THE PROBLEM AND ITS SOLUTION

In reauthorizing federal assistance for surface transportation programs through the 1990s, the Intermodal Surface Transportation Efficiency Act calls for the adaptation of new concepts and techniques in planning, funding, constructing, and operating these programs. These changes will affect the institutional framework--laws and administrative processes--as well as engineering and operational elements of these programs. The nation's transit agencies need to have access to a program that can provide authoritatively researched, specific, limited-scope studies of legal issues and problems having national significance and application to their businesses. The TCRP Project J-5 is designed to provide insight into the operating practices and legal elements of specific problems in transportation agencies.

The intermodal approach to surface transportation requires a partnership between transit and highways, and in some instances, waterways. To make the partnership work well, attorneys for each mode need to be familiar with the legal framework and processes of the other modes. Research studies in areas of common concern will be needed to determine what adaptations are necessary to carry on successful intermodal programs.

Transit attorneys have noted that they share common interests (and responsibilities) with highway and water transport agencies in several areas of transportation law, including

- Environmental standards and requirements;
- Construction and procurement contract procedures and administration;
- Civil rights and labor standards; and
- Tort liability, risk management, and system safety.

In other areas of the law, transit programs may involve legal problems and issues that are not shared with other modes; as, for example, compliance with transit-equipment and operations guidelines, FTA financing initiatives, private sector programs, and labor or environmental standards relating to transit operations. Emphasis would be on research of current importance and applicability to transit and intermodal operations and programs.

APPLICATIONS

The foregoing research should prove helpful to transit providers, governors, state air quality agencies, state departments of transportation, Metropolitan Planning Organizations, regional authorities, and those organizing rideshare programs.

Under the present Air Quality Program, states must submit revised State Implementation Plans (SIPs) to improve air quality. States with nonattainment areas--areas that fail to meet air quality standards--must include transportation control measures in the SIP. Rideshare and carpool-matching programs, high-occupancy vehicle lanes, and transit-use incentives are several of the most frequently used transportation control measures.

There are a multitude of state, public, and private rideshare and carpool-matching organizations nationwide. Given their concerns for tort liability exposure, local governments and grantee organizations need an assessment of potential tort liability for an organization either offering or promotion such services.
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Successful Risk Management for Rideshare and Carpool-Matching Programs

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A. INTRODUCTION

1. Background

In 1979, prompted by the fuel shortages of the 1970s, the National Task Force on Ridesharing was charged with the following objectives: to promote ridesharing among business and government leaders, to assist in removing institutional barriers to ridesharing, to provide a continuing dialogue between private and public sectors, and to make specific recommendations to increase the use and effectiveness of ridesharing.

Ten years later, ridesharing was again the subject of federal legislation, this time under the heading of environmental legislation. One element of the 1990 amendments to the Clean Air Act’s traffic mitigation program is the promotion of carpooling and ridesharing to reduce automobile pollution. The Clean Air Act’s requirements have spawned state and regional legislation that, in turn, have required employers to reduce the vehicle miles traveled by commuting employees. As a result, countless programs that give commuters travel options have been created to reduce traffic congestion. A broad spectrum of programs currently exists, including workplace programs designed to encourage carpools among coworkers; ridematching programs organized by employers, public organizations, and private organizations; and vanpool programs in which a single entity, private or public, owns the vehicles, provides matching services, and handles administrative support.

Ridematching, carpooling, and vanpooling seem tailor-made for achieving traffic mitigation objectives. However, the potential legal liability of those administering such programs is still uncertain. If, through the promotion and encouragement of ridesharing, an individual is persuaded to participate in a carpool or rideshare program and is then injured by riding in an unsafe vehicle or with an unsafe driver, what liability exists for the organization that makes the rideshare match or facilitates the pooling arrangement?

This report compares several public and private rideshare programs and identifies the common elements in each. Liability risks faced by publicly administered rideshare programs, which are usually self-insured, are contrasted with those of private operators. Insurance risk factors are also identified, along with the different types and levels of insurance available. Finally, potential areas of legal liability are examined, and methods for minimizing exposure to such liability are recommended.

2. Rideshare Models

Rideshare programs may be grouped into four basic models:

- Owner-operated carpools and vanpools
- Third-party vanpools in which an organization, either private or public, leases commute vehicles to individuals
- Employer-sponsored pools in which the employer either retains title to or leases the vehicle used by employees in a pooling arrangement
- Ridematching programs in which employers or third-party organizations facilitate carpools or vanpools by matching interested riders with willing drivers

From these basic formats spring a multitude of variations and combinations. For example, an employer may encourage pooling arrangements among its employees by helping to match riders with drivers. Alternatively, an employer may bring in a third-party provider to organize employees into pools, provide vans, and administer the program. The third-party provider may be either publicly or privately funded.

3. Risk Management Concepts

Liability issues inevitably turn on program elements such as the following:

- The type of organization administering the program (public or private)
- The scope of service provided
- Ownership of vehicles (where appropriate)
- Driver screening (where appropriate)
- Driver training (where appropriate)

Other factors relevant to a discussion of potential liability include the following:

- The type of insurance held by the organizing entity
- State laws regarding sovereign immunity
- State laws limiting liability
- The interplay between state tort and workers’ compensation laws

Tort liability arises under and varies according to the laws of each state. Therefore, any discussion of potential tort liability must necessarily be broad and thematic. For example, two issues central to a discussion of tort liability are a state’s rules regarding sovereign immunity and workers’ compensation. Because a detailed discussion of the law of all 50 states and the District of Columbia is beyond the scope of this report, only a few examples will be used to illustrate potential tort liability issues. (See Appendix A for the applicable law of each state.)

This report identifies rideshare programs that incorporate as many of the existing formats as possible. The programs included are both publicly and privately run and range from facilitator-type programs, where the primary service provided is matching to privately run vanpool companies. The programs discussed are representative and do not include every possible variation of the basic rideshare program models.

B. PUBLIC AND PRIVATE RIDESHARE PROGRAMS

1. Public Ridesharing Programs

a. Pace Vanpool Incentive Program (Chicago Area)

The Pace Vanpool Incentive Program is a state-run vanpool program administered by the Suburban Bus Division of the Chicago Rapid Transit Authority. Pace was established in October 1991 to serve a six-county area in suburban Illinois. It currently has 98 vans on the road, with an average of 9 passengers per van. Approximately 15,000 passengers are transported per month. The program is publicly funded through a local sales tax.
Individuals interested in joining a Pace vanpool must submit a signed rider agreement, complete an application form, pay a $75 fare deposit, and agree to commit to the program for a minimum of three months. Only employees in the six-county Chicago area are eligible. Riders are then "matched" with a pool. Riders assigned to a particular van group usually reside within the same geographical area. Pace establishes routes and schedules.

The vans used in the program are owned by Pace, but it contracts with U.S. Fleet Leasing (USFL) to handle many of the administrative responsibilities. For example, USFL gives each approved driver a credit card for gas and maintenance. The driver is expected to handle all maintenance and is given a list of approved service centers. In the event of an accident or breakdown, USFL provides emergency roadside assistance. When there is an accident, USFL handles the investigation, functioning in a manner similar to that of an insurance claims adjustment service.

As an incentive, Pace gives each van driver 300 monthly "personal" miles, plus 100 "buffer" miles for servicing, maintenance, and fueling of the vehicle. Drivers remain insured for the personal miles, and Pace places no restrictions on the activities drivers may pursue with their personal miles.

b. Municipality of Metropolitan Seattle Rideshare Operations (Seattle, Washington)

Municipality of Metropolitan Seattle Rideshare Operations (Seattle Metro), established in 1979, provides both ridematching and vanpooling services. The organization is publicly administered by a branch of the King County Transit Department and is self-insured. It is divided into operational, implementation, and sales and promotion groups.

Seattle Metro's vanpool program currently operates a fleet of 515 vans. About 60 percent of its riders are affiliated with Boeing. Seattle Metro focuses its efforts on recruiting riders and volunteer drivers for its vanpool program from large employers in the area.

