



FULL COVERAGE:

Your Complete Guide to Micromobility Insurance



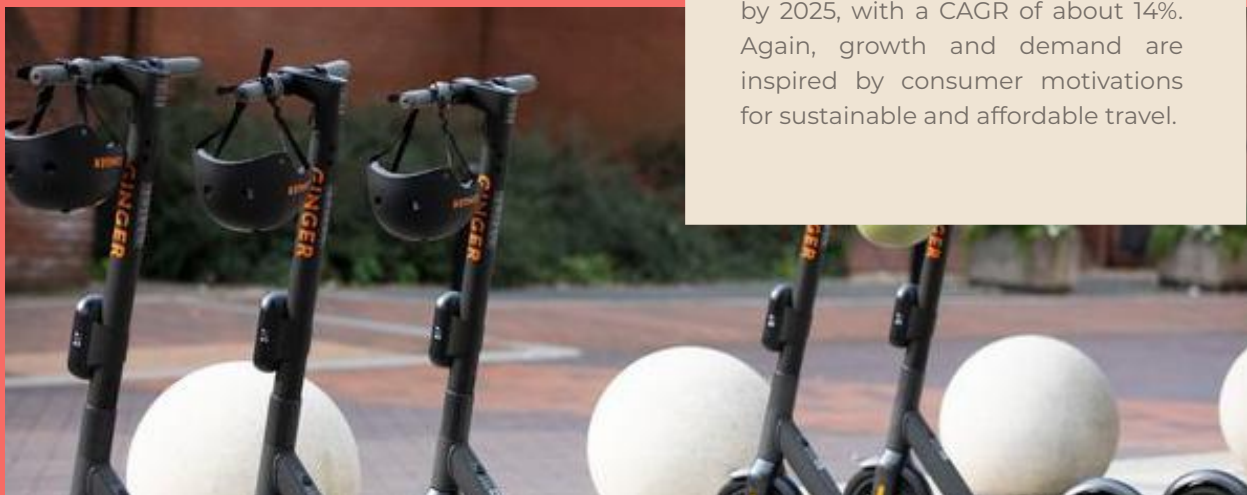
Introduction

For decades, consumers were persuaded that owning their own motorized vehicle would provide them with the greatest level of independence while traveling.

More recently, the world has moved closer to accepting that vehicle ownership is costly, a liability and a significant contributor to carbon footprints. The exploding popularity of micromobility vehicles has facilitated this changing mindset around how to commute more efficiently, affordably and sustainably.

Micromobility is defined as short-distance transportation using lightweight vehicles such as electric scooters, e-bikes, pedal bikes and mopeds. The micromobility industry is rapidly expanding and pioneering new business models, such as shared micromobility systems, which refer to a fleet of vehicles that consumers can rent for short trips. As the popularity of these vehicles grows, so does the market's profitability.

If sustainable transportation is adopted globally, this will make a significant impact on the environment and solve urban traffic problems. Transportation is one of the most energy-intensive and polluting industries, accounting for 30 to 35% of total fuel demand in most industrialized countries.



Without intervention, the surge in global temperatures will be detrimental. Consumers and governments are motivated to make changes. As more shared micromobility fleets enter the real world, operators must meet a real critical requirement: they must be insured.

While increasingly evolving to meet the needs of micromobility fleet operators, insurance comes with a unique set of challenges. For one, the use of e-scooters, e-bikes and other micromobility vehicles is difficult to regulate. Insurance coverage is a necessity, and it also plays a big role in developing proposals, obtaining permits and securing financing to launch a fleet in the first place.

In fact, the global micromobility market was worth \$44.12 billion in 2020, and it is forecasted to reach \$214.57 billion by 2030.

The global bike-sharing market alone is expected to reach \$10 billion by 2025, with a CAGR of about 14%. Again, growth and demand are inspired by consumer motivations for sustainable and affordable travel.

This whitepaper is a guide to help you navigate the world of micromobility insurance and find the right coverage to get started with ease.

“Since insurance is so complex and reading a policy puts many people to sleep, we often find that micromobility operators think they have the insurance they need, however upon closer investigation it is inadequate and fails to properly cover the potential risks of running share fleets. It’s important for all of your bases to be covered to ensure a smooth ride for everyone.”

