



Analysis of the Economic Effects of New York Statute VTL Article 44-B on New York Stakeholders

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March 4, 2026

Abstract

New York Statute, Vehicle and Traffic Law Article 44-B (VTL Article 44-B), which took effect on June 29, 2017, as Part AAA of Chapter 59 of the Laws of 2017, requires that Transportation Network Companies (TNCs), like Uber and Lyft, maintain \$1.25 million in Uninsured/Underinsured (UM/UIM) coverage.

Our analysis shows that UM/UIM coverage in New York far exceeds what is necessary to ensure adequate coverage for most motor vehicle accidents. There is also no statistical evidence that drivers or riders utilizing TNCs would be subject to unreasonable financial exposure in the event of accidents were the mandated level of UM/UIM coverage to be reduced to the minimum personal policy limits of \$25,000 per individual (\$50,000 per accident).

By mandating a level of coverage that far exceeds what is necessary, New York's UM/UIM requirement for TNCs disadvantages both riders and drivers by driving up TNCs' insurance costs: riders pay higher fares and drivers earn less income. In addition, we find that elevated UM/UIM coverage makes TNCs' insurance carriers a target for increased litigation, resulting in increased claim sizes and legal expenses.

We conclude that any reduction in TNC's cost of UM/UIM insurance would mitigate the adverse effects of excessive coverage (e.g., driver earnings would go up, ride costs would go down, TNC costs would decrease). By reviewing both theoretical frameworks and empirical evidence, our analysis seeks to inform optimal policy design and encourage recalibration of the mandated TNC insurance coverage toward efficiency, while ensuring that drivers and riders involved in accidents are not treated unfairly.

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I Introduction

New York Statute, VTL Article 44-B, signed into law on February 10, 2017, and which took effect on June 29, 2017, as Part AAA of Chapter 59 of the Laws of 2017, regulates the operations of TNCs in New York (excluding New York City). Specifically, Section 1693 (the “Statute”) mandates specific insurance requirements for TNCs while a driver is engaged on a TNC’s platform.² Relevant to this study is that TNCs are required to maintain \$1.25 million in Uninsured (UM) and Underinsured (UIM) coverage.³

For reasons discussed in more detail below, it is important to note that this study only relates to the state of New York and does not include New York City (NYC). The Statute does not apply to for-hire vehicles operating in NYC; instead, all for-hire vehicles are regulated by the NYC Taxi & Limousine Commission. Unless explicitly noted otherwise, references to New York are to the state alone and are explicitly omitting NYC.

UM/UIM bodily injury coverage provides compensation for bodily injury damages to individuals occupying a TNC vehicle when a third-party driver (not the TNC driver) is at fault and the at-fault party either: 1) has no insurance at all (uninsured); or 2) has insufficient insurance to cover the full extent of the injuries or losses (underinsured).⁴ UM coverage also applies to injuries caused to occupants in a TNC vehicle in a hit and run accident. In addition to UM/UIM coverage, TNCs (or their drivers) have to maintain auto liability coverage for bodily injury, death or property damage. This coverage compensates an injured person who is involved in a crash with a TNC driver at the time the driver is on the TNC’s platform and the TNC driver is at-fault. Other mandated categories include personal injury protection (no-fault) insurance.⁵

We find that the level of UM/UIM coverage in New York required by the Statute far exceeds what is necessary to ensure adequate coverage for injured parties in the vast majority of motor vehicle accidents. We also find that there is no statistical evidence that drivers or riders utilizing TNCs would be subject to unreasonable financial exposure in the event of accidents, were the mandated level of UM/UIM coverage to be reduced to the minimum personal policy limits of \$25,000 per individual (\$50,000 per accident). In addition, excessive UM/UIM coverage makes TNCs’ insurance carriers targets for increased litigation, resulting in inflated claim sizes and excessive legal expenses.

Based on our analysis, and as a matter of economics, we conclude that the mandated level of UM/UIM insurance coverage in New York is excessive and that the extra costs of this insurance are likely borne in some combination by drivers (lower earnings), riders (higher costs), and TNCs (higher costs). We further conclude that any reduction in the cost of UM/UIM insurance would mitigate these effects (i.e.,

² New York State Statute, Vehicle & Traffic (VAT) Chapter 71, Title 8, Article 44-B, at § 1693 (Financial Responsibility of Transportation Network Companies). See also New York State, Department of Financial Services, FAQs About Transportation Network Companies (Ride Sharing), available at https://www.dfs.ny.gov/apps_and_licensing/property_insurers/trans_network_co_ride_sharing_faqs, accessed February 25, 2026.

³ We understand that in New York coverage at the 25/50 limits is referred to as UM insurance while coverage in excess of that amount is referred to as supplemental UM/UIM insurance or SUM.

⁴ See New York State, Department of Financial Services, Auto Insurance Information for Consumers, available at https://www.dfs.ny.gov/consumers/auto_insurance/Auto_resource_center, accessed February 25, 2026.

⁵ See New York State, Department of Financial Services, FAQs About Transportation Network Companies (Ride Sharing), available at https://www.dfs.ny.gov/apps_and_licensing/property_insurers/trans_network_co_ride_sharing_faqs, accessed February 25, 2026.

driver earnings would go up, rider costs would go down, TNC costs would decrease). By reviewing both theoretical frameworks and empirical evidence, our analysis seeks to inform optimal policy design and encourage recalibration, if needed, of the TNC insurance requirements toward efficiency, while ensuring that drivers and riders involved in accidents are not treated unfairly.

II A Brief Review of the Statute

The primary insurance requirements of VTL Article 44-B are as follows:⁶

- a. **Period 1 (App on, no ride accepted):** Requires TNCs or drivers to maintain liability insurance of at least \$75,000 for injury to one person, \$150,000 for injury per incident, and \$25,000 for property damage, as well as Personal Injury Protection (PIP” or “no-fault” insurance) of \$50,000. TNCs must also provide UM (but not UIM) coverage at the state minimum level of \$25,000 per person and \$50,000 per incident. In addition, drivers have worker’s comp insurance (through the Black Car Fund) covering up to two-thirds of a driver’s weekly compensation plus medical benefits.⁷
- b. **Period 2/3 (The TNC driver is enroute to a ride / the TNC driver is transporting a rider):** In addition to \$1.25 million in primary liability insurance for death, bodily injury and property damage, plus \$50K PIP and the same Black Car Fund benefits listed in a., TNCs must maintain \$1.25 million in UM/UIM insurance.

The table below summarizes the insurance coverage required of TNCs in each of these periods. We understand that Period 1 encompasses the time that a driver has a TNC app on but has not yet accepted a ride, while Period 2 covers the time when a driver has accepted a ride request and is driving to the pick-up location and Period 3 covers the time from when a rider enters the TNC driver’s vehicle until the rider exits the vehicle.⁸

⁶ *Ibid.* See also Legal Clarity, Consumer Law, New York Auto Insurance Laws: Requirements and Compliance, available at <https://legalclarity.org/new-york-auto-insurance-laws-requirements-and-compliance/>, accessed February 25, 2026.

⁷ Black Car Fund Member Bases, available at <https://www.nybcf.org/members> and Black Car Fund Claimant Benefits, available at <https://www.nybcf.org/claimant-benefits>, accessed February 25, 2026.

⁸ New York State Senate, Article 44-B Transportation Network Company Services, Vehicle and Traffic (VAT) Chapter 71, Title 8, Article 44-B (“VTL Article 44-B”), at Section 1693 1(a) and 1(b), available at <https://www.nysenate.gov/legislation/laws/VAT/1693>, accessed February 25, 2026.

Table 1: Summary of TNC’s Mandated Insurance Coverage in New York⁹

		Period 1	Periods 2 and 3
Auto Liability Primary Insurance	For death & personal injury (per person)	\$75,000	
	For death & personal injury (per incident)	\$150,000	\$1,250,000
	For property damage	\$25,000	
Personal Injury Protection (PIP) (per person)		\$50,000	\$50,000
Worker’s Comp (Black Car Fund) (Driver first-party injuries only)		Up to two-thirds of average weekly wage, plus medical benefits	Up to two-thirds of average weekly wage, plus medical benefits
Uninsured Motorist Bodily Injury & Underinsured Motorist Bodily Injury (UM/UIM) (Note: Only UM coverage required in Period 1)		State minimum of \$25,000 per person / \$50,000 per accident for bodily injury; \$50,000 per person / \$100,00 per accident for death.	\$1,250,000

In contrast to the coverage imposed on TNCs, New York does not require private or commercial (e.g., taxicab) drivers to carry UM/UIM insurance above the state minimum standards and requires private motorists to carry only bodily injury coverage of at least \$25,000 for a single individual injured in an accident and \$50,000 for all persons injured in an accident. (In the case of death, the minimum coverage is \$50,000 per person and \$100,000 per accident.)¹⁰ Private motorists are also required to carry PIP insurance.