Seattle Metro's ridematching program uses computer software that matches potential carpoolers by point of origin, destination, and work schedule. Individuals phone in information regarding their commute pattern or submit the information on a short written application. Seattle Metro then matches potential riders with any type of pooling arrangement in its database, from individual carpools to vans within its program.

Like Pace, Seattle Metro has developed a detailed risk-management plan. It has detailed selection criteria for volunteer vanpool drivers, as well as a mandatory orientation and training program. It has even required prospective vanpool drivers to submit certain medical information (although the legality of doing so is questionable in light of the recently enacted Americans with Disabilities Act).

Currently, Seattle Metro has a pool of 1,800 approved van drivers. There is constant turnover because of a variety of factors, including employee reassignment and job changes.

Seattle Metro's driver screening does not extend to drivers of carpools organized through the ridematch program. Although it encourages matched carpoolers to check with their own insurance agents to confirm coverage for carpools and to meet with one another to discuss rules, responsibilities, and issues such as insurance, Seattle Metro does not check the driving records or insurance coverage of individuals matched through the ridematch program.

Moreover, Seattle Metro does not require participants in the ridematch program to sign a "hold harmless" agreement, based on the assumption that all riders participate in the matching program voluntarily and are free to reject any matched rider or driver at will.

c. CATS Commute Group (Chicago Area)

Chicago Area Transportation Study (CATS) is a publicly funded referral agency serving a six-county region in northeastern Illinois. Since 1980, CATS has provided a free computerized matching service to commuters who want to share rides. CATS does not supply vehicles; rather, it places commuters in carpools (private vehicles with two or more riders) or vanpools (either individually owned or operated by third-party providers). It also helps company employee transportation coordinators to set up matching programs. As an arm of the state government, CATS is insured through the State of Illinois's self-insurance pool. CATS maintains no special private policy of insurance applicable to its matching services.

The carpool program helps link riders with similar travel plans. Interested individuals fill out an application, and CATS uses its database to provide the names and phone numbers of drivers or riders with similar route and time requirements. Carpools ride together in private cars. They work out their own rules, routes, and compensation. Some carpoolers register on an "emergency basis," using the program as a backup to their usual mode of transportation.

CATS also matches interested riders with vanpools run by third-party providers, such as Pace or Van Pool Services, Inc. These third-party providers normally do their own screening of drivers and require that the drivers meet certain standards of insurability. In the case of some third-party providers, CATS will also screen the driver's record. Driving records are updated quarterly, and in no case does a driver remain in the database for more than one year without having his or her record updated. Most third-party providers provide their own insurance.
2. Private Ridesharing Programs

a. Van Pool Services, Inc. (National)

Van Pool Services, Inc. (VPSI), a subsidiary of the Chrysler Corporation, grew out of the success Chrysler had with its own vanpool program. VPSI is a full-service vanpool company with a nationwide fleet of more than 4,000 vans provided from 26 locations throughout the country. VPSI provides a range of services designed to put riders in leased vans and offers month-to-month programs, as well as long-term leasing programs.

Typically, the lease price of a VPSI vehicle includes a package consisting of preventive and emergency maintenance, insurance, title, and registration. Twenty-four-hour emergency road service is provided, as is a "Maintenance Hotline" designed to provide quick authorization for unscheduled work and repairs. VPSI offers its own comprehensive insurance program, including "no deductible" protection to drivers who meet certain criteria.

VPSI's customers fall into two groups: individuals who lease vans to start their own vanpools, and employers who provide a vanpooling option for employees. In the case of the individual wishing to start a vanpool, VPSI often works with organizations involved predominately in ridematching, such as CATS or Rides for Bay Area Commuters.

With ridematching organizations, VPSI's role is often limited to providing information concerning the lease terms. The ridematching programs usually take the responsibility of gathering information used for making the match and screening potential drivers. Services to companies interested in providing employees with vanpool options are more comprehensive.

Because of its administrative resources and capabilities, VPSI can relieve companies of some of the administrative chores that accompany an owned vehicle or fleet. Among the administrative functions handled by VPSI are collecting monthly lease payments, sending out bills and keeping accounting records, licensing and registering vehicles, and screening, selecting, and orienting drivers.

VPSI promotes vanpool programs to companies by supplying employers with information about its services and generating in-house publicity regarding the organization and benefits of vanpools. VPSI makes on-site presentations to groups of employees if an employer so requests. VPSI will also distribute confidential survey forms to employees, from which information can be drawn to match groups of similarly located employees. VPSI then meets with groups of employees to plan routes and schedules to help recruit additional drivers.

b. Apple Computer Company (Cupertino, California)

Apple Computer Company, a computer hardware and software maker, has a comprehensive array of alternative commute options for its employees, all of which fall under the rubric of the Commute Alternatives Program (CAP). CAP is operated by Apple's Transportation Demand Management Department, which consists of a manager, a commute coordinator, and an administrative assistant. CAP is set up as a membership program in which employees interested in alternative commute methods sign up to receive a packet of information describing the various commute methods available. To encourage participation, CAP offers carpool matching, preferential parking, a guaranteed ride home, commuter checks, and an incentives program.

One aspect of CAP that sets it apart from most other programs is the degree to which it is automated. Employees can register electronically for the program from the networked computers on their desks. As part of the registration process, an employee can add his or her name, address, and work schedule to a database of individuals interested in carpooling. Registered CAP members can then access the database by employee zip code and location on the Apple work site, thus facilitating the organization of carpools. There is no screening of potential drivers, and it is up to the commuters to coordinate the pools and the rules under which they will operate. Selected facilities at Apple provide preferential parking spots for carpools.

To encourage would-be carpoolers, Apple also has a guaranteed-ride-home program. Registered CAP members receive a taxi voucher good for one annual free ride home in an emergency.

The commuter check program offers transit riders a tax-free subsidy toward the purchase of monthly transit passes. Employees qualify for the checks by ordering the "check" and providing proof of a transit pass for the preceding month. The check is then redeemable toward the purchase of transit passes from numerous public transit operators in the San Francisco Bay Area.

Apple's Incentives Program links together the various commuter programs at Apple by offering registered CAP members a dollar-a-day "award" for every day the employee uses an alternative mode of transportation. Employees must keep a log of each weekday round trip made via some mode other than a personal automobile. The amounts awarded to each employee over the course of a month are reported to the payroll department and added to the employee's paycheck. The awards count toward earned income and are taxable.

Apple owns no vehicles for transporting commuting employees.

c. Bank of America (Southern California)

Bank of America, one of the nation's largest banks, with branches and offices throughout California, has a ridesharing program in place in Southern California. The program matches riders in carpools and vanpools through information stored in personnel files. Unlike the Apple system, Bank of America's system is not a database to which employees have access; rather, it is a program run by an administrator who receives requests for carpool information, compiles a list of likely riders and drivers, and gives the list to the inquiring party.

There is no screening of driving records or medical information for drivers, but before any information is disseminated, both inquiring and listed parties are asked to sign a release form acknowledging receipt of or permitting the release of personal information and releasing Bank of America from liability arising out of the carpools.

Like Apple, Bank of America does not own any commute vehicles.

3. Quasi-Public Nonprofit Matching Agencies

a. Rides for Bay Area Commuters (San Francisco Bay Area)

Rides for Bay Area Commuters (Rides) is a nonprofit organization founded in 1977 for the purpose of organizing vanpools. Rides is funded by the Federal Highway Administration, the California Department of Transportation, and the Metropolitan Transportation Commission. The range of services it offers has grown considerably, and Rides now provides its services to individuals and employers within the 10 counties of the greater San Francisco Bay Area. Its services include helping individual commuters who are interested in joining or forming
carpools or vanpools and helping employers design and implement successful in-house vanpool programs.

For individual commuters, Rides, like CATS, provides a computerized matching service through which riders can find vanpools. Commuters can call Rides for a “match list” of names, phone numbers, locations, and schedules of people whose commute is similar to their own. Individuals interested in forming vanpools can get help in leasing a vehicle, locating and contacting potential riders, holding formation meetings, setting routes and schedules, and obtaining insurance. In the 15 years it has been in existence, Rides has formed more than 1,600 vanpools.