- Zipidi Insurance, Australia



Legal requirements of building a shared micromobility fleet

To successfully build a public micromobility fleet, six major factors are needed. Your setup objectives are to purchase hardware, put together an operations team, prepare a Request for Proposal (RFP), and obtain city permits for your operations. The permits are an important aspect. You can’t legally launch a fleet in your preferred city without it. Local governments have goals to make their cities more sustainable, and micromobility provides alternative methods of transportation that alleviate congestion and decrease pollution. In theory, this should provide incentive for city councillors to issue permits easily.

The International Municipal Lawyers Association has developed a guideline to provide general risk mitigation considerations for micromobility integration. A city may require permits or licenses, offer consumer protection, set data privacy standards, and set insurance and liability standards under these guidelines. Understanding these parameters will help you navigate the city council and make your case to run a micromobility business in their city.

When building your fleet, you’ll see that most items can’t be checked off without insurance. You can’t get a permit without insurance, purchase vehicles without coverage, raise funds without plans to cover your liabilities, and your proposals will be weak without a risk analysis.

Micromobility has a set of risks and it’s important to understand your liability before committing to an insurance plan.

Six major factors to successfully build a public micromobility fleet.



RFPs

Most scooter-sharing systems must submit an RFP to operate. The RFP can be anything from 20 to 100 pages long, and it usually includes a list of corporate-related inquiries as well as particular hardware, safety features, recharging logistics, software capabilities, and expected per-ride pricing needs.



Permits

Your fleet's structure is determined by the permits you have. Permits will create guidelines for your business to operate. These guidelines include geofencing parameters, number of vehicles operating in your fleet, slow speed zones, maximum speed limits, parking logistics etc.



Insurance

Like with any legal framework, insurance is necessary to cover liability. The type of coverage you obtain will strengthen your RFP. Getting good coverage will demonstrate that you understand the liabilities ahead and have a plan to address them in the event of an incident. This will also demonstrate to city council that you are taking precautions to avoid potential incidents all together.



Find a manufacturer

Your scooter-sharing platform should sync seamlessly with a hardware manufacturer. Based on your permits and insurance coverage, you can determine what type of vehicles will work best for your business.



Getting funding

To build a fleet you need capital. Micromobility has great profitability potential, but does have an upfront cost amongst the launch process. Getting permits, insurance, hardware, staff, and software are all factors to consider when raising funds.



Software for operations

A sophisticated software solution is necessary to build a fleet. Software will help you with backend management and front-end user experience. Using a whitelabel platform will provide you with a payment gateway, customer support and data to track both your hardware and customer data all in one place. These solutions help you function smartly but with far less work.



Liabilities of running a micromobility fleet

A legal operating fleet has two requirements to rent a micromobility vehicle.



To be of legal age to ride (based on permits)



To pay for the ride through a credit card, Google Pay/Apple Pay or other digital payment solutions

These two factors do not rule out bad drivers.

To account for poor drivers and potential incidents, you must understand common risks and put measures in place to avoid them. As a result, council members will be reassured that you are taking the necessary precautions to ensure the safety of riders. Policymakers and insurance companies have investigated the following risks.



Risks associated with e-scooters or e-bikes and physical injuries

Inexperienced riders may lose their balance, resulting in a fall or crash. Self-inflicted injuries due to negligence such as speeding or riding recklessly are common amongst riders. A bad fall, regardless of the intent, can cause physical harm. Seeing as micromobility vehicles are open without seat belts, ejection from the vehicle in the event of an accident can be a big liability.