We understand that the Statute only applies in the state of New York to municipalities with fewer than one million residents.¹¹ Since NYC is the only municipality in New York exceeding one million residents, the Statute would apply everywhere else in the state. In addition, we understand the Statute only applies wherever the driver and vehicle meet the definitions of the TNC Statute.¹² Companies like Uber and Lyft do not operate TNCs in NYC; rather they operate as a High Volume For-Hire Service. Thus, the

⁹ *Ibid.* See also New York State Senate, Section 3420, Liability Insurance; Standard Provisions; Right of Injured Person, Chapter 28, Article 34, available at <https://www.nysenate.gov/legislation/laws/ISC/3420>, accessed February 25, 2026; Brian Webb, Article 51 of NYS Insurance Law: Serious Injury Threshold & Basic Economic Loss, available at <https://www.hurwitzfine.com/blog/article-51-of-nys-insurance-law-serious-injury-threshold-basic-economic-loss>, accessed February 25, 2026; New York Department of Financial Services, What You Need to Know About... Purchasing Automobile Insurance, available at https://www.dfs.ny.gov/system/files/documents/2025/03/Automobile-Insurance_2024.pdf, accessed February 25, 2026; Black Car Fund Member Bases, available at <https://www.nybcf.org/members> and Black Car Fund Claimant Benefits, available at <https://www.nybcf.org/claimant-benefits>, accessed February 25, 2026.

¹⁰ See New York State, Department of Financial Services, NYS Vehicle and Traffic Law Amendment, Increase to For Hire Insurance Minimum and Maximum Liability, February 18, 2022, available at <https://dmv.ny.gov/insurance/increase-to-for-hire-insurance-minimum-and-maximum-liability>, accessed February 25, 2026. See also New York State, Department of Financial Services, OGC Opening No. 04-04-28, Re: Supplementary Uninsured/Underinsured Motorist (SUM) Coverage, available at <https://www.dfs.ny.gov/insurance/ogco2004/rg040428.htm>, accessed February 25, 2026.

¹¹ See VTL Article 44-B, at Section 1692 (General Provisions).

¹² Companies like Uber and Lyft do not operate TNCs in NYC; rather they operate as a High Volume For-Hire Service. (See “High Volume For-Hire Services,” Taxi and Limousine Commission, New York City, available at <https://www.nyc.gov/site/tlc/businesses/high-volume-for-hire-services.page>, accessed February 25, 2026.)

Statute does not apply when a for-hire vehicle picks up a passenger in NYC; instead, the driver must abide by NYC laws and regulations.¹³

III Driving and Accident Patterns in New York Do Not Warrant Excess UM/UIM Insurance *Vis-à-vis* Other States

Understanding how New York compares to other states in terms of accidents, fatalities, and vehicle usage is crucial for grounding the empirical analysis to follow. Moreover, while TNCs are ubiquitous across the United States, operating in every major city, the UM/UIM requirements vary significantly across states.¹⁴ See Appendix A.

III.A New York Is a Safe State in Which to Drive

Based on a number of metrics, including fatalities, New York is an extremely safe state in which to drive. In 2023, New York experienced just under 850 traffic fatalities.¹⁵ That corresponds to a fatality rate of 0.88 deaths per 100 million vehicle miles travelled (VMT), significantly below the national average of 1.26.¹⁶ When measured per 100,000 population, New York's rate in 2023 was 7.6, which is significantly lower than the national average of 12.2, again indicating an extremely safe driving environment on a per capita basis.¹⁷ Furthermore, crash rates resulting in bodily injury in New York fell 3.5% between 2021 and 2023.¹⁸ Since these rates are reported per million VMT, they already reflect any decline in driving that might have occurred as a result of the Covid-19 pandemic.

As shown in the chart below, only five states experienced a lower level of fatalities (per 100 million VMT) than New York.

¹³ Given reciprocity agreements between NYC and surrounding jurisdictions, TNCs are able to pick up riders outside of NYC for transport to, or through NYC, and are able to pick up passengers in NYC for transport outside the city. (See The Rules of New York City, § 59A-05 Licensing – Reciprocal Recognition with Other Jurisdictions, available at <https://codelibrary.amlegal.com/codes/newyorkcity/latest/NYCrules/0-0-0-68148>, accessed February 25, 2026).

¹⁴ Given that the Statute specifically excludes NYC, where possible we have analyzed metrics for New York by removing the effects of NYC from those metrics. Where removing the effects of NYC has not been possible, we still report metrics for the state as a whole.

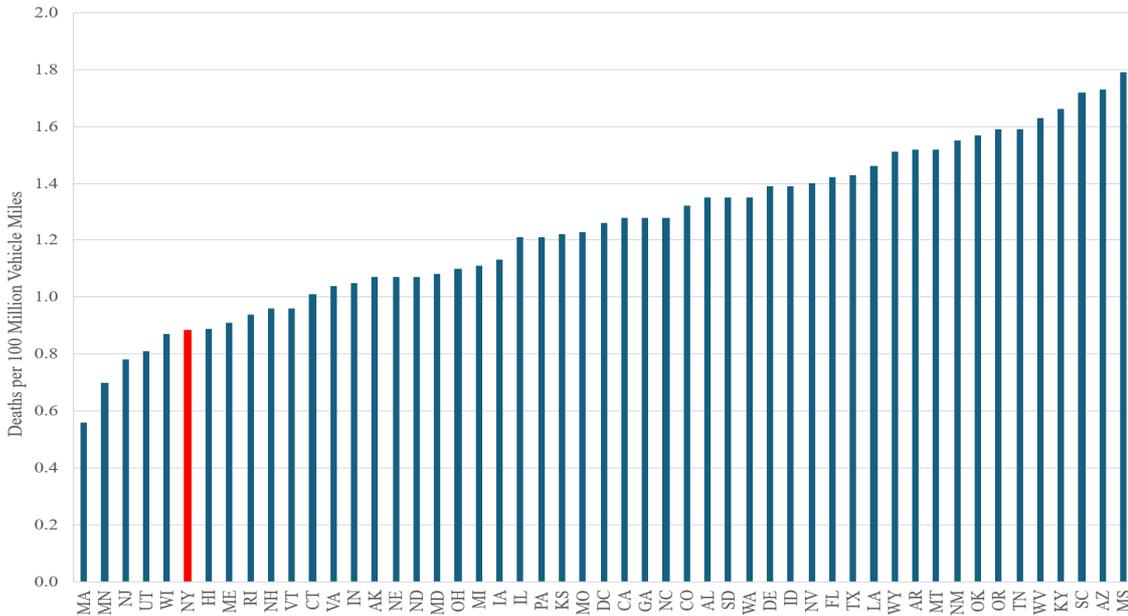
¹⁵ Insurance Institute for Highway Safety (IIHS), Fatality Facts 2023, available at <https://www.iihs.org/topics/fatality-statistics/detail/state-by-state>, accessed February 25, 2026; and New York City Vision Zero View, available at <https://vzv.nyc/>, accessed February 25, 2026.

¹⁶ *Ibid.* See also NYC Open Data, "NYC Greenhouse Gas Emissions Inventory," available at https://data.cityofnewyork.us/Environment/NYC-Greenhouse-Gas-Emissions-Inventory/wq7q-htne/about_data, accessed February 25, 2026.

¹⁷ *Ibid.* See also U.S. Census Bureau, City and Town Population Totals: 2020-2024, May 2025, available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>, accessed February 25, 2026.

¹⁸ Motor Vehicle Crashes – Individual Information: Four Year Window, available at <https://catalog.data.gov/dataset/motor-vehicle-crashes-individual-information-three-year-window>, accessed February 25, 2026; New York City Vision Zero View, available at <https://vzv.nyc/>, accessed February 25, 2026; National Association of Insurance Commissioners, U.S. Department of Transportation, Federal Highway Administration, Highway Statistics Series, Table Vm-2, available at <https://www.fhwa.dot.gov/policyinformation/statistics.cfm>, accessed February 25, 2026; and NYC Open Data, "NYC Greenhouse Gas Emissions Inventory," available at https://data.cityofnewyork.us/Environment/NYC-Greenhouse-Gas-Emissions-Inventory/wq7q-htne/about_data, accessed February 25, 2026.

Figure 1. Motor Vehicle Crash Deaths Per 100 Million VMT (2023)¹⁹



One possible reason for the low fatality rate is that New York ranks highly in terms of seatbelt usage, with a rate over 90%.²⁰ In contrast, some other states have usage rates at 80% or lower.

