
Liability in the shared Economy

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Abstract

Companies such as Airbnb and Uber rely immensely on what is termed the shared economy, where any individual is given the authority to utilize his/her personal property to earn consistent income. In the current shared economy, the regulations of business licenses are limited and there is reduced regulatory control of traditional business structures. While the general population might prefer the shared economy due to the low operating costs and the apparent ease of income, conventional firms on the other hand are struggling with their business in the respective industry. While the individual does not usually need any license or an establishment, the companies can issue liability insurance in order to protect the customers and their property. As with any insurance contract, the terms and conditions often need to be scrutinized strictly by both the firms and the individuals, and the liability must be stated clearly with respect to any foreseeable actions. Both Uber and Airbnb go against conventional business structures and local governments and municipalities might encourage the inflow of business for more tax revenue, regulating such business has become a major issue.

Airbnb currently has a number of pending lawsuits, which once decided, will impact the nature of housing laws or lease contracts in the markets. Both New York and San Francisco have initiated lawsuits against Airbnb, with the legislature and the attorney generals determined to ban this type of business practice. This paper will detail the analysis of the possible outcomes of these cases, the effects on other firms in similar industries, such as local taxi cabs and hotels, and conclude with possible solutions in order to minimize the liability of such businesses.