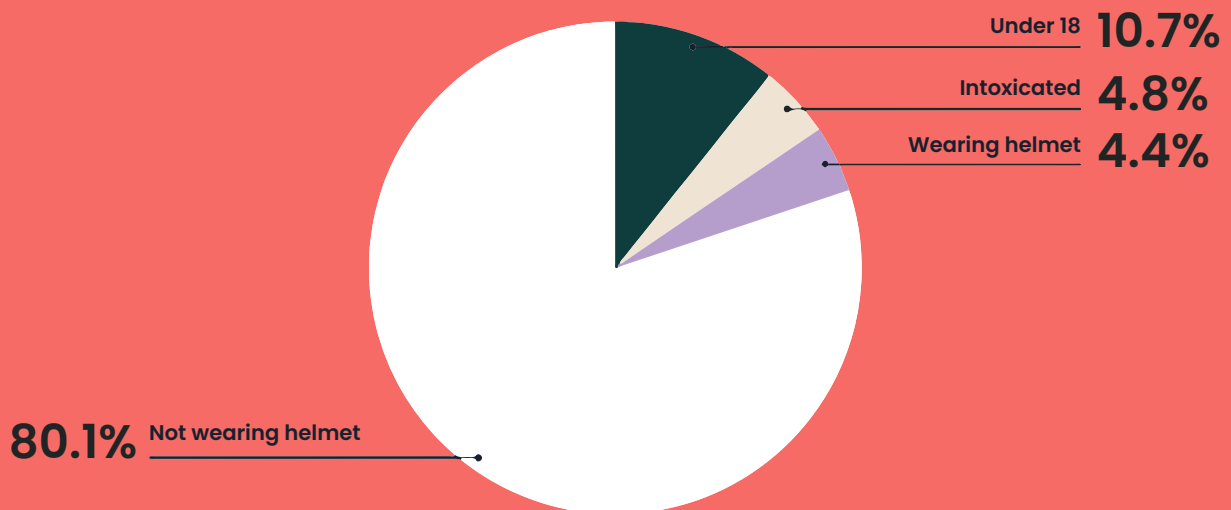
In a study shared by the JAMMA Network in 2019, a detailed analysis of e-scooter injuries was measured over the course of 11 months in two urban emergency departments associated with an academic medical center in Southern California.

With a total of 249 patients measured, 21 of the patients were pedestrians that were hit by micromobility vehicles. The most common injuries included the following:

Fractures (79 [31.7%]), head injury (100 [40.2%]), and concussions, sprains, and lacerations without fracture or head injury (69 [27.7%]). The vast majority of patients (234 [94.0%]) were discharged from the emergency department; of the 15 admitted patients, two had severe injuries and were admitted to the intensive care unit.

Within this study, there were three big safety concerns that could have been avoided by the rider. It was found that 27 patients were younger than 18 years (10.8%), 12 patients (4.8%) were perceived to be intoxicated by a physician and only 10 patients (4.4%) were documented for wearing a helmet, leaving 239 patients without one.