III.B New York Does Not Have a High Rate of Uninsured Motorists

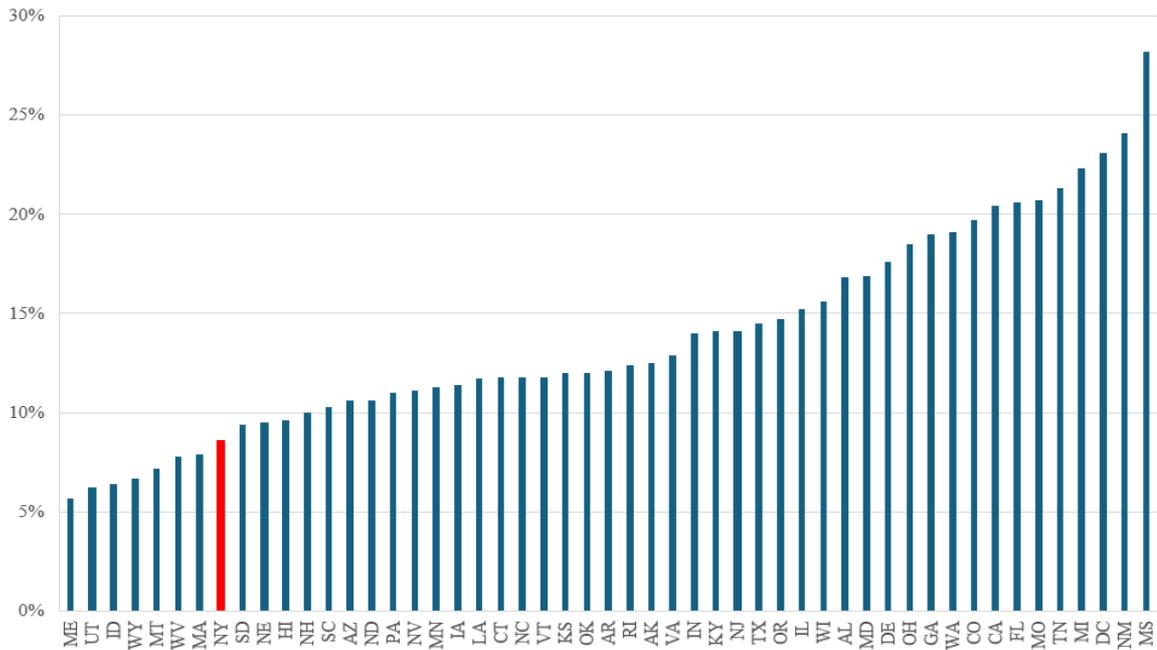
New York has a relatively low rate of uninsured motorists at 8.6%.²¹ New York’s rate ranks well below the median rate of 12.1%, and places it among the ten states with the lowest rates of uninsured motorists; see Figure 2. In fact, New York’s uninsured motorist rate was less than one-fourth the rate of Mississippi’s (the state with the highest rate), and well below the rate of certain other large states (e.g., California, Florida, Ohio, and Texas).

¹⁹ Insurance Institute for Highway Safety (IIHS), Fatality Facts 2023, available at <https://www.iihs.org/topics/fatality-statistics/detail/state-by-state>, accessed February 25, 2026; New York City Vision Zero View, available at <https://vzv.nyc/>, accessed February 25, 2026; and NYC Open Data, "NYC Greenhouse Gas Emissions Inventory," available at https://data.cityofnewyork.us/Environment/NYC-Greenhouse-Gas-Emissions-Inventory/wq7q-htne/about_data, accessed February 25, 2026.

²⁰ U.S. Department of Transportation, National Highway Traffic Safety Administration, Seat Belt Use in 2023 – Use Rates in the States and Territories (August 2024) available at <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813615>, accessed February 25, 2026. Although this statistic is for New York as whole (i.e., including NYC) our research indicates this is a reasonable assumption. Based a study conducted for the New York Governor’s office, seat belt usage in Queens was over 90%, which was significantly below other areas in the state (e.g., Albany was over 98%). (See Institute for Traffic Safety Management & Research, New York State 2024 Observational Survey of Seat Belt Usage, November 2024, available at <https://www.itsmr.org/wp-content/uploads/2024/11/2024-NY-OBSERVATIONAL-SURVEY-OF-SEAT-BELT-USE-1.pdf>, accessed February 25, 2026).

²¹ Insurance Information Institute, Facts + Statistics: Uninsured Motorists, available at <https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists>, accessed February 25, 2026. Although this figure is for New York as a whole (i.e., including NYC) we have seen no evidence that it is not representative for the state of New York, excluding NYC. By way of example, were one to assume that every motorist in NYC was insured (which would have the effect of biasing the statewide number upwards), the implied rate of uninsured motorists in the state (excluding NYC) would only rise to about 15%, or consistent with the rate in Illinois.

Figure 2. Estimated Percentage of Uninsured Motorists (2023)²²



III.C Other States with Higher Rates of Uninsured Motorists Either Mandate Much Lower Coverage Limits for TNCs or Do Not Mandate Coverage

Many states with much higher rates of uninsured motorists either do not mandate UM/UIM coverage for TNCs or require much lower amounts. One state with a higher rate of uninsured motorists is Illinois, at 15%. Despite the higher rate, Illinois mandates that TNCs carry only \$50,000 in UM/UIM coverage (specifically for Period 3 only).²³ Notably, the District of Columbia, with one of the highest rates of uninsured motorists in the country, does not specifically mandate UM/UIM coverage for TNCs that is any different from what is required of private motorists.²⁴

Georgia also has a higher rate of uninsured motorists than New York, at 19%, but it mandates UM/UIM coverage for TNCs that is just a fraction of New York’s mandated coverage.²⁵ The table below compares rates of uninsured motorists across states, along with those states’ UM/UIM requirements for TNCs.

²² *Ibid.*

²³ Illinois General Assembly, 625 ILCS 57/10 – Insurance, available at <https://www.ilga.gov/Legislation/ILCS/Articles?ActID=3589&ChapterID=49>, accessed February 25, 2026.

²⁴ Council of the District of Columbia, § 50-301.29.c. – Insurance Requirements for Private Vehicle-for-Hire, available at [https://code.dccouncil.gov/us/dc/council/code/sections/50-301.29c#:~:text=\(a\)%20A%20private%20vehicle%2D,engaged%20in%20a%20prearranged%20ride](https://code.dccouncil.gov/us/dc/council/code/sections/50-301.29c#:~:text=(a)%20A%20private%20vehicle%2D,engaged%20in%20a%20prearranged%20ride), accessed February 25, 2026.

²⁵ Uber, “Unfair Rideshare Insurance Requirements Raise Costs for Riders and Affect Drivers’ Ability to Earn,” available at <https://www.uber.com/us/en/u/fair-insurance/>, accessed February 25, 2026 and Insurance Information Institute, Estimated Percentage of Uninsured Motorists by State, 2017-2023, available at <https://www.iii.org/table-archive/20641>, accessed February 25, 2026.

Table 2. Uninsured Motorists in Select States,
Minimum UM/UIM TNC Bodily Injury Limits, per Appendix A²⁶

State	Percentage of Uninsured Motorists (2023)	Minimum TNC UM/UIM Bodily Injury Limits (Periods 2 and 3)
New York	8.6%	\$1,250,000
District of Columbia ²⁷	23.1%	\$25,000 / \$50,000
Georgia	19.0%	\$100,000 / \$300,000
Illinois	15.2%	\$50,000 (P3 only)

Given that New York’s mandated level of UM/UIM insurance for TNCs is multiples higher than what other states with higher rates of uninsured motorists require, to justify this high level of mandated coverage New York would need to be a particularly risky state in which to drive. However, as the data presented above indicates, this is not the case, making New York’s mandated level of UM/UIM coverage for TNC’s an outlier without any apparent economic justification. Furthermore, as we show below, even at much lower levels of UM/UIM coverage, motorists and other individuals still have sufficient protection in the event of accidents.

IV New York’s Mandated UM/UIM Coverage is Partially Duplicative and Exceeds What Is Needed to Satisfy Most Claims

In the sections above, we demonstrated that New York requires excessive UM/UIM insurance for TNCs, relative to other states given accident and fatality rates. In this section we conduct empirical analysis to determine whether the coverage limits for UM/UIM insurance that New York mandates for TNCs is necessary, and whether a reduction in the mandated level would expose stakeholders (e.g., riders, drivers, pedestrians) to the risk that policy limits are below the necessary amount for injury claims.

IV.A New York Riders and Drivers Are Protected by Forms of Insurance Other than UM/UIM Coverage

UM/UIM insurance applies when the at-fault driver is unidentified (e.g., a hit and run), does not have liability insurance coverage, or has insufficient liability insurance coverage limits for damages resulting from an accident. As such, UM/UIM coverage only becomes relevant when the at-fault driver is a third-party not affiliated with a TNC, the at-fault driver lacks sufficient liability insurance, and when the insurance available to the claimant is insufficient to cover all the costs of the accident.

²⁶ Insurance Information Institute, Estimated Percentage of Uninsured Motorists by State, 2017-2023, *available at* <https://www.iii.org/table-archive/20641>, accessed February 25, 2026. *See also*, Appendix A.

²⁷ UIM insurance is optional in the District of Columbia. (Council of the District of Columbia, § 31-2406.c-1. – Availability of Required and Optional Insurance and Benefits, June 3, 2025, *available at* <https://code.dccouncil.gov/us/dc/council/code/sections/31-2406>, accessed February 25, 2026).

As an initial matter, New York is a “no-fault” state, which means that regardless of who is responsible for an accident up to \$50,000 in PIP insurance automatically applies to the driver and each passenger in a vehicle, as well to each pedestrian injured in an accident to cover their medical costs.²⁸ The UM/UIM insurance carried by TNC passengers on their personal auto policies, which is required at the same limits as personal liability insurance, could also provide coverage for their injuries in the event of a UM/UIM accident while occupying a TNC vehicle.²⁹

In addition, TNCs are members of the Black Car Fund (BCF), which provides drivers with workers’ compensation insurance and other benefits.³⁰ This benefit provides similar coverage to UM/UIM; namely, lost income of up to two-thirds of a driver’s average weekly wage, along with medical benefits including hospitalization, doctor services, physical therapy, medical goods, and prescribed drugs.³¹

These overlapping forms of insurance coverage suggest that there is little incremental value to an extremely high mandated level of UM/UIM coverage, relative to much lower levels of UM/UIM coverage. The state of Washington, in fact, recognized this when it passed a bill simultaneously requiring workers’ compensation insurance for TNC drivers while simultaneously lowering the mandated level of underinsured motorist coverage from \$1 million to \$100,000 per person / \$300,000 per accident.³² Moreover, even if there are rare instances of UM/UIM coverage providing the only insurance in an accident, the data presented below indicates that much lower levels of UM/UIM coverage would be sufficient.

