



INSURANCE AGENTS & BROKERS



FAQ

Thinking of making “Uber” money through ridesharing? Not being covered is not so cool!



Ridesharing is becoming more common around the state and the nation, particularly in large cities. Capitalizing on the new “sharing economy” and to a certain extent the coolness factor, this simple concept is thriving. Drivers for Transportation Network Companies (TNCs), however, are generally little informed of the impact this activity has on insurance, and the fact that they may not be covered under a number of circumstances. If you’re also using the app as a passenger, read our companion flyer .

Q: What is ridesharing?

- A: In the new sharing economy, ridesharing allows vehicle owners to transport passengers in their own cars for a fee or a “donation.”
- Drivers sign up with a service that charges a fee to connect passengers with drivers via a website or smartphone app.
 - Passengers arrange rides and pay with a credit card using the app.

Q: Why is ridesharing an issue?

- A: Most standard personal auto policies exclude coverage for “public or livery conveyance,” in other words, the use of the vehicle to transport passengers for a fee. Some policies have even stronger exclusions that exclude any coverage when the driver is available for hire.
- Other restrictions could apply, so even if you don’t see a specific exclusion, you should not assume that there is coverage under the personal auto policy. Regulators in many states have been issuing consumer alerts to warn the public about possible implications when signing up as a driver – or as a passenger – with the ridesharing apps.

Q: What if my Transportation Network Company tells me I’m covered when I drive for them?

- A: An increasing number of TNCs are indicating that they are going to cover the driver’s commercial exposure for liability and collision coverage. Some may also offer Uninsured/Underinsured motorist coverage, something that can protect you when you are involved in an accident with an at-fault driver who had insufficient coverage or no coverage at all (which happens all too frequently). You should ask your TNC:
- What they would provide, and
 - Whether their coverage would be primary.

Q: How do I know if I’m covered as a driver?

- A: If you are considering becoming a driver for a TNC, you should:
- Find out what the TNC will cover for your commercial exposure, including when coverage starts and when it ends, and
 - Talk to us about what your personal auto policy may cover if you are involved in an accident.

Although insurance issues are often downplayed by TNCs, the coordination between the commercial and the personal auto policies can pose challenges. The timing and circumstances of the accident will have a bearing on whether coverage is afforded or not. At this time, coverage gaps still exist in a number of circumstances.

Q: Can you give an example?

- A: Examples are a great way to get a better understanding between you and the TNC and/or the insurer and to identify potential gaps. At the minimum, you should find out how the TNC will cover you when:
- You are available for hire (logged into the app) but not transporting a passenger
 - You are “logged in” and transporting a passenger
 - You are logged out and not transporting a passenger
 - You are logged out after dropping off your last passenger, and heading home.

Q: Is this insurance issue settled?

- A: No. New laws to address proper insurance coverage amongst other things are being discussed and adopted in many states, but the issue is not yet fully settled. Some personal auto insurers are gradually revisiting the issue and considering new ways to close those gaps in insurance.