Behaviours Behind Injuries

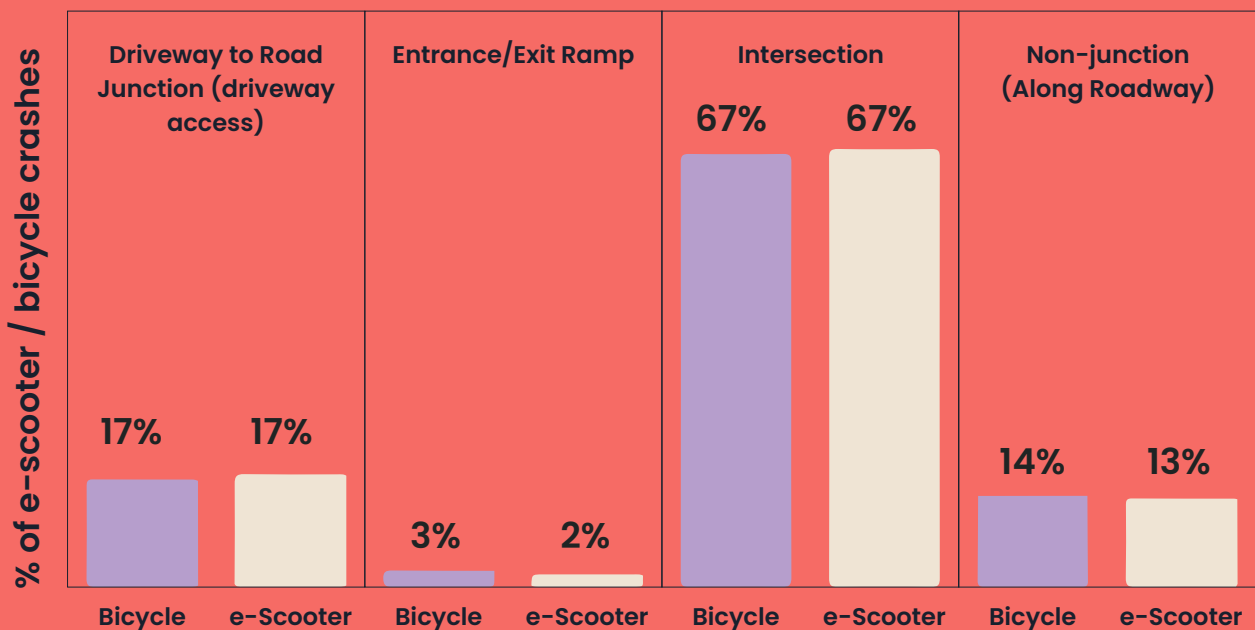


Risks with cars interacting with riders on micromobility vehicles

With the growing popularity of e-scooters, one of the most difficult challenges for policymakers and transportation planners is incorporating these emerging modes into the existing transportation system. In 2021, a study conducted by the Civil and Environmental Engineering Department from the University of Tennessee, the Tennessee Integrated Traffic Analysis Network (TITAN) database was used to examine 52 e-scooter and 79 bicycle police-reported crashes from April 2018 to April 2020. Approximately one out of every ten e-scooter and bicycle-motor vehicle collisions resulted in a reported injury and the most common locations are intersections.

Considering that the most common maneuvers completed by an e-scooter driver were going straight and right turns, demonstrates that vehicle blind spots are very prevalent in accidents.

General Crash Location





Risks with infrastructure

Some things are out of the control of both operators and riders when it comes to infrastructure. Micromobility is a relatively new practice for many countries and a lot of urban infrastructures were built for foot traffic or motor vehicles. When piloting in a new city, not all areas will be appropriate for micromobility vehicles. In an in-depth case study by the Lee Kuan Yew School of Public Policy, National University of Singapore, the authors monitored pilot programs to recognize what policymakers should regulate based on risks presented in the pilot. The lack of proper infrastructure for active mobility devices, including powered micromobility devices, has been a source of concern in Singapore. The major components of physical infrastructure are dedicated lanes for micromobility devices with adequate lighting and ample and proper parking spaces to reduce indiscriminate parking. Without these components, the chances of injury or incidents increased significantly. Maximizing your software solutions by geofencing is a great way to avoid this issue, but without automated slowdown and shut down zones by the operator's software, this is difficult to mediate.

For all of these reasons, good insurance coverage is necessary to protect you from liabilities. The main risks you want to be covered for fall under the following categories:



Insuring Riders

Riders collapsing from their scooters, being hit by distracted drivers, riders colliding with pedestrians, etc.



Injury Claims

As demonstrated in the previous section, injuries are often caused by inexperienced riders



Privacy/ Network Security

Some companies fail to take the necessary steps and time to properly address and protect customer privacy on their apps. When customers use one of these vehicles, micromobility companies collect information such as customer location data, photos, driver's licences, credit card information, and more.



Product Malfunctions

Non-commercial grade scooters may save money in the short term, but they deteriorate with exposure to the elements. As a result, there are more malfunctions and a greater risk of third-party damage. Unmaintained vehicles could also result in bodily harm.

Custom policies and the benefits of micromobility

The adaptation of micromobility will differ from one region to the next. Some countries, such as the United States, do not have federal laws governing micromobility; rather, legislations are developed in specific states or cities. For this reason, most insurance providers will build custom policies. Custom policies may affect things like premiums, the amount of coverage needed for damages, and unique addendums.

A common criticism of micromobility insurance is the price tag. Insurers require an upfront annual premium that can be up to \$100,000 based on the lack of regulations currently in place.

The larger the city, the more expensive your policies will become. For example, premiums would be higher in Santa Monica than in a rural area outside of Santa Monica. In relation to a rural region with open spaces, urban cities like Santa Monica have more traffic, more pedestrians, and a more difficult infrastructure to ride safely. The more factors at play in your region, the more risks you must guard against.

Since this is a new area of travel, policymakers are consistently listening to residents in an attempt to set guidelines for regulation. It can, however, change your need for coverage if policymakers are constantly adapting legislation. For instance, dockless fleets were permissible in Santa Monica in the late 2010s when the major unicorn brands launched in the US, however residents of the region backlashed against the free-floating model as it was a disruption to the city. If a micromobility fleet was insured for a free-floating model and it is now illegal, this makes changes in your policies necessary and can affect your prices.



Disruptive innovation can be the key to great change, but it can take a long time to implement properly. Luckily, the micromobility industry listens and will support changes to keep fleets running. Docking stations were invented to avoid the issue of random hardware in unwanted places, compromising with city demands; this saved a lot of headaches for operators and gave insurance providers a valid option to use in future policies. Insurers will help provide this information to an operator starting out, to ensure they secure the right hardware and include docking stations in their plans.