IV.B UM/UIM Bodily Injury Claims Generally Settle for Much Less than Currently Mandated UM/UIM Coverage for TNCs

According to data provided by Uber’s insurance partner in New York, more than 99% of personal (i.e., non-TNC) UM/UIM claims close below \$100,000, for policies that have \$50,000/\$100,000 limits in New York. In other words, 1% or less of claims close at \$100,000. Additionally, it is estimated that the average cost of settling a claim in New York brought under personal UM/UIM coverage is between \$43,000 and \$54,000. By comparison, claims brought under TNC’s UM/UIM coverage settle for about 25% to 50% more than the cost to settle UM/UIM claims brought under personal coverage.³³

Furthermore, under TNC’s own policies, even when the mandated coverage amount for UM/UIM insurance is \$1.25 million, data we have analyzed indicates that 80% or more of claims in New York have consistently settled for less than \$25,000 per person/\$50,000 per accident limit, as shown in the table below.

²⁸ New York State, Department of Financial Services, Auto Insurance Information for Consumers, *available at* https://www.dfs.ny.gov/consumers/auto_insurance/Auto_resource_center, accessed February 25, 2026.

²⁹ *Ibid.*

³⁰ See The Black Car Fund, Member Bases, *available at* <https://www.nybcf.org/members>, accessed February 25, 2026.

³¹ See The Black Car Fund, Claimant Benefits, *available at* <https://www.nybcf.org/claimant-benefits>, accessed February 25, 2026.

³² Washington State Legislature, House Bill 2076, Concerning Rights and Obligations of Transportation Network Company Driver and Transportation Network Companies, *available at* <https://app.leg.wa.gov/bills/summary?BillNumber=2076&Year=2021&Initiative=false>, accessed February 25, 2026.

³³ The ratio increases to as high as 5:1 when considering just litigated claims. (Based on TNC carrier data.)

Table 3. Percentage of UM/UIM Claims That Settled Under \$25,000 per Person/\$50,000 per Accident, per TNC’s Coverage in New York³⁴

2021 Q2	80%
2021 Q3	87%
2021 Q4	85%
2022 Q1	85%
2022 Q2	86%
2022 Q3	84%
2022 Q4	79%
2023 Q1	78%

Furthermore, Lyft has represented that between Q2:2021 and Q1:2023 its carrier has not settled (or have open) any UM/UIM claims for the policy limit of \$1.25 million.³⁵

There will always be a few claims that are outliers and for which no amount of coverage would ever be sufficient. Consider the case of an individual who is injured in an accident and needs lifelong care. For this case, even \$1.25 million in UM/UIM coverage might be insufficient. However, per the discussion above, such a scenario likely occurs very infrequently. One thus needs to consider the economic costs associated with higher insurance limits versus the incremental value of covering just a few additional, but high value, claims. As the remainder of our study demonstrates, it is economically inefficient to mandate such high coverage for such low probability events (i.e., negative externalities are introduced).³⁶

V Empirical Analysis Demonstrates That New York’s Mandated Level of UM/UIM Coverage is Excessive and Results in Higher Insurance Losses and Legal Expenses

Before presenting empirical evidence that New York’s excessive level of UM/UIM coverage results in increased litigation and increased insurance losses, prior literature on this point predicts just such an outcome. For example, an extension of Priest and Klein (1984), which developed key insights into which claims are litigated and why, is that insurance alters the expected value of legal claims, leading to

³⁴ Source: TNC carrier data. Excludes open claims. The indemnity amounts on open claims are equal to the amounts already paid on those claims plus any amount of reserve determined by the claims adjustor. Including open claims does not have a significant effect on the percentage of claims that settled for under \$25,000/\$50,000.

³⁵ Provided by Lyft based on data of the same period as outlined in Appendix B.

³⁶ A study by the U.S. Dept. of Transportation (2013) in fact found that there is likely no “realistic” policy limit that could cover all possible claims and that since policy limits “have some tendency to become self-fulfilling,” raising policy limits would not necessarily improve either the equity or the efficiency of insurance markets. (See Hymel, K., Lee, D.B., Pearlman, J., Prichard, R., and Rainville, L. (2013). *Financial Responsibility Requirements for Commercial Motor Vehicles*, U.S. Department of Transportation, Federal Motor Carrier Safety Administration. Report No. FMCA-RRA-12-045.

marginal or nuisance suits, larger settlements, and other tactics that increase the cost of awards.³⁷ Thorpe (2004) specifically notes that contingency fees create incentives for “frivolous” lawsuits.³⁸

Defendants in personal injury or medical malpractice suits also frequently have to engage in unnecessary and defensive conduct to mitigate the risk of outsized, adverse judgments resulting from excessive insurance coverage. Empirical studies, such as those by Sloan and Chepke (2008) and Kessler (2011), find that excessive coverage increases the stakes of litigation, prompting defensive lawyering and prolonged trials.³⁹ This in turn contributes to court congestion, delay, and greater administrative costs.

V.A The Economic Effects of Excessive UM/UIM Coverage in New York Can Be Tested Through a Comparison to Either Illinois or Connecticut

One way to test the economic effects of excessive UM/UIM coverage in New York is through a natural experiment. Simply stated, a natural experiment is the ability to analyze naturally occurring differences between two groups outside the confines of a randomized trial, such as might be conducted in a laboratory.⁴⁰ Here, the natural experiment is the ability to compare outcomes in New York to outcomes in similar states (i.e., comparable in demographics and driving conditions) but with lower mandated levels of UM/UIM coverage for TNCs.

As our initial step, we looked for states that have similar demographics, in terms of population, population density, and percentage of residents living in metro areas. We also looked for states with a similar political composition to New York (a so-called blue state). And, of course, our comparator state had to have a lower mandated level of UM/UIM coverage. These factors ruled out certain other Northeastern states (such as Rhode Island) which have significantly lower populations and ruled out Florida which is a staunchly red state. New Jersey, although similar in many aspects to New York, was ruled out since it also has a high level of mandated UM/UIM coverage. Based on these demographic metrics, we identified Illinois as a good comparator state, as shown in the table below.⁴¹

³⁷G. L. Priest and Ben Klein, “The Selection of Disputes for Litigation” *Journal of Legal Studies*, 13(1), 1984: 1–56.

³⁸K.E. Thorpe, “The Medical Malpractice ‘Crisis’: Recent Trends and the Impact of State Tort Reforms,” *Health Affairs* W4, 2004: 20-30.

³⁹F. A. Sloan and L. M. Chepke, *Medical Malpractice*, MIT Press, 2008; and D.P. Kessler, “Evaluating the Medical Malpractice System and Options for Reform,” *Journal of Economic Perspectives*, 25(2), 2011: 93-110.

⁴⁰See, e.g., The Royal Swedish Academy of Sciences, “Natural Experiments Help Answer Important Questions,” The Prize in Economics Sciences, 2021, available at <https://www.nobelprize.org/uploads/2021/10/popular-economicsciencesprize2021-3.pdf>, accessed February 25, 2026.

⁴¹In a previous study conducted by the authors, Illinois was also used as a comparator state for California. In many ways, Illinois is an even closer match for New York than for California. We would also note that these comparisons are for New York state excluding New York City. The surrounding suburbs of New York City are themselves comparable in size to Chicago. By way of example, Nassau and Suffolk counties collectively have a population that exceeds that of Chicago.

Table 4. Demographic Comparison, New York (ex. NYC) vs. Illinois⁴²

	New York		Illinois	
	Metric	Rank	Metric	Rank
Population (2022)	11,347,568	45	12,621,821	47
% of Urban Population (2020)	77.9%	33	86.9%	42
Population Density per Square Mile (2022)	242	40	227	39

Note that in the table above, rankings are listed from lowest to highest value. Rankings run from lowest (1) to highest (51, including the District of Columbia). As an example, for “Population” both states rank near the top, meaning that both states have relatively high population numbers compared to other states.

We next investigated the comparability of Illinois to New York in terms of various driving and safety metrics, as well as, crucially, percentage of uninsured motorists. For many of these metrics, New York is either comparable to, or safer than, Illinois. Furthermore, New York has a lower level of uninsured motorists. We summarize this comparison in the table below.

Table 5. Driving Conditions Comparison, New York (ex. NYC) vs. Illinois⁴³

	New York		Illinois	
	Metric	Rank	Metric	Rank
Miles Driven per Person (2022)	8,110	10	8,220	12
Frequency of UM/UIM BI Claims under Personal Insurance (2022) ⁴⁴	0.12	20	0.15	25
Crash Deaths per 100,000 Population (2023)	7.6	7	9.9	15
Percentage of Uninsured Motorists (2023) ⁴⁵	8.6%	8	15.2%	35

The one metric for which New York and Illinois appear to be less comparable is the severity of bodily injury claims, incurred under either personal liability insurance or UM/UIM insurance. By way of example, for bodily injury insurance claims incurred under personal liability insurance, the average

⁴² Sources: National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>, accessed February 25, 2026; U.S. Census Bureau, City and Town Population Totals: 2020-2024, May 2025, accessed on November 3, 2025, available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>, accessed February 25, 2026; and U.S. Census Bureau, QuickFacts, New York City, New York, available at <https://www.census.gov/quickfacts/fact/table/newyorkcitynewyork/RTN130222>, accessed February 25, 2026.

