

Ridesharing? Be Sure to Protect Yourself

Ridesharing services like Lyft and Uber are popular ways to not only get around, but to earn money. Whether you're a passenger hailing a ride, or the driver answering that call, know how it impacts your insurance coverage.

Ridesharing uses mobile technology to connect passengers to drivers, usually using their personal car. The app also allows users to get price quotes for their trips, track the driver's location and pay the fare using a credit card on file. These services are provided by transportation network companies (TNCs). Lyft and Uber are the two major TNCs but there are others.

Top Considerations

Ridesharing vs. taxi: Ridesharing is not the same as taking a taxi or limousine. Limos and taxis are licensed by the state and/or local transportation authority and the vehicles have been inspected. Taxi operators are required to have insurance that protects a passenger and third parties, such as pedestrians or other drivers, in case of an accident that causes bodily injury or damage.

Gaps in coverage for ridesharing drivers: There can be gaps in coverage between a driver's personal automobile insurance policy and the commercial policy maintained by the TNC.

- Personal auto insurance typically excludes coverage for business use or when drivers are available for hire. Your personal coverage may be impacted, regardless if you are "on the clock."
- TNCs only provide contingent liability coverage. If there is an accident, only third parties are covered for limited damages. This could leave the driver paying for physical damage to the vehicle and liable for personal injury. The driver could also be on the hook if the vehicle is hit by an uninsured or underinsured driver.
- TNC insurance. Some offer contingent collision and comprehensive coverage while the driver is actively engaged in a ride—meaning the driver has accepted a ride request or has a passenger in the vehicle. Collision and comprehensive coverage are only available for drivers who have elected to purchase these coverages on their personal auto insurance.

Freelance rides may not be covered: TNC coverage typically only applies while you have the app turned on. If you have turned off the app or you accept a street hail, you may not be covered. Failure to maintain the appropriate coverage could result in fines or loss of your license.

How To Protect Yourself

For ridesharing passengers:

- Research the companies operating in your city. Find out what insurance policies the TNC has in place to protect drivers and passengers, including how much liability coverage these policies offer. This information may be available on the TNC's websites.

- Talk to your insurance provider. Your personal auto policy will likely provide you some coverage when you are a passenger. If you don't own a car, consider purchasing a named non-owner policy, which provides coverage for you above any insurance the vehicle's owner may have. These policies include protection for bodily injury or property damage, medical payments, and uninsured/underinsured motorist. In certain no-fault states, they may also include personal injury protection (PIP).
- Ask your driver to provide proof of coverage. Be wary of drivers who turn the app off or ask for cash payment.

For ridesharing drivers:

- Ask about its commercial policy. Questions include: How much liability insurance does the TNC provide while your transporting a passenger? Will you be charged a deductible and what is it? Is the commercial liability insurance coverage your main source of coverage or is it contingent on denial by your personal auto policy? How do you report a claim?
- Find out what is covered by the TNC's commercial policy. Consider a variety of circumstances, including: you are available for hire, but have not accepted a ride request; you are logged into the app and are on your way to pick up a passenger; you are logged into the app and transporting a passenger; you're not logged into the app and not transporting a passenger.
- Explore coverage specifically for TNC drivers. Several insurers offer products to fill coverage gaps and many insurers are now offering products specifically designed for ridesharing drivers. The premiums, type of coverage and limits available vary by insurer. Some policies only cover the period when you're logged into a TNC app but have not accepted a ride request; others provide commercial auto coverage and apply regardless of whether you're working. Availability of TNC coverage varies by state. Check with your insurance provider to find out more.
- Know what type of coverage is required by law. Several states have passed laws to regulate TNCs. In some states, laws determine what a driver is required to disclose. Many states have laws requiring you to maintain proof of TNC coverage in the vehicle when you are available for hire or logged into the app. Several states require you to tell your personal auto insurer and anyone involved in the claim investigation whether or not you were logged into a TNC app and available for hire at the time of the accident. A few states also require the driver or the TNC to notify any lenders with an interest in the vehicle if it will be used for TNC services.

Top Things to Remember

1. Whether a passenger in or a driver for a ridesharing service, know exactly what coverage the transportation network company (TNC) offers you.
2. Talk with your insurance provider to see what products they offer to fill in the gaps.
3. Ridesharing laws vary by state, so make sure to know what type of coverage is required by law.

Additional Information

Additional insurance information on all types of insurance coverage are available on the Department's website at doi.nebraska.gov. If you have insurance-related concerns, call the Department's toll-free consumer hotline at 1-877-564-7323 for assistance.