The services provided by Rides to employers depend largely on the level of commitment and involvement of the employer. Services offered to interested employers include training programs for employee transportation coordinators (ETCs), how-to guides to help ETCs start in-house programs, information on state law regarding vanpool license and maintenance requirements, matching services, and assistance in processing driver applications.

b. MetroPool, Inc. (Stamford, Connecticut)

The State of Connecticut is unique in that it coordinates its rideshare programs primarily through three private, nonprofit organizations: Greater Hartford Rideshare, Inc., of Hartford Connecticut; MetroPool, Inc., of Stamford; and Rideworks of New Haven. Each organization, or broker, serves a region of the state with its own programs. MetroPool services Fairfield County, Connecticut, as well as five counties in New York. Founded in 1980, it is funded by a combination of state and federal money and private support. MetroPool is involved in all aspects of facilitating and promoting ridesharing. Its operations are divided generally between commuter and employer support services. Commuter services consist largely of ridematching. Employer support services include employee matching, in-house promotion, and dissemination of information regarding Clean Air Act compliance.

Ridematching for commuters is achieved in two ways. In one, an individual interested in a ridesharing arrangement can telephone MetroPool and obtain a match list over the phone. Individuals are matched by route and time requirements using a computer program. It is up to the caller to contact individuals on the list to form a carpool or vanpool. MetroPool serves only as an electronic bulletin board.

MetroPool publishes a monthly circular called The Commuter Register, which lists individuals interested in ridesharing, along with general route information. More than 25,000 copies of the Register are distributed monthly, and all listings are maintained for at least four months. Listings are renewable on request. As with the names in the database used for phone-in requests, there is no screening of interested parties, and there is no preselection of individuals in any particular ridesharing arrangement. It is entirely the responsibility of the individuals involved to coordinate whatever form of rideshare they wish.

MetroPool owns no vehicles used in pooling arrangements, but it does include in its database the names of riders and drivers in carpools and vanpools. Individuals are responsible for obtaining their own insurance. For vans leased from commercial organizations, such as VPSSI, the cost of insurance is included in the price of the lease. Insurance for other vans is available through a local insurance agency. In October 1992, the average cost was $1,300 for $1 million of liability limits, including uninsured motorists and physical damage coverage.

For employers, MetroPool provides a full range of support services, including matching services, information regarding compliance with Clean Air Act legislation, and support and training for in-house ETCs.

C. LEGAL LIABILITY

There are three primary sources of possible legal liability stemming from the organization or promotion of rideshare programs. They are (1) liability of rideshare promoters or organizers (including employers and third-party providers) for injuries sustained by participants, (2) vicarious liability of employers engaged in promoting or organizing rideshare programs for injuries incurred by third parties, and (3) workers' compensation liability of employers that promote or organize rideshare programs.

1. Liability for Injury to Employees/Participants

Common law negligence actions must be based on the violation of a duty of care owed to the plaintiff. As a general rule, absent some heightened duty of care defined by statute, such as with common carriers, private individuals owe only a duty to exercise ordinary care to avoid reasonably foreseeable injury to others. Thus, questions of tort liability turn on whether an employer or rideshare organizer has a legal duty to protect employees and riders against the reasonably foreseeable risks incident to the operation of a rideshare program. The scope of such a duty will necessarily depend on the organizer's role in running the program. On a continuum of possible involvement, the more involved an organizer becomes in administering the program, the greater the potential for liability.

For example, if an employer does not own or operate a vanpool, but merely encourages (without requiring) the employee to use an alternative mode of transportation, the employer should be insulated from claims of negligence asserted by employees or riders injured in accidents involving the vehicle. Under this scenario, it is difficult to identify any duty owed riders or employees by the employer.

However, the more involved an organizer becomes in administering a rideshare program or in encouraging use of a particular rideshare program, the closer it comes to the kind of control that may give rise to a duty. A company might, for example, provide some matching services for its employees whereby employees with similar commute routes and times are given one another's names and encouraged to commute together. If the employer does not maintain or repair the vans, makes no representations as to the skill or competence of the drivers, and does not require an employee to participate, it still will probably not meet the threshold level of control necessary to impose liability.

By the same token, quasi-public rideshare organizations, such as Bay Area Rides and MetroPool, do not provide transportation; they provide information. Contacting such organizations creates no obligation on an individual's part to participate in a pooling arrangement. It is up to the individual to contact the people included on a match list. Likewise, neither organization vouches for the participants or examines their driving records. Because participation and choice of driver is absolutely voluntary, organizations such as Rides and MetroPool do not appear to have assumed any duty with regard to participants.
Involvement in the maintenance of vehicles and screening of participants could create greater potential exposure to liability. An employer that provides a matching service and attempts in any way to screen participants’ medical or driving records assumes a duty to do so with reasonable care. A driver with a suspended license who slips through the screening could give rise to liability if a rider is injured as a result of the driver's negligence, although questions of causation would still present a hurdle for a plaintiff in this type of action.12

Employers that mandate the use of certain modes of transportation among employees are even more exposed to liability.13 Employees that actually become involved in the day-to-day operation of the vehicles used in a ridesharing program are similarly exposed. In this situation, it is conceivable that motor carrier regulations might apply to a rideshare operator or driver, thus imposing the higher duty of care owed by common carriers.14 For example, in California, except where a passenger is carried gratuitously,15 a carrier of passengers for hire is held to the highest degree of care.16

Many states have addressed the application of motor carrier regulations to rideshare arrangements by statute.17 Some states specifically exempt rideshare arrangements from laws imposing a higher standard of care on motor carriers,1 some provide that, by definition, those engaged in rideshare arrangements are not common carriers,19 and some simply state that rideshare operators and drivers shall be held only to a reasonable and ordinary standard of care.20

Of course, in those states that specifically exempt rideshare arrangements from motor carrier regulation, the definition of “ridesharing arrangement” is crucial. Pennsylvania, for example, defines “ridesharing arrangement” broadly, so as to include conventional carpools, employer-sponsored vanpools, and vanpools operated by public agencies or by nonprofit organizations for programs sponsored by public agencies.21 Utah, on the other hand, exempts only carpools from the higher standard of care owed by drivers or owners of commercial vehicles.22 Thus, Pennsylvania’s exemption includes vanpools owned and operated by employers, whereas Utah’s exemption extends only to the conventional owner-operated carpool.

Because the “currency” of ridematching organizations is information about individuals, such organizations must inform themselves about, and take appropriate steps to avoid, potential liability for breaching state privacy laws. For example, Minnesota law requires that any state agency that asks individuals to supply private or confidential data inform the individual of the liability for breaching state privacy laws. For example, Minnesota Rideshare provides ridematch applicants with a detailed disclosure, known as a “Tennessen Warning,” regarding information collected in connection with the program.23 State agencies that violate Minnesota’s disclosure laws can become “liable to a person...who suffers any damage as a result of the violation, and the person damaged...may bring an action against the political subdivisions, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees.”24

In at least one jurisdiction, any organization that collects personal information concerning an individual for the purpose of implementing rideshare programs can incur criminal liability for improperly disclosing such information without the individual’s written consent.25

2. Vicarious Liability for Injuries to Third Parties

The legal doctrine of vicarious liability holds an employer liable for the wrongful acts of its employees acting within the course and scope of their employment.27 Typically, an employee's travel time to and from work is not regarded as “within the scope” of his or her employment, and employers are thus not vicariously liable for injuries to third parties caused by commuting employees.28 However, there are several exceptions to this “going-and-coming” rule of nonliability. For example, if an employee's trip involves some incidental benefit to the employer, the commute is treated as within the scope of employment, and liability for the wrongful acts of the employee may attach to the employer.29 Likewise, if an employee is engaged in some special errand at the request of the employer, the trip may be considered within the scope of employment.30 Generally, most vicarious liability cases turn on whether the employee had express or implied authority to use his or her own automobile in the course of business.31

Although there are no published cases holding rideshare programs organized or encouraged by an employer as coming within the incidental benefit or special errand exception to the going-and-coming rule, the potential exists for employer liability for injuries to third parties. If participation in the program was mandated, the commute could be considered part of the employee’s work day.32

Moreover, because an employee’s participation in a rideshare program, even if optional, may help an employer comply with some statutory requirement, such as those found in the Clear Air Act, it could be argued that some incidental benefit inures to the employer, bringing the commute within the scope of employment. Thus, although employers may see the creation of ridesharing, ridematching, and incentive programs as nothing more than encouragement, it is possible that a court could find sufficient involvement to give rise to a duty of care, and thus impose liability. It must be stressed that the benefit to the employer in such a case would appear remote at best and that it seems a considerable stretch to define mere statutory compliance as creating a benefit to the employer. Nevertheless, until there is some case law or legislation on this subject, the possibility of employer liability remains an open question.

