BLOG

Navigating COVID-19 as an App-Based Food Delivery Platform

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The food delivery market isn't a new phenomenon. The Internet's rise has ushered Americans steadily towards a convenience culture. But as the country shut down in March amidst COVID-19's stay-at-home orders, the demand for food delivery services skyrocketed. Considered essential workers, delivery drivers for app-based platforms like UberEats, GrubHub, Instacart and Shipt accepted the risk and went to work delivering restaurant take-out and grocery orders.

An increase in demand requires an increase in staffing, leaving delivery platforms to navigate the unchartered waters of protecting the company from COVID-19 liability exposure, while ensuring the health and safety of their employees.

Operational Due Diligence

Delivery platforms need to go above and beyond in communicating with their workforce during this time, especially since these drivers are independent contractors who don't typically enter an office for daily wellness checks. Regular reminders about adhering to CDC guidelines should be shared before and during every shift. These guidelines include:

- Stay home if you're sick
- Wear a cloth face covering
- Limit contact as best as possible with people and frequently touched surfaces
- Clean and disinfect often

If possible, set up a notification on the app that asks the driver to confirm they don't feel sick and affirms they will follow the above guidelines before they can begin working. If a driver does become ill and potentially spreads their sickness to outside parties, this app functionality can document the delivery platform's active effort to prevent spreading illness. This, paired with a proper general liability (GL) policy, will provide a greater chance of the delivery platform avoiding a damaging loss should a lawsuit or claim pop up.

HNOA Policy Structure

In addition, delivery platforms should consider how their insurance program is structured and if a large influx of business will affect pricing.

With most hired and non-owned auto insurance policies (HNOA), premiums are set at the start of a policy on either a head count or usage basis. For head count, it's "set it and forget it". Companies are asked at the start the number of employees or independent contract drivers they have, and the coverage cost is set for that number for the entire year until renewal. For example, if a company says they have 30 drivers, they would be charged for the year based on that number. If, at renewal time, the company now has 60 drivers, most insurers would not back charge the company for that influx. However, in a usage basis policy, premiums are set based on a rate relative to either revenue or mileage and can increase if the demand and/or number of drivers increases. These policy premiums are paid monthly in arrears as the usage data is submitted to the carrier at the end of each month.

While there are pros and cons to each structure, it's important for delivery platforms to know how their policy pricing is set. Make sure to get in touch with your insurance broker to verify which policy structure you have, if that's still the best policy for you, and ensure you have all of your bases covered in protecting the company and your workforce.

Want to learn more?

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