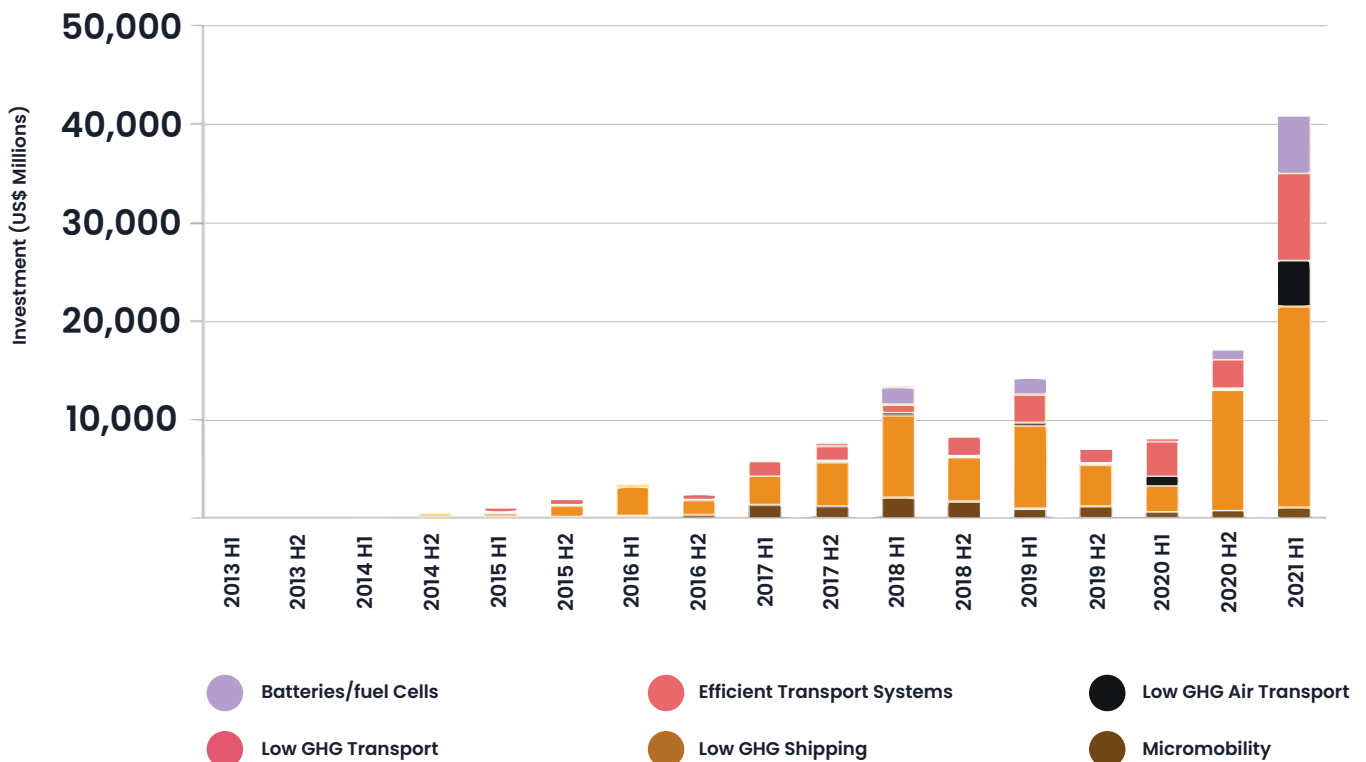
Aside from the risks and different variables to consider when launching a new shared micromobility company, there are great benefits to this business model.

Between 2020 and 2021, Venture Capitalists and Private Equity investors have taken an interest in climate tech, funding about \$87.5 billion. Mobility and transportation is one of the many categories emerging from climate tech, leading micromobility and other areas of sustainable transit to raise about \$58 billion in funds.

As demonstrated in a PWC report, transport is one of the world's fastest-growing sources of emissions, increasing by 71% since 1990 and accounting for 16.2% of total emissions. The switch to electric vehicles has been a popular tool for reducing emissions. Furthermore, advances in green hydrogen in the form of synthetic fuels for transportation are expected to be a major driver of the future hydrogen economy.