3. Workers’ Compensation Liability

Where employers are involved in ridematching or the organization and administration of rideshare programs, the interplay of workers’ compensation laws in potential ridematching liability must be considered. In this area, the most important general rule of workers’ compensation is the “exclusive remedy rule,” which shields employers from civil liability for work-related injuries sustained by employees. Generally stated, the rule is that the compensation remedy is exclusive of all other remedies by an employee against the employer and insurance carrier for injuries falling within the coverage formula of a state’s workers’ compensation act.33 For example, California Labor Code section 3602 provides that where the conditions for compensation under the act are met, “the right to recover such compensation is...the sole and exclusive remedy of the employee.” Under such exclusive remedy provisions, properly insured employers will be shielded from damages for pain and suffering or punitive damages available in civil actions.

Thus, the question becomes whether or not an employee’s participation in a rideshare program is covered by workers’ compensation. As discussed earlier in relation to the doctrine of vicarious liability, injuries sustained by an employee in
transit to and from work are generally considered to have been sustained outside the scope of employment, and therefore are not compensable under workers' compensation laws. However, exceptions to the going-and-coming rule exist in situations where an employee's journey to and from work is considered part of the employee's service to his or her employer. For example, courts have held that the rule does not apply where an employee receives compensation from his or her employer for travel time. Similarly, the special errand and incidental benefit exceptions discussed earlier apply in a workers' compensation setting as well.

Many states have resolved the question of workers' compensation coverage by statute. For example, Missouri law provides that its workers' compensation laws "shall not apply to a person injured while participating in a ride-sharing arrangement between his place of residence and place of employment or terminal near such places unless the employer owns, leases or contracts for the motor vehicle used in such arrangement." Furthermore, "transportation to and from work in an employer-sponsored ride-sharing arrangement shall not constitute any part of the employee's work hours unless otherwise agreed to by the employer." Several other states have dealt with workers' compensation questions in a similar manner, while others have simply provided that, for the purposes of ridesharing, an employee's work day is deemed to commence upon arrival at the place of business and terminate on departure. Some states, like Nebraska, do not grant the exemption in cases where an employer "owns, leases, or contracts for the motor vehicle used in [a ridesharing] arrangement, pays for the time spent in travel, or pays the expenses of travel." Other states, such as Pennsylvania, explicitly extend the exemption to riders in employer owned and operated vanpools.

Statutes such as Missouri's clarify the interplay of employer-sponsored rideshare arrangements and workers' compensation liability. However, a majority of states do not legislatively exempt rideshare arrangements from workers' compensation coverage. For example, California has no statute exempting ridesharing arrangements from workers' compensation coverage. Because workers' compensation rules in California, as elsewhere, are normally interpreted in favor of compensating the employee as a matter of public policy, it is possible that in these jurisdictions, any employer-sponsored rideshare program that takes a commuter out of the ordinary, local commute that marks the daily transit of the mass of workers to and from their jobs may result in liability under a state's compensation laws.

Moreover, it is also possible that incentives paid to an employee to encourage participation in rideshare programs might be considered compensation, thus bringing the commute within the scope of an employee's work day. Again, some states have addressed this question through legislation that specifically provides that employers shall not be liable for injuries to passengers and others because the employer provides encouragement, including "incentives," for employees to participate in rideshare programs. However, most states do not provide such immunity, and the ultimate effect of cash incentives remains uncertain.

D. STATUTORY LIMITATIONS ON LIABILITY

Another important factor in analyzing potential liability of ridesharing or matching programs is the nature of the entity involved. Rideshare organizations run and administered through local or state government agencies may be protected by statutory limitations on the liability of government entities. Likewise, some states have attempted to encourage employer participation in rideshare programs by limiting their liability for such activities.

1. Sovereign Immunity

A detailed discussion of the liability of government entities in all 50 states and the District of Columbia is beyond the scope of this report. However, there are certain common themes in state regulation that are important in analyzing a state run program's potential liability for ridesharing and matching services.

Historically, states and their political subdivisions were immune from tort liability for the acts of government officials or employees. However, the trend over the past 40 years has been to abrogate, or at least qualify, government immunities. Today, most jurisdictions condition immunity on whether the act in question was "discretionary" or "ministerial." Most commonly, a government unit is immune from tort liability for discretionary acts, while some liability--possibly limited or qualified--exists for ministerial acts. Thus, the decision whether or not to offer a particular class at a school may be discretionary, and therefore immune from liability, but the supervision of such a class is ministerial and subject to liability if negligently performed.

By analogy, in most states a state or local government agency would be immune from liability for its decision to offer or not to offer certain types of rideshare programs. However, under the laws of most states, the government agency would not be immune from liability for the negligent administration of such programs. Thus, in most states, government agencies offering matching services and maintaining vehicles used in ridesharing arrangements find themselves exposed to liability for negligence.

Moreover, where government employees participate in government-run rideshare arrangements, some states expressly waive tort immunity. For example, Oregon Revised Statutes, Section 30.265, provides that:

"Every public body is subject to action or suit for its torts and those of its officers, employees [sic] and agents acting within the scope of their employment or duties, whether arising out of a governmental or proprietary function or while operating a motor vehicle in a ridesharing arrangement authorized under ORS 276.598."

Oregon Revised Statute Section 276.598 provides that any government department may establish carpool or vanpool programs in which state-owned vehicles are used by state employees as commute vehicles provided a fee is paid to the state adequate to reimburse it for use of the vehicle.

Interestingly, despite the statutory waiver of immunity, it is the opinion of the Oregon Attorney General that the state would not be liable for the negligent operation of a vehicle furnished under the provisions of section 276.598 because (1) the state employees are essentially hiring the vehicle for carpool use, (2) participation in a carpool is neither a condition nor an inducement to state employment, and (3) the carpool program provides transportation where none existed before.

2. Other Statutory Limitations on Liability

In an attempt to encourage employer participation in rideshare programs, some states have passed legislation specifically limiting the liability of the employer. For example, Illinois law provides that:

"An employer shall not be liable for injuries to passengers and other persons resulting from the operation or use of a passenger car or commuter van in a ridesharing arrangement"
which is not owned, leased, contracted for or driven by the employer, and for which the employer has not paid wages to an employee for services rendered m driving the vehicle.59

The rule further provides that an employer shall not be liable "for injuries to passengers and other persons because he provides information, incentives or otherwise encourages his employees to participate in ridesharing arrangements."60 At least 14 other states have passed legislation similar in form or intent to that in Illinois.31

The Illinois law does not do a great deal to alter the liability that would exist for an employer under a conventional negligence analysis; employers who do not own, lease, contract for, or operate the vehicles involved in ridesharing arrangements would not normally be considered to owe a duty to the riders of such vehicles. However, the Illinois statute does insulate employers from liability for the simple act of dispensing rideshare Information or incentives.

In other jurisdictions, the effect of incentives offered employees is much less certain. For example, if an employer provides a cash incentive for employees who participate in ridesharing arrangements, the incentive could arguably give rise to employer liability by bringing the employee's commute within the scope of his or her work day.52

E. INSURANCE

The type of insurance available to individual carpoolers and organizations involved in promoting ridesharing depends largely on the type of entity involved and on the type of vehicle for which coverage is sought.

