

Jordan Steinberg, Feb 27, 2017

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Let's face it, driving in traffic can be a hassle. Repairs to privately-owned vehicles can be prohibitively expensive. There can be a million and one reasons as to why someone wouldn't want to drive. Until recently, the only alternative has been to either hail or call a taxi.

The concept of cars-for-hire is not a new one, however. While the Sherlock Holmes of literature traversed London in a hansom cab, and rickshaws have been available on the Indian subcontinent for nearly 150 years, modern Western society is more familiar with the stereotypical yellow cab. Since 2009 however, with the advent of smart devices, digital ride-sharing applications have entered the fold to give traditional taxi services a run for their money.

This is where things get tricky. In a very short period of time, the new ride-sharing industry has grown to become a multi-billion dollar powerhouse, with [positive projections](#) on the horizon. The companies leading this marked expansion, Uber and Lyft, have demonstrated remarkable growth potential, as well as legal endurance.

From nonexistence only a few short years ago, these ride-sharing apps have grown to far as to control more than [half of the market share](#) in the United States. Although highly fortunate, such growth does not come without backlash. Over the years, Uber has been sued over a [wide array of issues](#), spanning from safety to passenger accessibility and employee benefits.



Image: Negotiating a rickshaw - Gulshan 1, Dhaka, Bangladesh ([Jordan Steinberg](#))

While Uber and its ilk have managed to draw record profits despite the industry's nascence, it comes at the expense of their historical rival, the taxi companies. Recent years have not been kind to the old way, with San Francisco's leading taxi company [filing for bankruptcy](#) in 2016. From an outsiders perspective, this turns of events seems logical. As compared to traditional yellow cab companies, ride-sharing applications are cheaper and much more easily arrangeable.

For the taxi companies, this has become a fight for survival. In New York City, the courts have allowed for a pilot test of a 'yellow cab app', in order to foster a less one-sided competition. In Puerto Rico, on the other hand, cab drivers have taken a [far less judicious approach](#) in regards to their uber counterparts. When the app launched on the island commonwealth in 2016, broken windshields, illegal blockades, tense confrontations and other manners of violent intervention were reported all around the San Juan metro area.

On top of all other questions concerning ride-share services, even more so than its existence vis-à-vis taxis, is [that of insurance coverage](#) and liability. It is a quiet debate that has gone on for several years, in the midst of several court battles and decisions. Should drivers of Uber and Lyft be counted as commercial or private? How are the passengers covered? What about when the driver is en route to pick up the client? Or, when the application is active, but no passenger has been selected yet? These were just a few of a myriad of questions without clear-cut answers.

Prior to court decisions, [preemptive actions were taken](#). On the side of the insurance companies, they initially opted to include 'ride-sharing exclusions' in their coverage, along with the indication that personal insurance should not cover commercial activities. For a while, many drivers chose to lie to

their insurance companies, or rather, omit the truth about their source of income in order to avoid the premiums that come along with ride-sharing.



Image: Taxis for hire - Havana, Cuba ([Jordan Steinberg](#))

In that past couple years, much headway has been made on how to bridge the divide. California was the first state in the nation decide on the issue, ruling that ride-sharing applications must simply provide insurance to their drivers upon activation. Since this is currently state issue, rather than federal, it will take some time for a uniform solution to take hold. In the meantime, [Lyft](#) and [Uber](#) have laid out clear and specific information on their websites concerning the what is covered, how much is covered, and when the coverage is active.

Regardless of whether you are driving for personal reasons or for Uber, car insurance is required. This is true in [all but three states](#), Virginia, New Hampshire and Mississippi, where full vehicle insurance is optional, in lieu of uninsured vehicle fees or bonds. Should you not yet be under coverage, or are looking to make a switch in companies, our partners at [Esurance](#) would be a good place to start looking.