Web-Based Travel Services
A Guide for University of California Travelers

University of California travelers have shown increasing interest in two web-based travel services: home sharing and ride sharing. Although these services offer substantial savings, they carry substantial risks. For this reason, Risk Services recommends *against* using these services for University business until they develop a safer, more responsible business model.

Home Sharing

Airbnb bills itself as a "community marketplace for people to list, discover, and book unique accommodations around the world – online or from a mobile phone." Airbnb makes money by charging a booking fee to the traveler, usually 6-10% of the rental cost, and an owner fee, usually 3% of the rental charge.

A UC traveler might think this is no different from renting a room at a bed-and-breakfast or participating in a timeshare. But Airbnb is not a licensed hospitality business. It is an informal network of private individuals who rent rooms in their homes to travelers. In the fine print of Airbnb's Web site, buried deep in the terms and conditions, the company states that *"Airbnb is not responsible for and disclaims any and all liability related to any and all listings and accommodations."*

Airbnb's well-publicized Host Guarantee, which covers damage incurred by the host for certain types of items within a property "up to $1 million," doesn't cover the main areas of exposure: liability for a guest injury, fire, or damage. Thus, Airbnb's insurer would compensate renters for losses infrequently, if ever.

Furthermore, Airbnb does not inspect host premises. There are no safety or security assurances, and in the event of a fire, for example, it is unclear what recourse renters would have to recover their losses.

Airbnb advises travelers to submit claims to their homeowner's insurance in the event of a loss. But Allstate, the nation's second largest home insurer, says coverage limitations could preclude recovery if the owner is not home while renting, if the unit is rented frequently, or many people are staying in the residence. State Farm, the country's largest insurer, advises that frequent rentals via the Web would be better covered by a separate "rental dwelling policy." And USAA, the fifth largest insurer in the United States, said its homeowner's insurance "will not generally provide the protection a homeowner needs when renting part or all of a home."

Another shared rental company, HomeAway, markets CSA Property Damage Protection to owners and guests for a maximum of $5,000 in coverage for a $59 fee. Owners can sell it to guests in lieu of demanding deposits and travelers can take out coverage on their own, as well.

The University requires that vendors and service providers have at least $1 million of general liability coverage. Neither Airbnb's "Host Guarantee" policy nor the HomeAway Property Damage policy meets these requirements. This exposes the University to liability should a UC traveler sustain an injury, lose possessions, or suffer a loss related to fire or property damage. It is unlikely that Airbnb or the homeowner will have sufficient coverage to pay for the loss.

Ride Sharing (or Transportation Network Companies)

A number of Transportation Network Companies (TNCs) have sprung up in the last few years, including Lyft, Sidecar, and Uber. The services leverage technology (they are typically accessed via mobile apps in smart phones or tablets) to dispatch a car to the member's location. None of these sharing services are transportation providers licensed or accredited by state or local authorities charged with regulating taxis and limousine services. UC travelers who use these services expose the University to liability in the event of an accident because the ride services' terms of service require users to waive liability claims.

The California Public Utilities Commission has issued cease-and-desist orders against Uber, Lyft, and Sidecar. The latest orders were issued in August 2013 and assert that the companies lack the required charter party carrier permits that make sure drivers are properly licensed, screened, and insured to carry commercial passengers.

Although the companies say they screen drivers and provide sufficient insurance, some of the drivers don't have commercial licenses and there's no independent verification of the screenings or insurance. Ride sharing service companies say drivers' personal insurance policies will cover some claims. But the insurance industry says drivers must purchase commercial insurance to be covered when they're driving for hire.

A recent example highlights the insurance problems presented by TNCs. An Uber driver recently ran over and killed a 6-year-old girl in San Francisco. Uber claims the driver was "between rides" so he was "not employed" at the time of the accident and Uber is not liable. The driver's personal insurance company refuses to cover the accident because it claims the driver was using his car for commercial purposes at the time, which is excluded under its policy. So it is unclear where the girl's family can go to recover losses related to their daughter's death.

California regulators have just issued the first official license for a TNC, another smartphone-enabled ride firm: Summon! The San Francisco company is less well known than rivals Uber, Lyft and SideCar. The California Public Utilities Commission's decision on TNCs allows them to operate on a conditional basis while applying for their permits. All UC travelers should ask their ride share TNC if they meet the same stringent requirements that Summon! has met:

- Require each driver to undergo a criminal background check;
- Establish a driver training program;
- Implement a zero-tolerance policy on drugs and alcohol;
- Hold a commercial liability insurance policy requiring a minimum of $1 million per-incident coverage for incidents involving TNC vehicles and drivers in transit to or during a TNC trip, regardless of whether personal insurance provides coverage; and,
- Conduct regular car inspections.