1. Individual Owner/Operator Pools

Where the vehicle used in a rideshare arrangement is owned by one of the riders, insurance is usually left to the individual.53 This type of arrangement includes both the conventional carpool where riders take turns driving their own vehicles, as well as the vanpool organized by an individual who uses a personally owned van for the purpose of ridesharing.

In the case of the typical carpool driver, the standard family automobile liability policy provides that the policy does not cover liability arising out of the ownership or operation of a vehicle "while it is being used to carry persons or property for a fee." This exclusion does not normally apply to a share-the-expenses carpool.64 Courts have held that the sharing of expenses does not violate policy provisions, which exclude coverage when the insured vehicle is leased or rented to another.65 Some states have even codified this position with statutes providing: "[p]rovisions in an insurance policy which deny coverage for any motor vehicle used for commercial purposes or as public or livery conveyance shall not apply to a vehicle used in a ridesharing arrangement."66

There may even be a marginal savings available to commuters who use their cars in rotating-driver carpools. Some insurers offer a discount based on the decreased use of a car (either in terms of miles traveled or days in use). For example, a driver who formerly drove his own car to work every day and who joins a carpool in which he is responsible for driving only one week per month may be eligible for a reduced rate. However, not all insurers offer such discounts, and among those that do, the amount of the discount and terms on which it is given vary. Moreover, any potential savings to an individual driver may be illusory if he

or she increases his or her liability coverage to reflect the higher vehicle occupancy.

For the owner-operated vanpool, matters are slightly more complicated due, in large part, to confusion regarding the nature of the vanpool itself. The confusion centers on whether the appropriate means of insuring a vanpool is the conventional family automobile policy or the more expensive commercial automobile policy. Some state regulatory agencies say the proper form of insurance is the commercial policy, and the Insurance Services Office takes the same position.57 Other state statutes, on the other hand, specifically sanction the use of family policies for vanpools.58

In any event, it is possible to obtain family policy coverage for a van used in a vanpool. Many agents for multiline insurers are unsure how to classify vanpools. Likewise, underwriters are not always aware from the information submitted in an application that the policy applicant intends to use a vehicle for a vanpool. It is at least arguable that standard language in a family policy would require coverage for losses incurred by a vanpool operation. Moreover, several jurisdictions specifically exempt vanpools from commercial regulation, suggesting that personal coverage is the appropriate route.65 Applicants should inform prospective insurers of the intended use of the vehicle so that the policy is issued with full knowledge of the risks involved.

There are insurers that specialize in policies covering vanpools. They can issue commercial policies specifically tailored to vanpooling. Although the individual owner/operator may have to spend some additional time locating an insurer with this specialty, the insurer's heightened awareness of risk factors involved in vanpooling should reduce the policy rate.66

Typically, insurers offer coverage for bodily injury and property damage liability, minimum statutory limits for uninsured or underinsured motorists, and no-fault coverage (where applicable) with limits from $100,000 to $1 million per occurrence. Given the concentration of wage-earners in a vanpool, a minimum of $500,000 coverage is recommended, but $1 million coverage is considered preferable by some.

Generally, risk factors considered by insurers include the following:

- The types and amounts of coverage sought
- The daily mileage driven and uses besides commuting
- Whether or not the vehicle is garaged
- Type of maintenance program applied to the vehicle
- The territory in which the vehicle is driven
- The driving records of proposed drivers and backups

2. Third-Party Providers

Companies or individuals that lease a van from a third party can usually obtain insurance coverage through the lessor. VPSI, for example, offers comprehensive coverage with no deductible as an optional part of its package to lessees. Thus, the monthly cost to riders in a VPSI vanpool includes the cost of insuring the vehicle. VPSI screens potential drivers' records, and rather than charging a higher rate for drivers who appear to be bad risks, VPSI simply will not approve such individuals to drive.

The portion of the total lease cost attributable exclusively to insurance costs is difficult to determine. However, given the volume of insurance underwritten for Chrysler, it is likely that VPSI obtains coverage for its vans at a discounted rate.
In this regard, any large company with an existing fleet policy will likely be able to obtain insurance for leased or owned vanpools at rates below what would normally be paid for a commercial policy.

3. Employer-Sponsored Pools

There are many levels of employer involvement in rideshare programs, and the type of coverage needed necessarily depends on the scope of employer involvement. For employer-facilitated programs in which an employer encourages the formation of carpools and vanpools by providing nominal incentives and the means for employees to locate fellow poolers, liability exposure should be remote. Insurers do not normally provide policies specifically covering this type of activity, and many employers feel that their comprehensive general liability policies should provide adequate coverage.

On the other hand, for companies that own, lease, operate, and maintain vanpools for their employees, fleet insurance is essential. For especially large companies, a group of vanpools may compose a small part of an overall fleet insurance program. Coverage should be less expensive in this case. Insurance companies will consider factors such as those listed previously. Insurers may also examine the following factors:

- Who administers the program
- The types of screening and/or risk management programs they have in place
- The company's previous loss experience with such programs

4. Ridematching Programs

Public or quasi-public agencies that provide ridematching services do not face significant liability exposure. None of the organizations polled in connection with this report had obtained special insurance policies specifically for coverage of ridematching activities. This is not to say, however, that they are uninsured.

For example, MetroPool is a nonprofit corporation and maintains a directors' and officers' liability policy. MetroPool also has a private comprehensive general liability policy in which it is named as a co-insured entity with the State of Connecticut. No special riders apply specifically to ridematching services. It should be noted that even insurers that issue fleet insurance do not issue policies specifically covering ridematching activities.

In the dozens of interviews conducted in connection with this report, many in-house coordinators and program administrators acknowledged that they had considered the possibility of liability arising from ridematching, but none had any firsthand knowledge of suits in which a program organizer or administrator was named on a theory of negligence in connection with ridematching. Moreover, all of the ridematch programs examined for the purposes of this report, whether promoted by employers, by public or quasi-public organizations, or by private, for-profit corporations, are based on the voluntary participation of the riders and drivers. Most program administrators feel that if there is no mandatory preselection of riders or drivers, then matching programs are insulated from liability. This assumption seems based in part on the argument that as a mere facilitator, the ridematching organization owes no special duty to participating individuals. Given the lack of case law defining the duty owed by a ridematching organization, it seems fair to describe the potential for liability as remote.

The reality is that organizations that own vehicles and perform ridematching services feel that their fleet insurance adequately protects them from losses arising from operating the vehicles. Organizations (and employers) that perform only ridematching services do not see themselves facing significant liability exposure, believing that the typical commercial general insurance policy provides adequate coverage. This belief should not go unexamined.

Ridematching organizations that believe their comprehensive general liability policy provides adequate coverage should have their legal counsel carefully review the policy terms. If any doubt exists regarding the scope of coverage for ridematching activities, clarification should be sought from the insurer, and if necessary, additional policy riders specifically covering matching services should be obtained. Similarly, rideshare organizations with separate vanpool and ridematching programs should not assume that a fleet policy will cover claims related specifically to ridematching operations. Again, a careful review of policy language is essential.

F. STRATEGIES TO MINIMIZE POTENTIAL TORT LIABILITY

I. Administrative

A comprehensive risk management program is an effective way for ridematching and ridesharing organizers and promoters to minimize the potential for liability. Several of the organizations studied have developed detailed and highly sophisticated risk management systems. Program organizers should consider the following recommendations when implementing each program.

a. Ridematching Activities

(i) Written Agreements.--Several ridematching and ridesharing organizations require participants in their ridematching programs to fill out a written application. Others make matches over the telephone based on information given by the caller. Computer databases enable ridematchers to provide nearly instantaneous matches, and phone matching is certainly quicker and easier for the caller. However, the written application has several advantages.