⁴³ Sources: National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>, accessed February 25, 2026; Insurance Information Institute, Estimated Percentage of Uninsured Motorists by State, 2017-2023, available at <https://www.iii.org/table-archive/20641>, accessed February 25, 2026; Insurance Institute for Highway Safety (IIHS), Fatality Facts 2023, available at <https://www.iihs.org/topics/fatality-statistics/detail/state-by-state>, accessed February 25, 2026; NYC Open Data, "NYC Greenhouse Gas Emissions Inventory," available at https://data.cityofnewyork.us/Environment/NYC-Greenhouse-Gas-Emissions-Inventory/wq7q-htne/about_data, accessed February 25, 2026; New York City Vision Zero View, available at <https://vzv.nyc/>, accessed February 25, 2026; and U.S. Census Bureau, City and Town Population Totals: 2020-2024, May 2025, available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>, accessed February 25, 2026.

⁴⁴ This metric is for New York state as a whole. Data to exclude NYC was not available.

⁴⁵ This metric is for New York state as a whole. Data to exclude NYC was not available.

claim amount in Illinois (in 2022) was about \$27,000 while it was around \$43,000 in New York.⁴⁶ Likewise, for bodily injury insurance claims incurred under personal auto UM/UIM insurance, the average claim amount in Illinois (in 2022) was about \$39,000 while it was around \$52,000 in New York.⁴⁷

Since New York mandates PIP coverage, however, and since PIP is primary to bodily injury insurance, our understanding is that claims made in New York under bodily injury insurance coverage are only those that are particularly severe. A review of other states with mandatory PIP coverage (e.g., Hawaii, Michigan, Minnesota, New Jersey, and North Dakota) indicates that they also have among the highest losses per claim incurred under bodily injury insurance in the United States.⁴⁸

To address this possible difference in comparability between New York and Illinois, however, we also looked for states that were closer to New York in terms of their severity of bodily injury claims. Particularly for severity of bodily injury claims under personal auto UM/UIM coverage, one state closer in comparability to New York is Connecticut (about \$43,000 in Connecticut versus about \$52,000 in New York).⁴⁹ To ensure that broader comparisons between New York and Connecticut would be reasonable, we also checked the comparability of New York and Connecticut using the same metrics we discussed above with respect to Illinois. Those findings are presented in the table below.

Table 6: Demographic and Driving Factors Giving Rise to an Insurance Claim, New York (ex. NYC) vs. Connecticut⁵⁰

	New York		Connecticut	
	Metric	Rank	Metric	Rank
Population (2022)	11,347,568	45	3,617,925	23
% of Urban Population (2020)	77.9%	33	86.3%	41
Population Density per Square Mile (2022)	242	40	747	47
Miles Driven per Person (2022)	8,110	10	8,200	11

⁴⁶ National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>. This metric is for New York state as a whole. Data to exclude NYC was not available.

⁴⁷ *Ibid.*

⁴⁸ Mark Rosanes, Personal Injury Protect Insurance: A State-by-State Guide, Insurance News, February 7, 2022, available at <https://www.insurancebusinessmag.com/us/news/breaking-news/personal-injury-protection-insurance--a-statebystate-guide-324528.aspx>, accessed February 25, 2026 and National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>, accessed February 25, 2026.

⁴⁹ National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>, accessed February 25, 2026.

⁵⁰ Sources: National Association of Insurance Commissioners, 2022/2023 Auto Insurance Database Report, Adopted December 2025, available at <https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>, accessed February 25, 2026; Insurance Information Institute, Estimated Percentage of Uninsured Motorists by State, 2017-2023, available at <https://www.iii.org/table-archive/20641>, accessed February 25, 2026; Insurance Institute for Highway Safety (IIHS), Fatality Facts 2023, available at <https://www.iihs.org/topics/fatality-statistics/detail/state-by-state>, accessed February 25, 2026; New York City Vision Zero View, available at <https://vzv.nyc/>, accessed February 25, 2026; NYC Open Data, "NYC Greenhouse Gas Emissions Inventory," available at https://data.cityofnewyork.us/Environment/NYC-Greenhouse-Gas-Emissions-Inventory/wq7q-htne/about_data, accessed February 25, 2026; U.S. Census Bureau, City and Town Population Totals: 2020-2024, May 2025, available at <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>, accessed February 25, 2026; and U.S. Census Bureau, QuickFacts New York City, New York, available at <https://www.census.gov/quickfacts/fact/table/newyorkcitynewyork/RTN130222>, accessed February 25, 2026.

	New York		Connecticut	
	Metric	Rank	Metric	Rank
Frequency of UM/UIM BI Claims under Personal Insurance (2022) ⁵¹	0.12	20	0.15	28
Crash Deaths per 100,000 Population (2023)	7.6	7	8.5	10
Percentage of Uninsured Motorists (2023) ⁵²	8.6%	8	11.8%	21

As this table shows, other than for the size of the overall population, Connecticut in fact appears closer in comparability to New York than Illinois for certain of these metrics. Thus, by analyzing data from both Illinois and Connecticut, we believe that we have chosen two states that in their own ways each serve as an accurate proxy for what New York would look like without its excessive level of UM/UIM insurance mandated for TNCs, as noted below.⁵³

V.B Losses Incurred under TNC’s UM/UIM Coverage in New York Far Exceed Such Losses in Connecticut and Illinois

Despite the fact that New York is an extremely safe state in which to drive, and that it compares favorably with both Connecticut and Illinois on a number of driving and safety metrics, the average UM/UIM claim loss incurred under TNCs’ insurance coverage is substantially higher in New York than in either Connecticut or Illinois. This result holds regardless of whether the claim proceeds to litigation or not. As shown in the table below, claim losses incurred in New York by Uber’s and Lyft’s insurance carriers are multiples higher than in either Connecticut or Illinois.⁵⁴ (Note figures have been rounded to the nearest thousand dollars.)

Table 7. Average UM/UIM Losses per Claim in New York, Connecticut, and Illinois under TNCs’ Insurance Coverage⁵⁵

	New York	Connecticut	Illinois
2022 Q2 to 2023 Q1	\$67,000	\$5,000	\$9,000

Given the similarities between these three states, this stark contrast can only be attributed to the negative externalities created by the excessive UM/UIM mandate imposed by New York.

One might be tempted to argue that the mandated coverage level for TNC’s UM/UIM insurance is too low in Connecticut and Illinois, leading to claims being underpaid or underfunded. This argument can be rejected, given that the average claim loss for Connecticut and Illinois, as shown in the table above, are significantly below the UM/UIM policy limits for either personal or TNC auto insurance in both

⁵¹ This metric is for New York state as a whole. Data to exclude NYC was not available.

⁵² This metric is for New York state as a whole. Data to exclude NYC was not available.

⁵³ We also compared minimum personal auto insurance requirements. In both Illinois and Connecticut, personal drivers are required to carry \$25,000 in bodily injury insurance per person (\$50,000 per accident) while in Illinois personal drivers are required to carry \$20,000 in property damage insurance per accident and \$25,000 in Connecticut. (See Progressive, “Car Insurance Requirements Per State,” available at <https://www.progressive.com/answers/state-car-insurance-information/>, accessed February 25, 2026.)

⁵⁴ These figures represent average losses incurred across all settlements and expected settlements, regardless of whether the claimants were represented by an attorney or not and regardless of whether they were settled as part of litigation. Below, we report incurred losses specifically resulting from attorney representation with and without litigation.

⁵⁵ Source: TNC carrier data.

states, as shown in the table below. In fact, for personal auto insurance policies, the mandated level of UM/UIM coverage is the same in all three states.

**Table 8. UM/UIM Requirements in New York, Connecticut, and Illinois
For Personal Auto Insurance and TNC Insurance⁵⁶**

	Personal Auto Insurance	TNC Insurance
New York	Bodily Injury: \$25,000 per person / \$50,000 per accident; Death: \$50,000 per person / \$100,00 per accident	\$1.25 Million
Connecticut	\$25,000 per person \$50,000 per accident	\$25,000 per person \$50,000 per accident
Illinois	\$25,000 per person \$50,000 per accident	\$50,000

V.C States with Lower UM/UIM Requirements Have Fewer UM/UIM Claims Proceed to Litigation

One reason for higher UM/UIM claims in New York is that attorney involvement in UM/UIM claims, as measured as a percentage of total claims, is higher in New York than in either Connecticut or Illinois. In states with lower attorney involvement, fewer UM/UIM claims against TNCs proceed to litigation. In Connecticut and Illinois, only 5% to 8% of UM/UIM claims against TNCs were litigated, compared to around 20% in New York between the second quarter of 2022 and the first quarter of 2023, as shown in the table below.

**Table 10. Percentage of UM/UIM Claims Litigated
New York vs. Connecticut, and Illinois⁵⁷**

	New York	Connecticut	Illinois
2022 Q2	15%	4%	4%
2022 Q3	17%	8%	3%
2022 Q4	21%	5%	2%
2023 Q1	18%	5%	2%

Not surprisingly, higher legal involvement was also associated with higher claims. As shown in the table below, for claims that had attorney representation and were litigated, the average losses were consistently less than \$25,000 in Connecticut and Illinois, compared to over \$200,000 in New York.

