



Ride Sharing

Important Liability Considerations as a Driver

As a ride-sharing driver, you must answer two critical questions before you accept your first fare:

- First, will my insurance help me if my passenger or another party is injured while I am driving for a ride-sharing service?
- Second, will my insurance help me if my vehicle is damaged while I'm transporting passengers for a ride-sharing company?



To answer those questions, here's information you need to understand about insurance coverage—or lack thereof—in a typical personal auto insurance policy.

Livery Conveyance and your Personal Auto Insurance

“Livery conveyance” is a critical term in a typical personal auto insurance policy. As defined by the International Risk Management Institute, it means “the transporting of people and/or goods for hire, such as by a taxi service, motor carrier or a delivery service.” The typical personal auto insurance policy is not designed to cover the exposures associated with a vehicle being used as a livery conveyance.

Liability

“How much liability insurance should I buy?” When insurance professionals are asked this question, they sometimes respond, “That depends: How serious is the accident going to be?”

You might think that is not a helpful answer, but its purpose is to remind you that there is no way to predict the severity of an accident before it happens. A horrific-looking accident may cause little or no injury to those involved. Conversely, a seemingly harmless fender bender could leave someone with a permanent neck injury. The point is that liability claims are unpredictable and, if not adequately covered, could prove financially devastating to the at-fault driver.

As we've explained, most personal auto insurance policies exclude liability coverage if the accident occurs while the vehicle is being used as a livery conveyance. This means that 1) if you cause an accident while at work transporting passengers and are determined to be the at-fault driver and 2) you are sued by an injured passenger or by another party for damages then 3) your personal auto insurance will contribute no dollars to cover those damages caused, nor will it pay your legal defense costs.

Medical Payments

Many personal auto insurance policies include a coverage called medical payments. This coverage will pay reasonable medical expenses resulting from injuries suffered by the vehicle's passengers. Each injured person can receive up to the full coverage limit of medical payments (for example, \$1,000). However, many policies will exclude medical payments to passengers if they are injured while the vehicle is being used as a livery conveyance.



Uninsured or Underinsured Motorist (Um/Uim)

This insurance is normally available to compensate passengers in your vehicle should they be injured in an accident caused by an at-fault driver who has no insurance (UM) or not enough insurance to pay the full cost of damages (UIM). However, many policies will exclude UM and UIM to passengers if they are injured while the vehicle is being used as a livery conveyance.

Damage to your Vehicle

Maybe it's because your lender requires it. Or maybe it's because you don't have enough extra money to pay for it yourself. Regardless of why, many people purchase insurance to cover the cost of repairing their vehicle should it be damaged in an accident. This type of insurance goes by many names ("physical damage," "damage to your auto," "collision" and "comprehensive," just to name a few) and is typically sold with a deductible. Normally, once the deductible amount is exceeded, the insurance company will pay to repair the vehicle or, if it's totaled or stolen, pay the cash value of the vehicle at the time of the loss.

Unfortunately, many personal auto insurance policies also exclude this coverage should the damage occur while the vehicle is being used as a livery conveyance.

Protect Yourself

The conclusion is clear: A typical personal auto insurance policy will not provide coverage while you are using your car as a livery conveyance, and an uninsured loss could greatly exceed the extra money you earn driving for a ride-for-hire service.

Consult your Gallagher representative, who can examine your policy, explain your coverages, and outline your options to protect yourself before you sign on the dotted line and agree to transport your first fare.

Source: Trusted Choice Independent Insurance Agents