc-and-uc-legislation-overview-and-employment-status-of-drivers/>

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### Wide-ranging, granular, real-time and precise exposure data

Each on-app mile is tracked and categorized → Exposure Mix adjustment

Driver/Vehicle	Environment	Telematics
Age/Gender Vehicle type/year Driver rating Safety record Experience Etc.	Urban/Rural/Pop. density Period Time/Day of week Shared rides Etc.	Traditional telematic Speeding alerts Phone interaction & distraction

**Exposure Mix adjustment**

- A lot more "dead miles"
- No more shared rides on the platform eff. 3.20
- Little to no "Party Hours", reduced commuting rides
- The new normal ride is 1) much longer, 2) less downtown-focused and 3) safer time of day

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### Limited knowledge of insurance across the greater Lyft org.

Typical article forwarded our way:

**Insurance Journal**  
[Progressive, Travelers, USAA Latest to Offer Insureds Discounts, Other Accommodations](#)  
 Progressive, Travelers, USAA Latest to Offer Insureds Discounts, Other Accommodations · Travelers The Travelers Companies announced it is ...  
 Apr 9, 2020

Typical article NOT forwarded our way:

**Warren Buffett: There will be more uninsured motorists driving after the coronavirus**  
 May 1, 2020  
Berkshire Hathaway CEO Warren Buffett discusses how the reduced frequency of accidents amid the coronavirus could affect its insurance company, Geico.

Actuaries at Tech companies often have to be educator, especially in times of disruption!

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## 3) COVID adjustments and looking ahead

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### Pricing Adjustment lyft

Adjustments	Pre-COVID Data	COVID Lockdown Data	Post-COVID Data
4) Severity	Severity benchmark		Severity Emergence Curves
3) Per Miles Frequency		Material Damage Frequency Tracker	Injury Claim Frequency Tracker
2) Mix Shift/Trend	Segmented Pricing/Modeling	Segmented Exposure Tracking	
1) Volume		Per-Mile Framework	

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### Rideshare Insurance Market lyft

Primary Commercial Auto:

- Limited concern from primary Auto Liab insurer around COVID's implication on loss cost
- Insurance partners' appetite for more frequent and granular data... trying to understand COVID as much as we are and staff planning
- Pricing sophistication and actuarial firepower key to constructive 2-way conversations on COVID impact

Excess & Umbrella:

- COVID a much bigger concern
- Communicable disease exclusion
- Generally less agile with volume reduction adjustment / Moving away from flat model premium
- Hard Market

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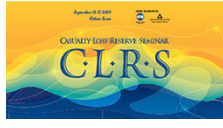
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**QUESTIONS???**

**&**

**ANSWERS...**

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