⁵⁶ See New York State, Department of Financial Services, Auto Insurance Information for Consumers, *available at* https://www.dfs.ny.gov/consumers/auto_insurance/Auto_resource_center, accessed February 25, 2026; Illinois General Assembly, 625 ILCS 57/10 – Insurance, accessed May 19, 2025, *available at* <https://www.ilga.gov/Legislation/ILCS/Articles?ActID=3589&ChapterID=49&Chapter=VEHICLES&MajorTopic=TRANSPORTATION>, accessed February 25, 2026; Justia U.S. Law, 2024 Connecticut General Statutes Title 13b – Transportation Network Company Vehicles Section 13b-120 – Automobile liability insurance requirements, *available at* <https://law.justia.com/codes/connecticut/title-13b/chapter-244c/section-13b-120>, accessed February 25, 2026; and Legal Clarity, Consumer Law, Connecticut Car Insurance Requirements: What You Need to Know, *available at* <https://legalclarity.org/connecticut-car-insurance-requirements-what-you-need-to-know>, accessed February 25, 2026.

⁵⁷ Source: TNC carrier data.

Table 11. Average Incurred Loss Per UM/UIM Claim with Attorney Representation
New York vs. Connecticut and Illinois⁵⁸

	New York		Connecticut		Illinois	
	Litigated	Not Litigated	Litigated	Not Litigated	Litigated	Not Litigated
2022 Q2 to 2023 Q1	>\$228,000	>\$60,000	<\$23,000	<\$8,500	<\$24,000	<\$18,00

At first glance, one might be tempted to ascribe the differences between New York and the comparator states in cases litigated, as well as the differences in claim size, to the lower TNC UM/UIM policy limits in Connecticut and Illinois deterring meritorious claims from being pursued due to potential recovery levels being too low for legal counsel to take the case. This conclusion is demonstrably incorrect for a number of reasons.

First, based on data we analyzed, 91% of the total losses incurred in Illinois under TNCs' UM/UIM coverage were in fact associated with legal representation. The percentage in Connecticut was even higher at 95%. In other words, even though Illinois and Connecticut have much lower UM/UIM policy limits, those limits were still sufficiently high for legal counsel to become involved.

Second, a gauge of the sufficiency of the potential recovery in Connecticut and Illinois to induce attorney representation is the rate of hourly attorney earnings implied by the average settlement. Based on our analysis, when a loss is incurred, as the result of litigation, under TNCs' UM/UIM coverage in Connecticut and Illinois, the average size of that loss is around \$23,000. Assuming a contingency fee of 33% (which is the statutory cap in Connecticut), the average claim in those states would yield about \$7,600 in fees to the plaintiff's attorneys. Given that the average personal injury case takes around 20 hours to resolve (per a study by Law360), this implies an hourly rate for the plaintiff's attorney of \$380.⁵⁹ This hourly rate is in line with, or even somewhat higher than, the average reported attorney billing rate (in 2023) in Connecticut of \$342 and in Illinois of \$305.⁶⁰

Third, the average reported attorney billing rate in New York for 2023 was about \$360 per hour, which is consistent with rates in Connecticut and Illinois and below the implied rate of litigated claims in those states.⁶¹ However, in contrast, since the average loss incurred in New York was about 10 times higher than Connecticut and Illinois, although average hourly attorney billing rates in New York, Connecticut and Illinois are all fairly similar, the typical plaintiff's attorney in New York is earning about \$3,800 per hour worked on a claim brought under TNCs' UM/UIM coverage.

⁵⁸ Source: TNC carrier data.

⁵⁹ Steven Lerner, "Personal Injury, Employment top Hours Billed per Case," April 10, 2023, available at <https://www.law360.com/pulse/articles/1594389/personal-injury-employment-top-hours-billed-per-case>, accessed February 25, 2026.

⁶⁰ Catherine Brock, "How Much Is a Lawyer? Hourly Rates by State and Much More," LawPay, November 12, 2024, available at <https://www.lawpay.com/about/blog/lawyer-hourly-rate-by-state/>, accessed February 25, 2026

⁶¹ *Ibid.* This rate is likely being influenced by rates in NYC. Rates for the rest of New York are likely lower.

V.D Attorney Involvement Is Associated with Higher Legal Expenses

There are significant out-of-pocket costs incurred by TNCs' UM/UIM insurers in connection with litigating UM/UIM claims. These costs are referred to as Allocated Loss Adjustment Expenses (ALAE). ALAE represent costs associated with attorney and expert witness fees, along with investigation and other costs. In New York, between Q2:2022 and Q1:2023, our analysis shows that the average ALAE incurred by TNCs' insurer carriers was almost \$15,000 per litigated claim. However, these costs were significantly lower when claims did not entail litigation. Furthermore, litigation in New York simply appears to be more expensive, as ALAE in Connecticut and Illinois is significantly less, even when proceeding to litigation. These costs are summarized in the table below.

Table 12. Average ALAE per UM/UIM Claim with Attorney Representation
New York vs. Connecticut and Illinois⁶²

	New York		Connecticut		Illinois	
	Litigated	Not Litigated	Litigated	Not Litigated	Litigated	Not Litigated
2022 Q2 to 2023 Q1	>\$14,000	>\$2,000	<\$5,000	<\$100	<\$4,000	<\$500

Excessive ALAE is one factor driving up TNCs' insurance costs, the economic implications of which are discussed below.

VI Riders, Drivers, and Potential Claimants Would Benefit from a Lower UM/UIM Requirement

A reduction in the mandated level of UM/UIM coverage for TNCs would result in a number of benefits across a number of different stakeholders. Before discussing those benefits, it is important to note a number of the detriments to excessive UM/UIM coverage. In other words, the decision to mandate \$1.25 million in on-trip coverage is not without significant adverse costs, even beyond the heightened incentives to engage in litigation.

VI.A Negative Externalities from Excessive Insurance Costs

Additional insurance costs, from increased litigation and increased insurance losses, can have negative spillover effects (known as externalities). Setting aside the increased premiums associated with excessive insurance coverage, increased litigation costs or losses can themselves raise premiums, thus resulting in either further elevation of insurance premiums beyond what is economically necessary.

Reductions in litigation costs would be expected to reduce insurance premiums. The literature on tort reform in medical malpractice cases is instructive here. Prior empirical work shows that tort reform, such as caps on contingency fees and phantom damages, serves to reduce medical malpractice

⁶² Source: TNC carrier data.

insurance premiums as well as other unnecessary costs. Thorpe (2004) found that in states that had caps on damages awards, both loss ratios and insurance premiums were lower by 11% and 17%, respectively.⁶³ Similarly, a report by the Congressional Budget Office (2019) found that nationwide caps on non-economic damages awards would reduce insurance premiums by about 20%.⁶⁴

Heightened insurance premiums have a number of adverse effects. Increased health insurance premiums borne by employers have been shown to reduce either wages or hours worked.⁶⁵ The same would apply to other costs associated with excessive insurance coverage, such as costs associated with more frequent litigation. This indicates that driver compensation on TNC platforms has likely been reduced to offset elevated insurance costs. Furthermore, given that increased insurance costs have likely been passed through to riders on TNCs' platforms, this also imposes a burden on consumers. Prior research has shown that increased transportation costs fall most heavily on households with limited financial resources, thus worsening what is known as transportation inequity. As observed by one study on transportation equity, increased transportation costs, specifically including ridesharing, result in reduced mobility, with a variety of adverse consequences.⁶⁶

Research also indicates that higher insurance premiums are passed on to customers in the form of higher fees. Danzon (1990) found that for every \$1.00 increase in insurance premiums, doctors' fees for office visits were about \$0.16 cents higher.⁶⁷ Uber estimates that in New York (excluding NYC), on average, about 27% of riders' fares pay for government-mandated insurance, and about 11% is specifically related to UM/UIM coverage as of December 2025.⁶⁸ In other words, for every \$1.00 spent on fares on the Uber platform in New York, about \$0.11 specifically goes to pay for UM/UIM coverage. In comparison, in places like Washington, DC, and Massachusetts, which have much lower UM/UIM coverage requirements, less than 5% of riders' fares goes to mandatory insurance costs.⁶⁹

VI.B Economic Principles Predict that Reduced Insurance Costs Would Benefit Both Riders and Drivers

Were the costs associated with excessive UM/UIM coverage reduced, the negative externalities borne by riders and drivers on TNCs' platforms would be reversed. Economic principles predict that in highly competitive industries reductions in costs are, on average, generally passed through to consumers.⁷⁰ As prices trend towards marginal costs in more competitive industries, reductions in firms' input costs frequently are manifested in reduced prices since one firm unilaterally seeking to reduce its price would

⁶³ K.E. Thorpe, "The Medical Malpractice 'Crisis': Recent Trends and the Impact of State Tort Reforms," *Health Affairs*, *W4*, 2004: 20-30.

⁶⁴ K. Stockley, *How Do Changes in Medical Malpractice Liability Laws Affect Health Care Spending and the Federal Budget?* Working Paper 2019-03, Congressional Budget Office, 2019.

