

Progressive commits to Uber after James River withdrawal

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US insurance giant Progressive has reaffirmed its commitment to providing Uber drivers with liability coverage, telling *The Insurance Insider* it is confident it can profitably write protection for the ride-sharing industry.

In a statement to this publication, Progressive's commercial lines president John Barbagallo said the carrier was "happy" with its relationship with Uber and that it would "continue to explore ideas that would be mutually beneficial".

The comments from Barbagallo come after specialty P&C carrier James River announced it would [no longer write coverage](#) for Uber operating entity Rasier and affiliates come the end of the year.

James River will cancel all insurance policies issued to Rasier, which is its largest customer, on 31 December after taking a bruising reserve charge linked to the account. The bulk of the policies related to this account were due to expire on 29 February. Progressive remains committed to the San Francisco-headquartered ride-sharing company, though.

"In 2016, we became the first major US auto insurer to cover Uber subsidiaries and protect drivers, vehicles and passengers on the platform in Texas," Barbagallo told *The Insurance Insider*.

"We now provide insurance to Uber in 13 states and are confident in our ability to profitably write transportation network company business," he added.

Farmers Insurance and Allstate also provide Uber drivers with insurance.

When asked for Farmers' thoughts on James River's decision to pull cover for Uber, a spokesperson said the company was "currently reviewing our options with regard to this development".

Allstate confirmed to *The Insurance Insider* that it provides commercial auto coverage to Uber's transportation network in 15 states, while also offering protection to Uber Eats drivers in 14 states.

At this stage, it is unclear which companies, if any, will step in and pick up James River's share of the Uber market. Drivers in 20 states, the District of Columbia and Puerto Rico will have to look for alternatives when James River pulls its offering on 31 December.

Uber itself told *The Wall Street Journal* it anticipates bringing on board another insurer but did not provide further details on the identity of that potential new carrier.

While it did not confirm whether it would look to add those who will lose their protection from James River's withdrawal to its own book, Allstate did tell this publication that it was seeking to increase its participation in the wider shared economy market.

"We are focused on expanding our shared economy businesses over time," the spokesperson said.

"As we continue to see shifts in personal transportation and transportation as a service, our partnership with transportation network companies could grow," the Allstate spokesperson added.

James River made its announcement regarding the early cancellation of Uber cover after markets closed on Tuesday.

The carrier anticipates pre-tax adverse development of \$55mn to \$60mn, net of reinsurance and reinstatement premiums, "primarily related to its commercial auto line of business... for the 2016 and 2017 underwriting years".

Between \$45mn and \$55mn of the reserve charge relates directly to James River's commercial auto book, with an additional \$10mn hit linked to unrelated casualty reinsurance losses, the company said.

In a note issued earlier this year, Compass Point analyst Bijan Moazami said Uber accounts for almost 45 percent of gross written premiums within James River's excess and surplus lines (E&S) segment.

In 2018, James River's E&S gross written premiums totalled \$656.5mn.

James River's share price plunged on the Nasdaq exchange in response to the announcement, falling by 22.6 percent to \$37.88 at yesterday's close.

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