

Uber Settles Driver Misclassification Lawsuit for \$100 Million

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Photo courtesy of L.A. Times.[/caption]

Summary: Uber has finally settled the misclassification lawsuit filed by its drivers.

In Uber's latest legal news, the [often-sued company](#) now has to pony up \$100 million, but they won a bigger victory in the end. This week, they settled the high-profile class-action lawsuit against them, which alleged they misclassified their drivers, Reuters reports. With the settlement, Uber agreed to pay the amount, but they are allowed to keep their current business model with a few changes.

The lawsuit was brought on by powerhouse workers' rights attorney, [Shannon Liss-Riordan](#). It claimed that drivers were actually employees and thus deserved reimbursements along with benefits such as health insurance. With the settlement, drivers will remain classified as independent contractors. However, Uber has to change some practices like how they terminate drivers. People have long complained that the deactivation process is arbitrary, and Uber now must give drivers reasons for removing them from the ride-sharing business.

This case has been closely watched by those in Silicone Valley. Not only has Uber innovated the sharing economy, but other businesses have emulated their practices, basing their services on the backs of independent contractors.

The class action's trial had been scheduled for June in San Francisco, but it is no longer on the court's schedule. Liss-Riordan said in a statement that nothing about the settlement meant that Uber drivers couldn't be deemed employees in the future. Also, before the settlement is finalized, it will have to be approved by Judge Edward Chen of San Francisco.

Out of the settlement, only \$84 million will go to the drivers. However, Uber could end up paying \$16 million more if their valuation grows by 150 percent one year after its initial public offering.

During its December 2015 funding round, the company was estimated to be worth *\$62.5 billion*. Uber founder Travis Kalanick said 450,000 U.S. drivers a month use the service.

The settlement is similar to the one reached by rival company, Lyft. In January, [we reported](#) that they settled their misclassification class action lawsuit for \$12.25 million, a sum slightly less extreme than their flashier counterpart.

Source: [Reuters](#)