

Flying Blind on Flying Cars (cont'd.)

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Technology Update: Ride-Sharing Endorsement, Drone Case Law, and Airbnb for Your Boat! By: Andrew L. Smith

It is safe to say technology is taking the insurance world by storm. Bitcoin, Uber, Airbnb, and Tesla – these are just a few common-place names the world now knows. This article will address several recent updates for ride-sharing, drones, and another new venture to rent boats, similar to Airbnb, started in Cincinnati, Ohio.

ISO Ride-Sharing Endorsement

An interesting question regarding Uber and Lyft claims is whether the driver's personal auto policy provides coverage during "period one." This is the timeframe the driver is logged into the app and driving around looking to obtain business. There are no passengers in the vehicle. The driver has not been contacted and has not accepted a ride request.

Ride-share drivers are paid commission based on fares – they are not paid an hourly wage. This raises the question of whether a claim occurring during period one can be excluded under the commercial activity, for hire, or livery services exclusion contained in any standard personal auto policy since the driver is not yet earning income during this timeframe. Insurers are split on this coverage issue.

The Insurance Services Office, Inc. ("ISO") has released a Public or Livery Conveyance Exclusion Endorsement for personal auto policies. (Form PP 23 40 10 15). The Endorsement applies to any period of time an insured is logged into a "transportation network platform" as a driver, whether or not a passenger is occupying the vehicle. "Transportation network platform" is defined as "an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation."

Thus, the Endorsement excludes coverage for any ride-sharing claim during any of the three periods. The Endorsement ex-

cludes liability, med pay, and first-party damage coverages. Because UM and UIM coverages are statutory and provided by state-specific endorsements, ISO is filing a similar change, to the extent permitted by law, to each state's UM/UIM endorsements.

New Drone Case

In May 2017 the D.C. Circuit Court of Appeals in *Taylor v. Huerta*, 856 F.3d 1089 (D.C.Cir. 2017), struck down an FAA rule requiring recreational drone users to register their model aircraft with the federal government. Section 336 of the FAA Modernization and Reform Act of 2012 provides the FAA "may not promulgate any rule or regulation regarding a model aircraft." Accordingly, the court held the FAA could not require a recreational drone user or hobbyist such as Mr. Taylor to register his drone with the FAA.

This is the first published case across the country addressing Part 107 of the Federal Aviation Regulations for Small Unmanned Aircraft implemented in August 2016. How this court decision impact the remainder of the Part 107 and other FAA rules and regulations for drones remains to be seen.

WavStay

WavStay is a new service connecting boat owners and renters. Yet another extension of the rapidly-expanding "sharing economy," WavStay is similar to Airbnb and Uber. Cincinnati natives, Denise Harris and Bob Thompson, launched the website-based business in May 2017 in Cincinnati, Ohio.

WavStay allows users to view, compare, and book boats, yachts, charters, and waterfront properties through its website. The company is operating in Cincinnati, Ohio, Lake Cumberland, Tennessee, Charlestown, South Carolina, and throughout

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Florida. WavStay plans to soon launch a mobile app. According to Ms. Harris, "You can go and host or be a guest on someone's yacht for a night, or a weekend, or a week, or a month, anywhere in the United States. And, by the end of the summer, *we hope to be global.*"

Regarding insurance, the WavStay website states:

WavStay has a comprehensive insurance policy that is included with your rental agreement. The policy covers (you) the renter, the boat owner and the captain. The boats that list with us are professionally operated and carry their own insurance policy as well. However, some charter vessels listed on the WavStay site do require the charterer to purchase insurance at a nominal daily rate for the length of their stay.

It appears WavStay offers host insurance similar to the policy offered through Airbnb. The scope of coverages is not publicly available so it is still unknown exactly what is covered and what policy limits WavStay provides, in addition to any other insurance on behalf of the boat owner.

These are just a few examples of the modern complications we face in the insurance industry. Whether you are defending litigation or investigating a new claim, it is important to stay abreast of these developments as technology is now impacting our industry more than ever before.

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2018 National Awards



Each year at its Annual Seminar, the Society honors as many as four individuals under the following award categories:

F. Lee Bringer Award: Prior to 1993, the award was named the Investigator of the Year. The award was renamed to honor F. Lee Bringer, a founding member, past President, and Executive Secretary from 1985-1993. The award is to go an Investigator who "demonstrated outstanding skill, dedication and honesty in fighting the crime of insurance fraud."

Public Service Award: To be given to a member of the public sector for "professionalism, dedication, and accomplishment in the fight against fraudulent insurance claims and/or ar-

son."

Outstanding Achievement Award: To be given to a Society member for "outstanding achievement in the fight against fraudulent insurance claims."

President's Award: To be given to a Society member for "outstanding and exceptional service to the Society." Awarded at the discretion of the outgoing NSPII President.

If you would like to nominate someone for one of the above awards for 2018, please go to <http://www.nspii.com/award/> for the Award Nomination Form. Once the Award Nomination Form is completed, it may be e-mailed to nspii@nspii.com or sent by mail to NSPII, P.O. Box 88, Delaware, OH 43015. The deadline is **August 31, 2018**.