On a practical level, the written application provides greater accuracy of information. More important, because many jurisdictions now have privacy statutes that restrict the dissemination of certain kinds of information, a written application allows the ridematching organization to obtain a written waiver from the applicant for dissemination of personal information. Although this may not be a concern in all jurisdictions, in those states that do restrict the gathering and dissemination of personal information, a written waiver in compliance with such rules is essential.

(ii) Advise Potential Poolers to Meet.--Most ridematching programs give interested applicants a list of potential matches along with phone numbers and some brief information regarding route and time requirements. It is then left to the applicant to contact whomsoever he or she chooses. Many also encourage potential matches to meet one another to discuss issues such as rules, routes, and times. This is an essential step that should be emphasized by promoters. Rideshare arrangements succeed or fail based largely on the willingness of poolers to work with and accommodate one another. The more minor issues can be ironed out in advance, the greater likelihood of a long, sustained pool. Riders can perform their own risk management evaluation by assuring themselves that proposed drivers are adequately insured and licensed.
b. Employer-Sponsored Programs

Many employers offer something more than ridematching, but provide something less than employer-owned or leased vehicles. These employers might consider the following elements for their programs.

(i) Variety.--Employers with transportation demand management departments engaged in ridematching and ridesharing arrangements often find themselves walking a fine line. On one hand, they are often required by state or local law to develop detailed plans for employee trip reduction. On the other hand, the more involved they become in administering alternative commute programs, the more they find themselves exposed to liability for employees injured during a commute. Apple Computer Company's approach provides one solution. Apple provides its employees with a wide array of commute options, but does not mandate employee participation in any one program. An approach such as this, which provides numerous options, should ensure maximum participation with minimum coercion. Employers must steer clear of any suggestion that employee participation in commute alternative programs is in any way required. This helps maintain the separation of commuting activities from the scope of employment, which can entangle the employer in workers' compensation and vicarious liability issues.

(ii) Contracting with Third-Party Providers.--A trend among employers is to have third parties organize ridematching and ridesharing arrangements. At the lowest level, a company may do nothing more than contact an organization, such as Bay Area Rides, to help set up a matching program. At another level, an employer may have a third-party provider, such as VPSI, promote and facilitate vanpools within the company. Finally, an employer could contract with a private provider to provide specific transportation services.

The advantage of these approaches is that they shift a large administrative burden from employers to organizations specializing in such programs. An additional advantage, at least in the context of contracts with third-party providers, is the insulation it may provide from liability.

Insofar as a general rule can be stated, employers are not liable for the torts of an independent contractor as opposed to those of an employee.52 Of course there are many exceptions to this rule.53 Most exceptions are based either on the negligence of the employer in selecting the contractor or on the employer's attempt to shift a nondelegable duty to the contractor.54 Nothing in the contracting of transit services to a competent independent contractor would seem to trigger either exception, and employers should be protected from civil liability arising from the acts of a contractor. As a practical matter, any agreement with such a third party should include an indemnification clause, as well as requirements that the provider maintain adequate insurance naming the employer as an additional insured party under the policy.

c. Third-Party Providers and Employer-Owned or Leased Fleets

Most of the recommendations discussed thus far in relation to ridematching organizers and employer-sponsored programs apply equally to third-party providers and to employers with their own fleets of commute vehicles. However, third-party providers and employer/owners must take extra steps to ensure the safety of their programs.

(i) Driver Screening and Selection.--Perhaps the most important element in any program where an organization allows vehicles it owns to be driven by commuters is driver screening and selection. A detailed selection program, such as the one used by Seattle Metro, focuses not only on a potential driver's driving qualifications, but on other factors that indicate a high degree of responsibility. This helps not only to minimize the risk of liability but also to ensure individual vanpools are run in a smooth and cost-effective manner. Factors most closely related to liability issues are as follows:

1. The driver's age.--Drivers should be 21 years old or older. Insurance rates may be lower if drivers are at least 25.

2. Employment.--Potential drivers should be able to establish stable employment for some period of time.

3. Valid license.--Potential drivers must have a valid, unrestricted driver's license, with no recent revocations or suspensions.

4. Insurance history.--Any potential driver who has had his or her auto insurance canceled in the past 5 years for reasons related to driving behavior should be rejected. Additionally, an alternate or back-up driver should be chosen subject to the same requirements.

Finally, a written agreement between vanpool organizers and drivers is necessary. The written agreement should spell out the responsibilities of drivers and organizers. Pace, for example, requires that drivers and back-up drivers sign a six-page agreement that contains operating guidelines, grounds for termination of the agreement, age requirements, choice of law provisions, and a listing of Pace's responsibilities, as well as a limited "hold-harmless" clause.

(ii) Safety Orientations.--Drivers and back-ups should be required to participate in a mandatory orientation and safety program. Many drivers may not be immediately comfortable driving a large vehicle, such as a van. Organizers should do their utmost to ensure drivers are familiar with the controls of the van and have had some practice driving and parking the vehicle before they are given a regular route with riders. Periodic safety workshops or brush-up courses are also a good idea.

(iii) Preventive Maintenance Programs.--Keeping vans in good working order is essential to the safe operation of a vanpool. There are many ways to ensure a van receives its scheduled maintenance. Pace assigns its drivers a credit card on which to charge gas and minor maintenance expenses. Drivers are given a tollfree number to call for authorization of major repair work. Pace drivers also have access to 24-hour roadside assistance in the event of emergencies.

(iv) Operations Manuals.--Organizers should provide van drivers with as structured a program as possible, including detailed written materials. Drivers should be required to acknowledge in writing that they have received and reviewed these materials.

Pace supplies all drivers and back-ups with a detailed Vanpool Operations Manual. The manual provides practical information for the new vanpooler, with sections titled "Getting Started," "Knowing Your Van," "Running a Successful Vanpool," and "Defensive Driving." In addition to the start-up materials, the
manual provides materials intended to keep the vanpool operating smoothly and safely. For example, drivers are supplied with monthly report forms that require basic information, such as miles driven, revenue collected, and expenditures. Drivers are also required to make their own, regularly scheduled inspection of the van and to fill out an inspection checklist. Thus, in addition to scheduled maintenance, Pace requires van drivers to report any known mechanical or safety problems.

2. Legislation

Nearly everyone agrees that ridesharing is worth encouraging. Clean air legislation has provided even more impetus for the formation of such programs, and recent events, such as the earthquakes in California, have again demonstrated the absolute necessity of reducing the volume of traffic on urban highways. Several states have "ridesharing acts" that were, for the most part, passed in the early 1980s in response to the oil shortages of the 1970s. With the renewed federal mandate for the creation of rideshare programs, it is worth examining what works and what does not in the state legislation. To illustrate this, West Virginia's ridesharing chapter will be compared with that of Pennsylvania.

a. Ridesharing Defined

Among those states with statutes devoted specifically to ridesharing, West Virginia is fairly typical. The chapter first defines a "ridesharing arrangement" as  

...the transportation of persons in a motor vehicle where such transportation is incidental to another purpose of the driver and is not for profit, or is by nonprofit community organizations and nonprofit corporations for senior citizens or handicapped persons. The term shall include but not be limited to ridesharing arrangements known as carpools, vanpools and buspools.66

Although West Virginia's definition of "ridesharing arrangement" is fairly broad, its language is of concern. For example, the requirement that the ridesharing arrangement be "not for profit" raises a troublesome ambiguity. Is a carpool or vanpool driver who collects more from riders in one month than he or she spends on gas, maintenance, repairs, and insurance within the definition? Rather than anchoring its definition of ridesharing arrangements on the nonprofit requirement, Pennsylvania's definition focuses on transportation of passengers that is "incidental to another purpose of the driver who is not engaged in transportation as a business."67 Pennsylvania thus brings within the scope of its laws the carpool operator who may make a small profit for his or her troubles. If such a nominal profit serves as an incentive to individuals, there is no reason to exclude such individuals from the law's protection.