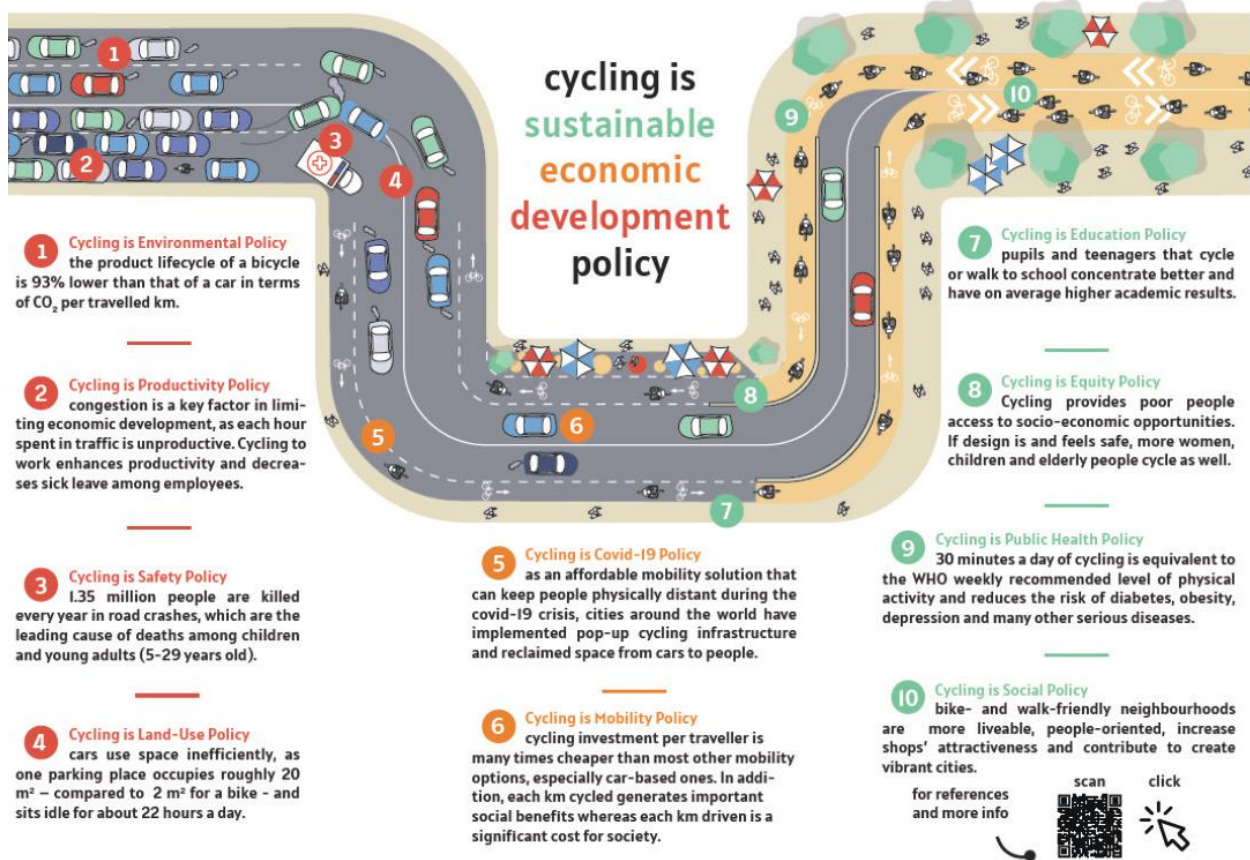
Unless transportation emissions are strongly decoupled from GDP growth, continued growth in passenger and freight activity may outweigh all mitigation efforts. Electrifying transportation systems is still a critical component of the net-zero transition. Thus, VCs and PEs are becoming more motivated to invest in micromobility.

Investment in the Micromobility & Transport Sector Over Time



Aside from investors, consumers are enthusiastic about micromobility options as well. So much in fact that McKinsey predicts that micromobility is here to stay. Beating traffic by using paths away from motor vehicles can save a significant amount of time for the average commuter. It's fast, affordable and portable, making it an appealing commuting option for millennials and Generation Z.

To bring perspective, a study conducted by the Dutch Transportation Embassy outlines what the adoption of micromobility would do for congestion.



Source: Dutch Transportation Embassy

Traffic flows smoothly, safely and more people are able to travel in the same spaces, making it faster and safer. This study also demonstrates that adopting a motor vehicle infrastructure to fit micromobility will encourage more foot traffic for shopping and create a happier environment. This in turn supports local economies and reduces pollution. With higher population rates in urban areas, this will make a large impact on CO2 emissions and the overarching health of the people and environment in that region.