⁶⁵ See, e.g., Kurt Hager, et al., "Employer-Sponsored Health Insurance Premiums Cost Growth and Its Association with Earnings Inequality Among US Families," *JAMA Network Open*, Vol. 7, No. 1, 2024. See also Matthew Davis, "Effects of Rising Health Insurance Premiums," *The NBER Digest*, August 2005.

⁶⁶ See Quinn Molloy, et al., "A New Approach to Understanding the Impact of Automobile Ownership on Transportation Equity," *Transportation Research Record*, Vol. 2678, No. 2, 366-376.

⁶⁷ P. Danzon, M. Pauly, and R. Kington, "The Effects of Malpractice Litigation on Physicians' Fees and Incomes," *AEA Papers and Proceedings*, 1990: 122-127.

⁶⁸ Uber, "Unfair Rideshare Insurance Requirements Raise Costs for Riders and Affect Drivers' Ability to Earn," available at <https://www.uber.com/us/en/u/fair-insurance/>, accessed February 25, 2026.

⁶⁹ *Ibid.*

⁷⁰ See, e.g., Federal Reserve Bank of New York, *Estimates of Cost-Price Passthrough from Business Survey Data*, No. 1062, June 2023. This survey found an average passthrough rate of 60%, but with significant heterogeneity across firms. This was based on a complexity of factors and strategic decision-making differing across firms.

be expected to gain market share at the expense of its competitors, particularly when switching costs are low.

TNCs have noted the extremely competitive nature of the ridesharing industry and the existence of a number of competitive alternatives to ridesharing.⁷¹ In addition, these TNCs have also noted that, to remain competitive in the marketplace, they have either reduced prices to consumers (through lowered fares or other discounts or promotions) or increased driver incentives. Lyft, for example, specifically noted that in the past it has reduced prices to defend its ridership share.⁷²

Furthermore, switching costs among various TNCs are low. This means that if one TNC were to reduce fares when the overall cost structure of the industry declined (e.g., if insurance premiums were to decline) it would be relatively simple for either riders or drivers to switch to that TNC if the other TNCs declined to follow suit. Many riders already have both apps on their phone and compare prices before they confirm (and pay for) their ride.

Economic principles thus predict that any reductions in a TNC's cost structure, such as those that would result from decreased UM/UIM costs, would be used by TNCs to enhance their competitiveness either through fare reductions or increased driver compensation. Economic principles also predict that if TNCs were to reduce their prices, consumer demand would increase. Increases in demand can also result in virtuous cycles since, in networked industries such as ride-sharing, an increase in demand would bring forth more drivers, reducing wait-times for riders (making ride-sharing more appealing) and increasing driver earnings.

In addition to what economic principles predict, empirical evidence also documents that prior reductions in insurance costs have resulted in reduced fares. For example, after Georgia passed legislation in 2023 reducing insurance requirements for TNCs, fares on Uber were reduced, on average, by about \$0.75 per trip.⁷³ Florida had a similar experience after passing litigation reform in 2023. In that state, after reforms reduced the costs of automobile insurance, the percentage of the fare paid for government-mandated insurance declined on average by about two points, resulting in lower fares and more rides being taken.⁷⁴ In California, after the passage of SB 371, which resulted in reductions in the mandated level of UM/UIM insurance for TNCs, Uber sent an email to its riders notifying them that the resulting cost-savings were being passed on to them in form of reduced fares.

In contrast, higher insurance costs have been passed through to consumers. As explained by Uber in February 2025: "To maximize demand, we remain committed to keeping prices as low as possible, passing through only the insurance cost increases to consumers."⁷⁵ This statement particularly noted outsized insurance costs in California (as well as New Jersey).

⁷¹ See, e.g., Uber SEC Form 10-K, for the fiscal year ended December 31, 2023, at p. 10 and Lyft SEC Form 10-K, for the fiscal year ended December 31, 2024, at p. 16.

⁷² Lyft SEC Form 10-K, for the fiscal year ended December 31, 2024, at pp. 16 and 21-22.

⁷³ Uber, "Insurance for Rideshare and Delivery Drivers, Frequently Asked Questions: What Can I Do to Help Bring Down Insurance Costs in My State," at Frequently Asked Questions, Insurance Basics, "What can I do to help bring down insurance costs in my state?," available at <https://www.uber.com/us/en/drive/insurance/>, accessed February 25, 2026.

⁷⁴ "The Impacts of Legal Abuse Reform on Rideshare Prices in Florida," *Medium*, January 5, 2026, available at <https://medium.com/uber-under-the-hood/the-impacts-of-legal-abuse-reform-on-rideshare-prices-in-florida-fd4fbcbb3ace>, accessed February 25, 2026.

⁷⁵ Uber Q4 2024 Earnings Conference Call, Prepared Remarks, February 5, 2025, available at https://investor.uber.com/news-events/events-and-presentations/event-details/2025/Uber-Q4-2024-Earnings-Conference-Call-2025-V_CXS5kc60/default.aspx, accessed February 25, 2026.

VI.C TNCs Balance the Economic Interests of Both Their Riders and Drivers

TNCs are “platform” companies. The value created by platform companies is based, at least in part, on bringing together different types of economic agents—in this case riders and drivers—to the mutual benefit of both. A platform company thus solves a coordination problem that would be difficult for individual economic agents to resolve on their own.

However, since TNCs benefit from “network effects”—meaning that the value of their ride-sharing services increases as more people opt to take rides and more drivers opt to transport them—they need to ensure that they keep both sides of their platform content.⁷⁶ Importantly, TNCs need to ensure that their platforms maintain a critical mass of both riders and drivers so that both sides are sufficiently incentivized to use the platform. In such an environment, a TNC is incentivized to use any favorable improvement in its cost structures to more aggressively compete for either riders or drivers.

Thus, reductions in insurance costs would be expected to have beneficial effects on both sides of a TNC platform, resulting in reduced fares (or other incentives) for riders and increased earnings (or other incentives) for drivers.

VI.D Reduced Fares Would Result in Greater Usage of TNC’s Platforms

Responsiveness to changes in price is known as “elasticity.” An elasticity of -1.0, also known as unit elasticity, means that for every one percent decrease in a product’s price, the quantity demanded of that product would increase by one percent.

For TNCs, both sides of the platform would be expected to respond to changes in price: when prices go down, riders will request more trips, and when trip earnings increase, drivers will drive more hours in the short term. Lyft, as just one example, has disclosed that its riders are highly sensitive to changes in fares.⁷⁷

Various economic studies of elasticity do in fact indicate that both riders and drivers are fairly responsive to changes in price.⁷⁸ Estimates of riders’ elasticity from academic studies range from a low of -0.4 to a high of -1.2. The estimate of less elastic demand (-0.4) was specifically measured during so-called “surge pricing,” though, suggesting that the temporary nature of such price changes may have muted riders’ responsiveness. In contrast, the estimate of more elastic demand (-1.2) reflects the impact of longer-term structural changes.

More permanent price changes, such as structural decreases resulting from reduced insurance premiums, would be expected to result in a larger increase in demand corresponding to the higher end of elasticity research. This is because over a longer time horizon (as opposed to the temporary nature of surge pricing) households have time to become accustomed to lower pricing and adjust their

⁷⁶ See, e.g., Jean-Charles Rochet and Jean Tirole, “Platform Competition in Two-Sided Markets,” *Journal of the European Economic Association*, Vol. 1, No., 4, (June 2003), 990-1029.

⁷⁷ Lyft SEC Form 10-K, for the fiscal year ended December 31, 2024, at p. 21.

⁷⁸ Peter Cohen, et al., “Using Big Data to Estimate Consumer Surplus: The Case of Uber,” *NBER Working Paper No. 22627* (September 2016), available at <http://www.nber.org/papers/w22627>, accessed February 25, 2026; James Parrot and Michael Reich, “An Earnings Standard for New York City’s App-Based Drivers: Economic Analysis and Policy Assessment,” *The New School Center for New York City Affairs* (July 2018), available at <https://www.centernyc.org/an-earnings-standard>, accessed February 25, 2026; and Juan Camilo Castillo, et al., “Matching and Pricing in Ride Hailing: Wild Goose Chases and How to Solve Them,” February 13, 2024, available at <https://ssrn.com/abstract=2890666>, accessed February 25, 2026.

purchasing habits accordingly. This means, then, that over a longer time horizon, even small reductions in fares would result in a meaningful, outsized increase in riders' usage of TNCs over time.

Assuming that TNCs' insurance costs associated with UM/UIM coverage could be reduced by half, it is projected that the number of trips taken on TNCs' platforms would increase by more than 10%. This is based on the following calculations:

- a. $\$1.00 \text{ Fare} = \$0.67 \text{ Costs} + \$0.165 \text{ UM/UIM Insurance} + \$0.165 \text{ Other Mandatory Insurance}$
- b. $\$0.9175 \text{ Fare} = \$0.67 \text{ Costs} + \$0.0825 \text{ UM/UIM Insurance} + \$0.165 \text{ Other Mandatory Insurance}$
- c. $(\$0.9175 - \$1.00)/\$1.00 = -8.25\%$
- d. $(1 - 8.25\%)^{(-1.2 \text{ Elasticity})} = 1.1088$ or a 10.88% Usage Increase⁷⁹

To our knowledge, there is no public data for the number of rides provided by Uber and Lyft in New York. However, we have been able to infer those numbers from various data sources.⁸⁰ Based on our analysis, we estimate that in 2025 Uber provided around 45 million rides in New York (excluding NYC) while Lyft provided around 30 million rides. Based on those estimates, a 50% reduction in Uber's and Lyft's costs associated with UM/UIM coverage would be expected to generate around 8.1 million additional trips.