Pennsylvania goes an extra step by including within the definition of "ridesharing arrangement" the transportation of employees to and from work in a "vehicle owned or operated by their employer," as well as the transportation of individuals in vehicles "owned or operated by a public agency or nonprofit organization for that agency's clientele or for a program sponsored by that agency."68 Thus, the only rideshare entities excluded from the Pennsylvania Act are commercial, for-profit providers.69 Again, if the broader definition encourages participation of employers and state agencies, it is worthy of consideration.

b. Motor Carrier Regulation

West Virginia's ridesharing act addresses the issue of common carrier liability for ridesharing arrangements. Sections 17C-22-2(a) and (c) provide that code sections pertaining to the regulation of common carriers and "[l]aws imposing a greater standard of care on common carriers or commercial vehicles than imposed on other drivers or owners of motor vehicles" do not apply to ridesharing arrangements.

The advantage of West Virginia's approach is that it clearly exempts rideshare arrangements from the regulatory standard applied to commercial vehicles, as well as the higher standard of care applied to common carriers. Again, the application of the exemption is somewhat muddied by the preceding section's definition of "ridesharing arrangement," but the exemption itself can do nothing but encourage ridesharing arrangements.

c. Application of Workers' Compensation Law

Section 17C-22-3 of the West Virginia Code provides that workers' compensation benefits shall not apply to those injured while participating in a ridesharing arrangement unless the employer "owns, leases or contracts for the motor vehicle used in such an arrangement." By contrast, Section 695.3 of Pennsylvania's title 55 provides that the workers' compensation act "shall not apply to a passenger injured while participating in a ridesharing arrangement," but "shall apply to the driver of a company owned or leased vehicle used in a ridesharing arrangement."

The Pennsylvania statute seems more in keeping with the purpose of workers' compensation schemes: to provide quick recovery for workers injured in the service of their employer. Why the passenger who opts to ride in a company-owned vehicle should be likewise compensated is not clear. West Virginia's extension of workers' compensation benefits to passengers in vehicles for which an employer "contracts" is likewise questionable. If an employer contracts with a competent, independent third party for transportation services, unless there is some joint enterprise between employer and vendor or some independent act of negligence on the part of the employer, the vendor should bear the responsibility for injuries resulting from its own negligence.

d. Liability of Employer

West Virginia's and Pennsylvania's laws regarding employer liability are identical. They provide first that an employer will not be liable for injuries to passengers and other persons resulting from the operation or use of a motor vehicle, not owned, leased, or contracted for by the employer, in a ridesharing arrangement.70 They further provide that an employer will not be liable for injuries to passengers and others "because he provides information, incentives or otherwise encourages his employees to participate in ridesharing arrangements."71

Statutes such as these provide employers with the knowledge that mere encouragement of ridesharing will not expose them to liability. As case law develops in this area, courts will undoubtedly have to consider when an incentive, such as cash, becomes compensation, thus bringing an employee's commute within the workday for the purposes of liability. No such case law yet exists, but future statutory revisions could delineate between nominal incentives and compensation.
G. CONCLUSIONS

Rideshare and matching programs are valuable tools for achieving important traffic mitigation objectives and clean air goals. However, questions remain regarding the potential legal liability of those entities, both public and private, that administer such programs. As long as this uncertainty continues, and until case law develops in each jurisdiction defining the duty of care owed by ridematching organizations, providers of such services should adopt comprehensive risk management strategies to minimize their liability exposure.

At the core of successful risk management strategies should be a recognition that the level of involvement of the entity in promoting and administering the services it provides correlates to the level of its liability exposure. Common elements of effective risk management systems typically include, depending on the nature of the provider and the services it undertakes to perform, some combination of administrative oversight, contractual indemnification and insurance, and other prophylactic measures designed to safeguard against reasonably foreseeable risks inherent in such operations.

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2. The act requires that if a designated area within a state fails to meet a prescribed ambient air quality standard, regional administrators must submit plans for the "implementation of all reasonably available control measures." 42 U.S.C. § 7502(c)(1).

3. The act requires that if a designated area within a state fails to meet a prescribed ambient air quality standard, regional administrators must submit plans for the "implementation of all reasonably available control measures." 42 U.S.C. § 7502(c)(1).

4. Washington’s Clean Air Act is an example of state legislation effectuating the 1990 amendments to the Federal Clean Air Act. Section 70.94.527 of the Revised Code of Washington provides, in part:

5. Each county with a population over one hundred fifty thousand, and each city or town within those counties containing a major employer shall, by October 1, 1992, adopt by ordinance and implement a commute trip reduction plan for all major employers... The plan shall be designed to achieve reductions in the proportion of single-occupant vehicle commute trips and the commute trip vehicle miles traveled per employee....

6. Two examples of regional legislation are the South Coast Air Quality Management District's Regulation XV in Southern California and the Bay Area Air Quality Management District's Regulation 13, Rule 1, in the San Francisco Bay Area. Both regulations attempt to improve air quality by reducing emissions resulting from vehicle commute trips to work sites with 100 or more employees by mandating that such employers develop an employer trip reduction plan incorporating services and incentives such as ridesharing, transit subsidies, and parking management plans. See SCQAQMD Reg. 1501(e) and BAAQMD Reg. 13-1-216.

7. Seattle Metro’s driver selection criteria, applicable to primary and back-up driver applicants alike, include factors such as the following:
   - Age--Drivers must be 21 or older.
   - Employment--Applicant must be employed by present employer for two years or have other indication of steady employment.
   - Driving Record--Applicants must have current, unrestricted Washington driver's license, must have driven for at least five years without suspension or revocation of license, and have no more than one at-fault accident in the last three years.
   - Insurance History--Applicants who have had their auto insurance canceled within the past five years for reasons related to their driving record are rejected.
   - Medical Condition--Applicants with any condition that would impair their ability to drive are rejected.
   - Preferred Drivers have at least one other auto.
   - Personal Use--Applicants who expect to commit the van to routine, noncommuting use are rejected.
   - Parking--Applicants are expected to provide off-street parking for the van when not in use.

8. Credit History--Drivers handling bookkeeping responsibilities must consent to a credit check.

9. CATS serves Cook, DuPage, Kane, Lake, McHenry, and Will counties.

10. RIDES divides employer vanpool programs into three categories: (1) employer-facilitated programs in which an employer encourages the formation and use of vanpools by providing incentives for vanpoolers, such as preferential parking, guaranteed rides home, and limited financial subsidies; (2) employer-sponsored programs in which the employer provides ongoing financial contributions toward the acquisition or operation of vanpool vehicles, and (3) employer-operated programs in which the employer leases or purchases vans.

11. Unlike many other states, California has no ridesharing act that consolidates several statutes applicable to ridesharing arrangements under one title. This is not to say that California does not attempt to exercise some regulatory control over ridesharing arrangements. For example, California Vehicle Code section 34509 specifically exempts vanpool vehicles from the safety regulations applicable to commercial and other large vehicles. However, section 34509 requires that vanpool vehicles be equipped with certain safety equipment, such as fire extinguishers and first aid kits, and that vanpool vehicles be regularly inspected and serviced.

12. Absent some statutory exemption, even an individual who organizes and operates his or her own vanpool and collects a fee from riders to subsidize it may be subject to the common carrier's highest standard of care.

13. See CAL. CIV. CODE § 2096 (“A carrier of persons without reward must use ordinary care and diligence for their safe carriage.”).

14. See CAL. CIV. CODE § 2100 (“A carrier of persons for reward must use the utmost care and diligence for their safe carriage, must provide everything necessary for the purpose, and must exercise to that end a reasonable degree of skill.”).

15. See Appendix A for a list of those state statutes that exempt ridesharing arrangements from motor carrier regulations.

16. E.g., Idaho (IDAHO CODE § 492431 (1988)); Indiana (IND. CODE ANN. § 8-2.1-22-2.1.5(7) (West 1993)); Nebraska (NEB. REV. STAT. § 60-2502(1)).

17. Absent some statutory exemption, even an individual who organizes and operates his or her own vanpool and collects a fee from riders to subsidize it may be subject to the common carrier's highest standard of care.

18. See CAL. CIV. CODE § 2096 (“A carrier of persons without reward must use ordinary care and diligence for their safe carriage.”).