When looking for an insurance provider, you want one that will offer a partnership rather than just a service. Many cities that are new to public micromobility fleets will begin with three-, six-, or nine-month pilots to learn how these new vehicles will function within their city's infrastructure. Finding an insurance provider that will support your goals will help ensure a safe and profitable deployment.

Navigating insurance in micromobility

Finding insurers that have experience in micromobility is preferable, however, your goal is to find an insurer that can build custom policies based on your city of operation.

When you speak with a prospective provider that may meet your needs, here are questions you should ask to understand their offerings.

1

What are the general liability insurance requirements imposed by the municipality to operate a fleet?

2

What vehicle types are available to compose a public fleet in this region? (i.e. e-scooters? bikes only? A multi-modal fleet? etc.)

3

What state/province and city can I operate in with your services?

4

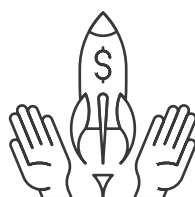
Should I plan on launching a dockless, docked or hybrid micromobility scheme?

5

How much commercial property insurance coverage do I want?

6

Do I want per claim or per occurrence policy coverage (is one municipally required)?



Using these questions to guide your conversation will help you get a clear understanding of how their policies will serve you.

If this sounds overwhelming or difficult, you can always turn to your software provider for support in navigating insurance. For example, Joyride Alliance is a suite of non-software services that aims to solve major pain points in a micromobility service provider's business operations. The program can help you access and answer all of your insurance requirements and find manufacturers that will meet your needs to build a fleet. In this space, you are not unique, which will serve as a good thing as you'll be speaking with the right people to accomplish your goals.

Joyride Alliance with Insurance

The Alliance will support operators by working with brokers, carriers, and underwriters to provide access to data-driven, micromobility risk-rated policies that reduce the high barrier to entry premiums.

To help visualize the type of coverage Joyride Alliance can source, here is an example from one of our providers:

General Liability

The possibility of a customer being injured while riding a bike or scooter is the most serious risk that a micromobility company can face. Some providers will require coverage of at least \$1 million per occurrence and \$2 million in aggregate in each city where a micromobility company wishes to operate.

Property

Company scooters and bikes require maintenance and the rolling out of new vehicles on a regular basis. This can mean renting or owning storage units. Any damage that occurs at one of these storage unit locations can be covered by property insurance.

Commercial Auto Liability

Automobiles are required to transport the scooters and bikes to and from the warehouse. Drivers operating on your company's behalf are thus put in jeopardy. Any accident resulting in third-party bodily injury or property damage would be covered by commercial insurance. The majority of cities will not allow businesses to begin operations unless this policy is in place.

Excess General Liability

Due to the potential injuries that customers of micromobility companies may sustain and the lawsuit that will almost certainly ensue, standard general liability coverage may not be sufficient to cover damages and defence costs.

Cyber

Most micromobility companies rely on an app to rent the hardware to customers. If the app's users' personal information is compromised, the company could face significant financial losses. This may include names, addresses, and credit card information.