VI.E Increased Usage of TNCs' Platforms Would Result in Improved Safety

Nationwide, for the years 2020 to 2022, fatalities from motor vehicle accidents ranged from 1.33 to 1.38 per 100 million vehicle miles travelled.⁸¹ In contrast, safety data reported by Uber and Lyft indicate fatality rates substantially lower than the national average.⁸²

TNCs leverage technology to help improve platform safety. Both Uber and Lyft introduced Driving Insights dashboards which provide drivers with details about their safe driving habits. Uber has also implemented in-app technology to reduce the number of left turns made by its drivers. Both Uber and

⁷⁹ The long-term elasticity estimate of -1.2 in Castillo is the result of a log-log model.

⁸⁰ Based on data that Uber and Lyft reported to the California Public Utilities Commission, we understand that Uber and Lyft undertook 73 million and 65 million trips, respectively, in California between September 2020 and August 2021. Based on the growth in the number of trips experienced by Uber, between 2021 and 2025, and Lyft, between 2022 and 2025, (as reported in their 10-Ks), we then scaled those trips to 155 million and 103 million, respectively. Lastly, we adjusted those numbers to reflect the relative populations of New York, excluding NYC (around 11 million) and California (around 39 million). (See California Public Utilities Commission, TNC Portal, Aggregated Requests Accepted for Uber and Lyft, *available at* <https://www.cpuc.ca.gov/regulatory-services/licensing/transportation-licensing-and-analysis-branch/transportation-network-companies/tnc-data-portal>, accessed February 25, 2026. See also Uber 10-Ks for the years ended December 31, 2021 and December 31, 2025 and Lyft 10-Ks for the years ended December 31, 2023 and December 31, 2025; US Census Bureau, State Population Totals and Components of Change: 2020-2024, December 2024, *available at* <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>, accessed February 25, 2026 and U.S. Census Bureau, City and Town Population Totals: 2020-2024, May 2025, accessed on November 3, 2025, *available at* <https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-cities-and-towns.html>, accessed February 25, 2026.)

⁸¹ National Highway Traffic Safety Administration, Early Estimate of Motor Vehicle Traffic Fatalities in 2023, April 2024, *available at* <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/813561>, accessed February 25, 2026.

⁸² See Uber, U.S. Safety Report, 2021-2022, *available at* <https://www.uber.com/us/en/about/reports/us-safety-report/>, accessed February 25, 2026 and Lyft, Safety Transparency Report (2020-2022), *available at* <https://www.lyft.com/blog/posts/2024-safety-transparency-report>, accessed February 25, 2026.

Lyft also obtain thorough background checks that meet (or exceed) legal requirements to ensure safe driving histories.

Usage of TNCs also helps to prevent motor vehicle fatalities linked to alcohol consumption. As explained by one academic study on this issue, TNCs have the effect of substituting sober drivers for inebriated drivers. This study in fact found that increased ridesharing usage reduced motor vehicle fatalities, with the greatest reductions concentrated during nights and weekends, which is when alcohol-related motor vehicle accidents would be most expected.⁸³

Were ridership increased on TNC platforms as a result of reduced insurance costs, there would be an expected improvement in traffic safety, particularly a reduction in motor vehicle fatalities stemming from alcohol usage.

VII Conclusion

In this paper, we use a combination of economic principles and empirical evidence to inform whether the insurance limits mandated by New York statute VTL Article 44-B serve the public good. Our analysis seeks to inform optimal policy design and encourage recalibration of the TNC liability systems toward efficiency, while ensuring that accident victims are properly compensated for their injuries.

We find that as a result of the Statute, UM/UIM requirements for TNCs in New York far exceed what is necessary to ensure adequate coverage for most motor vehicle accidents and that there is no statistical evidence that drivers or riders utilizing TNCs would be subject to unreasonable financial exposure in the event of accidents, were the mandated level of UM/UIM coverage to be reduced to \$25,000 per individual (\$50,000 per accident). In addition, we find that elevated UM/UIM coverage makes TNCs a target for increased litigation, including increased claim sizes and legal expenses - economically suboptimal results that are driven by the insurance coverage as opposed to the accidents themselves.

We conclude with the finding that increased usage of TNCs' ride-sharing services (arising from lower ride fares as a result of lower insurance costs) would be expected to reduce traffic fatalities as well as benefit TNCs' riders and drivers.

⁸³ Michael Anderson and Lucas Davis, Uber and Traffic Fatalities, accepted by *The Review of Economics and Statistics* (October 23, 2023).

VIII Appendix A. Summary of UM/UIM Coverage by State (as of January 2026)⁸⁴

Required at \$1M or More

Delaware (\$1M)
New Jersey (\$1.5M, combined single limit)
New York (\$1.25M)
Vermont (\$1M)

Required at \$200K/\$400K

Colorado

Required at \$100K/\$300K

Georgia
South Dakota
Washington

Required at \$60K/\$300K

California

Required at \$50K to \$50K/\$100K

Illinois (combined single limit)
Virginia

Required at \$25K/\$50K to \$25K/\$75K

Arizona (\$25K/\$75K combined single limit; UM only)
North Carolina (\$35K/\$60K)

Required at State Minimum

Connecticut	Massachusetts	North Dakota
Kansas	Minnesota	South Carolina
Maine	Missouri	West Virginia
Maryland	Nebraska	Washington, DC (UM only)

⁸⁴ Different states' UM/UIM requirements for TNCs differ as to the operating Period. The table above captures requirements for when the passenger is in the vehicle (Period 3), but some states like New Jersey extend the same requirement to other Periods.

No Requirement

Alabama
Alaska
Arkansas
Florida
Hawaii
Idaho
Indiana
Iowa
Kentucky

Louisiana
Michigan
Mississippi
Montana
Nevada
New Hampshire
New Mexico
Ohio
Oklahoma

Oregon⁸⁵
Pennsylvania
Rhode Island⁸⁶
Tennessee
Texas
Utah
Wisconsin
Wyoming

⁸⁵ Except Portland: \$1M Combined
Periods 2 and 3

⁸⁶ Except UM BI minimum of
\$25K/\$50K

IX Appendix B. Description Data Provided by Uber and Lyft

We were provided with data containing bodily injury insurance indemnity claims on UM/UIM policies for Uber and Lyft for New York, Connecticut, and Illinois. The data for New York specifically excluded New York City.⁸⁷ We had independent access to data that Uber and Lyft provided to us, and neither Uber nor Lyft was provided access to data provided by the other company at any time.

New York and Connecticut data was provided in aggregated form quarterly from Q2 2021 through Q1 2023. Our understanding is that UM/UIM claims take a significant amount of time to be recognized and settled; accordingly, this allowed close to two and a half years for claims to close and settle (data was computed as of June 30, 2025).

Illinois data was similarly produced in aggregated quarterly form from Q2 2022 through Q1 2023. The later start date for the Illinois data is due to a change in the underlying insurance carrier. This data was also computed as of June 30, 2025.

The data for the three states contained the following:

- a. The type of coverage, which is always equal to “UM/UIM BI”.
- b. The quarter in which the accident took place.
- c. An identifier that showed as “Y” if at least one claimant in an incident was represented by an attorney or “N” if none of the claimants in an incident were represented by an attorney.
- d. An identifier that showed as “Y” if at least one claimant in an incident litigated the claim or “N” if none of the claimants litigated their claims.
- e. The claim status that identified whether a claim was closed with pay when all features of the claim were closed with at least one indemnity payment, closed without pay when all features of the claim were closed with no payment, or open when at least one UM/UIM feature of the claim remained open as of June 30, 2025.
- f. Number of claims for each of the categories described in b) to e) above. In the case of multiple claimants for the same accident, this was counted as one claim.
- g. Total amount of indemnity incurred for the claims in f) above.
- h. Total amount of Allocated Loss Adjustment Expenses (ALAE) incurred for the claims in f) above.

⁸⁷ New York City High-Volume For-Hire Service is not part of the New York data as it does not meet the definition of a Transportation Network Company (TNC) under the state statute

The total amount of indemnity and ALAE when a claim was flagged as “open” represented actual amounts of indemnity for features of a claim that were paid and estimated amounts for features that were yet to be paid as of June 30, 2025.

The New York and Connecticut data also included a field that identified the period as either “P2” or “P3”. Period 2 (P2) is the period when the TNC driver has accepted a ride request and is driving to the pick-up location. Period 3 (P3) is the period from when the passenger enters the TNC driver’s vehicle until the passenger exits the vehicle. The data for Illinois does not include a field identifying the period, as all the entries were for Period 3. As a result, all our analyses are limited to Period 3. The numbers for New York and Connecticut do not change materially if Period 2 were to also be included.

The New York data also included a field that identified the severity of a claim as either being less than or equal to \$25,000 per person or \$50,000 per accident or a claim being over \$25,000 per person or \$50,000 per accident. The New York data also included a field containing the total of this capped indemnity.

Data was produced in a series of excel tables and we took the data as given. No attempt was made by the authors to edit, change or otherwise alter the data.

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