19. See CAL. CIV. CODE § 2100 (“A carrier of persons for reward must use the utmost care and diligence for their safe carriage, must provide everything necessary for the purpose, and must exercise to that end a reasonable degree of skill.”).

20. See Appendix A for a list of those state statutes that exempt ridesharing arrangements from motor carrier regulations.
mean any one of the following:

Arrangements Act (55 PS 695.1) provides that

17C-22-2(c) (1991)).

1989)); and West Virginia (W.VA. CODE §


See OKLA. STAT. ANN. tit. 47, § 1002 (West 1988).

See WASH. REV. CODE § 46.74.030 (West 1987).

Pennsylvania's Ridesharing Arrangements Act (55 PS 695.1) provides that the phrase "ridesharing arrangement" shall mean any one of the following:

The transportation of not more than 15 passengers where such transportation is incidental to another purpose of the driver who is not engaged in transportation as a business. The term shall include ridesharing arrangements commonly known as carpools and vanpools, used in the transportation of employees to or from their place of employment.

The transportation of employees to or from their place of employment in a motor vehicle owned or operated by their employer.

The transportation of persons in a vehicle designed to hold no more than 15 people and owned or operated by a public agency or nonprofit organization that services the vehicle or for personal use or convenience and places it within the ambit of the employer's choice or convenience, restoring the employer-employee relationship.


See Florida (FLA. STAT. ANN. § 768.091(2) (West 1986)); New Jersey (N.J. STAT. ANN. § 34:15-36 (West 1988)); Washington (WASH. REV. CODE ANN. § 51.08.013 (West 1990)); and Wisconsin (WIS. STAT. ANN. § 102.03(1)(3) (West 1988)).


"Carpool" is elsewhere defined as a "mode of transportation in which six or fewer persons, including the driver, ride together in a motor vehicle, in which that transportation is incidental to another purpose of the driver...."


See MINN. STAT. § 13.04 et seq. (West 1988).

See Caldwell v. A.R.B., Inc., 176 Cal. App. 3d 1028, 1035; 222 Cal. Rptr. 494 (1986). ("The following activities have been considered special errands: picking up or returning tools used on the job, attendance at an employment social function when an employee's attendance is expected and it benefits the employer, and a trip in which the employee responds to a service call when the employee is on call for the employer's business.")


See Anderson v. Falcon Drilling Co., 695 P.2d 521 (Okla. 1985) (evidence that driver was required by his immediate supervisor to carpool and that accident occurred as driver was going to pick up fourth member of the carpool raised genuine issue of fact as to whether driver was within the scope of his employment at the time of accident).


See generally 1 Larson, supra, note 33, at § 16.00, 4-160.

See Berndt v. Wright, 93 Or. App. 192; 760 P.2d 1388 (1988). (Where claimant was paid for travel to or from his job, compensation for travel time occurred, which occurred while on his way to work, out of the going and coming rule. Benefits awarded.)

See Winn-Dixie Stores, Inc., v. Smallwood, 516 So. 2d 716 (Ala. App. 1987). In Winn-Dixie, an employer helped arrange a carpool for an employee temporarily assigned to a store 30 miles away. Although not compensated during the commute, the employee was held covered under the special errand rule.

See Hinman v. Westinghouse Elec. Co., supra at 2 Cal. 3d 962 ("exception will be made to the going and coming rule where the trip involves an incidental benefit to the employer, not common to commute trips by ordinary members of the workforce.").

Mo. ANN. STAT. § 285.220.2 (Vernon 1993).

Mo. ANN. STAT. § 285.220.6 (Vernon 1993).

See idaho code § 49-2432 (1988);


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See OHIO REV. CODE ANN. § 2305.32(C) (Page's 1991).
For a comprehensive survey of government immunities in all 50 states, see JOHN C. PINE AND ROBERT D. BICKEL, TORT LIABILITY TODAY: A GUIDE FOR STATE AND LOCAL GOVERNMENTS (1986).

For example, 625 ILCS 5/10-202(a). (owners of commuter vans and passenger cars used in for-profit rideshare arrangements must carry "a minimum of personal injury liability insurance in the amount of $25,000 for any one person in any one accident, and subject to the limit for one person, $100,000 for two or more persons injured by reason of the operation of the vehicle in any one accident"). See also OHIO REV. CODE ANN. § 4509.79(B) (Page's 1990) and W. VA. CODE ANN. § 17C-22-2(b) (1991).


Some evidence suggests that vanpools are, in fact, good insurance risks. Research done by the Association for Commuter Transportation indicates that losses paid out on conventional auto insurance policies consume approximately 98 percent of each policy dollar taken in. By comparison, only 74 percent of the amounts paid for vanpool policies were paid out on losses.


"The courts...have continued to repeat the 'general rule' of nonliability with exceptions, whose very number may be sufficient to cast doubt upon the validity of the rule.")
APPENDIX A:
State Law Applicable to Ridesharing Arrangements

The chart below summarizes state laws affecting rideshare arrangements. Many state laws concerning similar issues very slightly in their wording; accordingly, this chart should be used only as a guide to direct the reader to the applicable law.

The first column identifies states that have passed a consolidated group of laws under a “ridesharing” heading. The “acts” listed are not comprehensive in scope, and other laws affecting ridesharing arrangements appear throughout statutory compilations, even in those states with ridesharing “acts”. Likewise some states have multiple sections applicable to ridesharing arrangements, but the rules are not consolidated in any one chapter or under any one title.

The second column lists state laws establishing some limitation on promoter or employer liability for ridesharing arrangements. Many states follow Idaho’s example, exempting only “employers” from liability arising from the operation of a vehicle “not owned, leased or contracted for” by the employer. Others, such as Hawaii, take a broader approach, exempting entities such as “community organizations, private nonprofit organizations [and] rideshare coordinators.”

The third column lists those states that have specifically defined the interplay between workers’ compensation law and ridesharing arrangements. Many states have laws similar to Idaho’s, which provides that workers’ compensation law does not apply to persons injured while participating in a ridesharing arrangement unless an employer owns, leases or contracts for the vehicle used. Other states, such as Pennsylvania, provide that workers’ compensation laws shall not apply to “passengers injured while participating in a ridesharing arrangement” regardless of who owns the vehicle.

Finally, the fourth column lists those states that have exempted ridesharing arrangements from motor carrier laws or laws regulating “forhire” vehicles. In some states, this means little more than an exemption from registration or fee requirements imposed on commercial carriers. Other states specifically provide that rideshare arrangements are not to be held to the higher standard of care owed by a common carrier. Again, one must refer to the specific statute for the exact scope of each section listed.

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<tr>
<th>State</th>
<th>Rideshare Act</th>
<th>Limitation of Promoter/ Employer Liability</th>
<th>Non-Application of Workers’ Compensation</th>
<th>Motor Carrier Regulation</th>
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ACKNOWLEDGMENTS

This legal study was performed under the overall guidance of TCRP Project Committee J-5. The Committee is chaired by RICHARD J. BACIGALUPO, N.E. Illinois Regional Transit Authority. Members are ARTHUR P. BERG, Port Authority of New York and New Jersey; RICHARD W. BOWER, California Department of Transportation; SHELLY R. BROWN, Federal Transit Administration--Region 10; DORVAL RONALD CARTER, JR., Federal Transit Administration--Region 5; PAUL STEPHEN DEMPSEY, University of Denver; DENNIS C. GARDNER, Metropolitan Transit Authority of Harris County, Texas; EDWARD J. GILL, JR., American Public Transit Association; BRIGID HYNES-CHERIN, San Francisco County Transportation Authority; CLARK JORDAN-HOLMES of Stewart, Joyner, Jordan-Holmes, Holmes, P.A.; DEBRA SIMMONS NEVEU, Regional Transit Authority, New Orleans, Louisiana; and KENT D. SYVERUD, University of Michigan Law School. DAN DUFF provides liaison with the Federal Transit Administration, and GWEN CHISHOLM SMITH represents the TCRP staff.