



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

July 8, 2014

Via Email and Overnight Mail

Logan Green
Chief Executive Officer
Lyft, Inc.
2300 Harrison Street
San Francisco, CA 94110

Re: Insurance and livery activities in violation of New York Insurance and Financial Services Law

Dear Mr. Green:

As my staff shared with your outside counsel on July 7, 2013, the New York Department of Financial Services (“DFS” or the “Department”) is open to working with companies that bring innovative ideas to New York in a safe and lawful manner. Lyft, Inc. (“Lyft”), however, is engaging in insurance and livery activities in New York in violation of the state’s Insurance and Financial Services Laws, placing the public at risk. Accordingly, DFS demands that Lyft cease and desist operating in New York until its programs comply with New York Law.

As you know, on April 24, 2014, Lyft began operating in Rochester and Buffalo without consulting DFS with respect to the company’s program and insurance offerings. Thereafter, DFS reached out to Lyft to learn more about its livery and insurance activities, and met with representatives of the company on June 5, 2014. Following that meeting, DFS requested further information about Lyft’s New York operations, including a request to review the insurance policy that purportedly insures all Lyft drivers in New York. Lyft refused to provide DFS a copy of that policy, taking the unusual position that an insurance policy that covers thousands of New York citizens is a trade secret and would be provided only under seal or protective order. DFS has now reviewed the information Lyft has provided, along with other material, and has concluded that Lyft is operating in violation of the New York Insurance and Financial Services Laws. These violations place New Yorkers at risk, and inappropriately shift the insurance costs of a commercial enterprise to private citizens and their insurers.

Lyft has also acted in bad faith by concealing from DFS its imminent plans to begin operating in New York City despite the Department's concerns about the legality and public safety implications of Lyft's program. During our June 5 meeting, Lyft's representatives told DFS that Lyft had no imminent plans to launch in New York City. Only after DFS staff asked your outside counsel yesterday whether Lyft had plans to launch in New York City did Lyft disclose that it had for some time planned to conduct promotional activities in New York City as early as tomorrow and to begin operating in New York City as early as later this week.

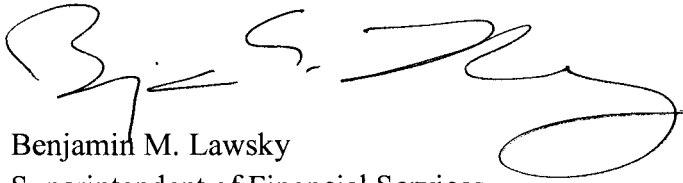
As my staff discussed with your counsel, Lyft's activities in New York violate a host of laws enforced by DFS, as well as statutes enforced by other state and local regulators. Those law violations of direct concern to DFS include:

- Acting as an insurance producer without a license by soliciting, negotiating, and selling an insurance policy to New York drivers in violation of Insurance Law § 2102.
- Procuring and selling an insurance policy written by an unlicensed and unauthorized insurer and otherwise aiding such insurer in doing an insurance business in this state in violation of Insurance Law § 2117.
- Calling attention by advertisement or otherwise to an unauthorized insurer in violation of Insurance Law § 2122.
- Requiring that New York drivers obtain insurance from a specific insurer as a condition of membership in the Lyft program in violation of Insurance Law § 2324.
- Misrepresenting to New York drivers that all fares are a "donation," in an effort to evade state and municipal law, in violation of Financial Services Law § 408.

Lyft's ongoing law violations will not be tolerated and must halt. In addition to Lyft's flagrant non-compliance with New York's Insurance and Financial Services Laws, its operations expose New York drivers and the New York private passenger automobile insurance market to intolerable risk, cost and uncertainty. As explained by Lyft's representatives, the insurance policy covering the company's New York drivers provides only excess coverage. Indeed, Lyft instructs its drivers that after an accident, they must first file a claim with their private insurance policy. In so doing, Lyft is foisting risk that properly belongs in the commercial insurance market onto the private market, likely making private automobile insurance more expensive for all New Yorkers. This impact on insurance costs may be particularly pronounced for no-fault insurance. DFS is also concerned that Lyft drivers are at risk of being cancelled or non-renewed by their insurers because they are driving passengers for-hire in violation of the terms of their private policy.

As my staff previously expressed to Lyft's representatives, we are open to meeting with you to explore ways Lyft can operate responsibly and legally in New York. While we work with you, however, Lyft must cease violating New York law by suspending its ongoing operations and postponing any further launches in New York. Accordingly, Lyft is directed to confirm in writing to DFS by July 10, 2014 its suspension of operations in New York. Should Lyft fail to comply with this directive, DFS will take appropriate action to protect New York consumers and the New York private passenger insurance market.

Very truly yours,

A handwritten signature in black ink, appearing to read "Benjamin M. Lawsky". The signature is fluid and cursive, with a large loop at the end.

Benjamin M. Lawsky
Superintendent of Financial Services

cc: Andrew Holland, Esq. (via email and first class mail)