Workers Compensation

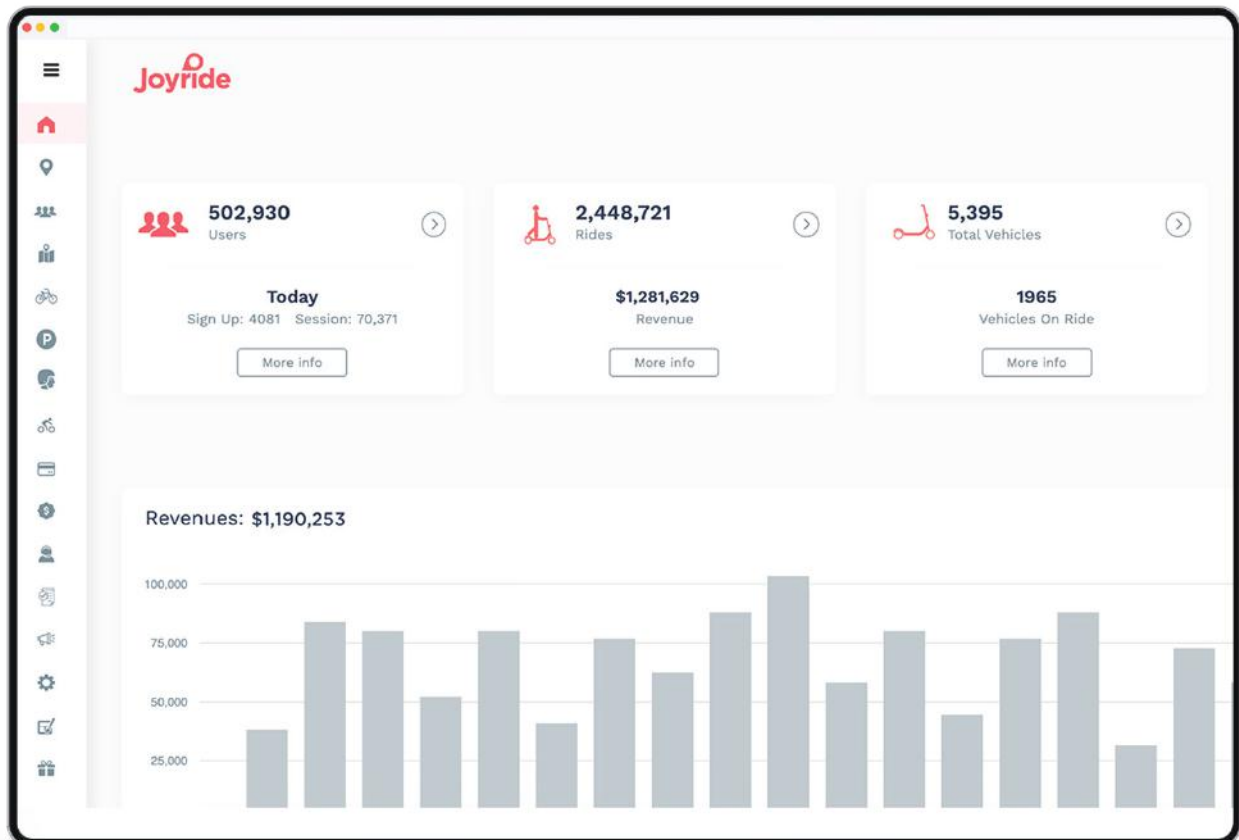
In the majority of states, workers' compensation is a legal requirement. Anyone who works for a company, whether full-time or part-time, is required to be covered by the company's policy.

Insurance providers want to know that you will have the right capital, hardware and knowledge to safely run your fleet. To support this, the Alliance provides resources for financing and education. The Alliance will also extend its relationships with hardware manufacturers and insurance providers who work with successful customers. The referrals from vetted providers often bring confidence to operators when navigating these relationships.

Finally, the Insurance aspect of the Alliance will provide access to better premiums and flexible payments instead of a large yearly bill upfront. This saves operators a lot of stress and can provide a good balance for profitability. For additional support or information on the Joyride Alliance, **contact us**.

“We’ve found plenty of options and ways to help smaller scooter-sharing operators, particularly those that would like to pursue more challenging dockless business models. Private models are more straightforward from an insurance perspective, especially those that use private land for docking.”

- Christensen Group Insurance



Conclusion

Innovative technologies that question the status quo will come with their challenges, but finding the right support systems will help you overcome them in order to reach your end goal.



Navigating insurance is about developing a risk analysis for your business and being up-to-date on the city's legislation. Study the city infrastructure and seek solutions to the gaps you find. Use your insurance coverage to instill confidence in the city council to set up pilots and move your mission forward. With the right planning and partnerships, you can find strong coverage at an affordable rate to protect your micromobility fleet and ensure company growth.

"Get the benefits of sharing. We're all about eliminating barriers together, and with costly insurance hurdles out of the way, the path to growth is a lot faster for all of us." -Vince Cifani, CEO & Founder of Joyride

About Joyride

ALL-IN-ONE MICROMOBILITY PLATFORM, ALL IN YOUR HANDS.

Joyride launched in 2014 as a bike-share management system and has since evolved into the world's leading micromobility platform. Our turnkey tech does all your heavy lifting through a white-label user app, backend management operations, IoT connectivity, payment gateway, long-term rentals, hardware-agnostic integrations and more. We'll help you manage your operations and equip you with the tools needed to scale across the globe, because it's in all of our best interests to make roads enjoyably safe, accessible, sustainable and ready for the future.

